

Advance Disaster Planning

A Q&A with 3 Senior Risk Managers on how preparedness is changing after the Hurricanes of 2005

By Jeff Furman

Note: This is a follow-up to the article Jeff Furman wrote in our December 2005 issue, "Advance Disaster Planning—Y2K as a Model."

THE HURRICANES OF 2005 CHANGED THE WAY MANY RISK MANAGERS and Advance Disaster Planners are approaching their work. Lessons learned are bringing improvements in planning for A) Physical Disasters, B) I.T. hardware/software/data losses, and C) Telecommunication downages.

And awareness is being raised about how all three of the above can be interrelated. The world learned from watching the Gulf Coast in September how downed communications can become one of the biggest parts of the problem. As with 9/11, it became evident that many more lives would have been saved after the hurricanes if local, state and federal responders could have been better in touch with each other in the midst of the crisis.

To get an updated view of the issues and changes in the industry, *Technical Support* magazine interviewed three Senior Risk Management Professionals for their insights on Risk and Disaster Planning, post-Katrina.

1. In the aftermath of Hurricanes Katrina, Rita, and Wilma, has the work you do for your client companies changed? If so, please elaborate.

CHARLES W. BOSLER, JR.

Absolutely, all we do at our new organization, Members Disaster Relieve Inc. (MDRI), is aid disaster stricken members.

2. Is there anything you personally learned from the hurricanes of 2005 and are implementing in your work that you were not aware of before?

CHARLES W. BOSLER, JR.

Yes, we found that most, if not all, local organizations have no plans for COMMUNICATION post disaster. They have no "virtual" or off site capability in place to continue to communicate with those members of their organization that are most affected by disaster.

STEVE SCHROETER

Yes. Our Game Wardens were exposed to blood borne pathogens, toxic water and unexpected conditions while performing rescues in New Orleans. We have composed a list of items that should be taken into these conditions, and know a lot more about what to be prepared for when responding to similar emergencies, and here at home. We are



Steve Schroeter, Branch Head of Support Services for the Texas Parks and Wildlife Department, is the agency's Risk Manager and served in the Incident Command Center For Hurricane Rita Response. Steve worked with the Texas Game Wardens in remediation of risk and exposures associated with their response to Katrina.



Steve Schwarz, Assistant Secretary of the NJM Insurance Group, provides advice to the President and CEO, CFO and General Counsel and Senior Management Team on business and technology improvements and trends that NJM will/should address as part of their strategic plan. In each hurricane season, Steve's office ensures that they have their teams prepared to assist in the most appropriate manner and help their customers in getting back as close to pre-disaster as possible.



Charles W. Bosler, Jr., is the President of Risk Services & Technology (RST), of Amherst, New Hampshire, a high technology company providing Risk Management software tools and consulting services. A highly decorated and now retired Marine, Charles formerly was President of Aerospace Industries. Charles also is President of Members Disaster Relief Inc. (MDRI), a relief organization that interfaces between first responders and traditional aid organizations such as the Red Cross, aiding members of the Project Management Institute organization (PMI).

working on the state level with our State Office of Risk Management to promote the need for the state to provide various inoculations, such as tetanus and Hep. A & B for emergency responders who are dispatched into such conditions. We learned the need during Katrina and implemented during Rita, mobile command and repair trailers for restoring temporary two-way radio service. With Rita, we restored two-way radio communications service to our Wardens within 2 hours, and most local law enforcement depended on our systems for their own rescue and response communications.

During Rita we put together a couple of emergency response trailers to secure and assess damage at our east Texas affected State Parks. These trailers will be maintained and ready the next time we need to respond and we will not have to search for equipment and especially fuel cans at the time the next time. It was the first time we implemented an ICS for this and we learned a lot about how to do it better. However, it was key in maintaining communications back and forth between management and the guys on the ground, and between management and the media, our Parks reservations center, our state emergency management operations center, and all those who needed to be kept in the loop and informed to best manage the crisis.

3. Are your clients responding more rapidly to audit recommendations now that they've seen what can happen when advance warnings are not fully heeded?

STEVE SCHROETER

In a sense. The level and willingness and understanding from those we've asked for support is definitely better.

CHARLES W. BOSLER, JR.

Not yet, most are still reeling from the disaster and attempting to get their life back to some semblance of normal. Most are working 20-hour days for their company and then trying to work 20-hours a day to rebuild their homes and lives. Implementing change will take time and reflection. Something not on their minds at the moment.

4. Can you offer any insights into the slow response to Hurricane Katrina, or into the I.T. side of the response, that our readers might not be aware of?

CHARLES W. BOSLER, JR.

When disasters of this magnitude happen, what we used to take for granted...i.e., direct communication AT ANY TIME... simply is no longer possible. Without the ability to communicate with our family, friends and loved ones, life is anything BUT normal. We are trying to help people cope with this and establish what we call the "new normal" in their post-disaster life.

5. Do your audits/recommendations specifically take natural disasters into account, or are they generic for any type of data or physical disaster?

STEVE SCHWARZ

Recommendations must take on natural disasters but, they must also account for the *likelihood* of the disaster. Natural disasters cannot be treated as a generic event.

One of the better ways to address a more complete risk assessment is to catalogue all the likely events, and then rank them across several dimensions: magnitude of disaster, frequency, time to restoration (back to pre-disaster), time to core ops (restoration beyond mission critical), likelihood of event, preparation time.

With the recent onset of natural events (the hurricanes of 2005 accentuated the need, as did Hurricane Andrew previously or the tornados that occur in the Midwest each year, brush fires occurring in the mountain regions, and so forth) the costs associated have played into the insurance realm, where business disruption insurance has increased the role of risk mitigation for business continuity planning.

STEVE SCHROETER

Ours are generic for the most part and start with an assumption of total destruction.

CHARLES W. BOSLER, JR.

We *specifically* are addressing natural disasters but the *concepts* will apply universally.

6. Do they specifically take terrorist attacks, computer viruses, hacker attacks, into account?

STEVE SCHWARZ

Recommendations and threat assessments have to take terrorist attacks, computer viruses and hacker attacks into account. Again, the likelihood and vulnerability assessments are what determine how to prepare and shore up risk management and business continuity planning efforts.

7. Does the scope of your audits take Business Continuation into account, or is that covered by other departments?

CHARLES W. BOSLER, JR.

Yes, that is one of the things we will get to after we have established the "new normal."

STEVE SCHWARZ

Presently, we are in the midst of reviewing our business continuity plans. We have a plan and we do test it regularly. We are undertaking our current review because of some minor changes to our operations to improve

service to our customers. As a natural follow-on, we need to update our business continuity plans. For my company, business continuity is much more than simply an IT disaster recovery plan.

The more difficult part of business continuity planning is to find out where the vulnerabilities are from non-IT disasters and to provide the IT disaster recovery plan with the best direction for restoring *what* systems *when* and to *where* for *who*.

We have established a business continuity team that reports to our Corporate Counsel. We felt that this was the best place to "own" the plan. An often overlooked portion of business continuity planning is the legal element that a company could be on the hook for in the event of a disaster occurring. We feel that a large part is our IT disaster recovery plan, but it is only a part of our total business continuity plan.

8. Are there any lessons learned from your experience with Y2K or Sarbanes-Oxley, or other major recent events that you think would help your readers avoid risk from natural disasters such as hurricanes?

CHARLES W. BOSLER, JR.

PLANNING. *We all think it will happen to the "other guy" or not at all. For example, I founded this company (MDRI) to aid those stricken by Katrina. Then came Rita, which added more of our friends to the mix. I live thousands of miles from the Gulf Coast. Never in my wildest nightmares did I think that I would be among those affected by these hurricanes. I live in New Hampshire and the resulting rain from the hurricanes caused major flooding and destroyed many dams, which added to the flooding. We were simply not prepared and had no real plan.*

STEVE SCHROETER

The thing that took us most by surprise during Rita was how heavy a toll the mass evacuations took on resources such as fuel and bottled water, and hampered our ability to travel where we needed within the horrific traffic jams. The hordes of people traveling the major corridors within Texas depleted food such as bread and milk, and drained fuel availability. Then the traffic jams prevented truck traffic from restocking, and the shortages were pretty scary.

9. Can you address the popular viewpoint that American companies went

overboard with Y2K preparation, yet “went underboard” with hurricane preparation?

STEVE SCHROETER

We had a lot more time to prepare for Y2K, and media coverage fueled months and months of preparation. One can't help but wonder if good media coverage might sometimes, as with hurricanes, have a backlash effect. I believe with Rita, the problems created by so many people evacuating at once could have been compounded by so many being able to watch the hurricane movement and coverage on TV and make their own decisions about evacuating, instead of heeding the advice of the National Weather Service (NWS) and government. Folks on the Texas coast didn't bolt until they saw for themselves Rita make a very determined western movement towards Texas, and then everybody clogged the highways at the same time.

CHARLES W. BOSLER, JR.

I can't say that we “went overboard” with Y2K. We planned and took action for an event we knew was coming.

While we “knew” that a hurricane (or two) would come, we did not adequately plan for the effects. As an economic determinist, I would say this was more the result of us doing what we could with the resources available. It is NOW obvious that there were NOT enough resources available.

- 10. Are there lessons you learned from Y2K that you feel would help companies in the future, but which are NOT being followed today?

STEVE SCHROETER

I remember folks being very uncertain of the catastrophic effects of Y2K. Many took advantage of the uncertainty, the media hype and the fear to frighten management into funding fixes and preparations because nobody was going to risk business disruption or being blamed for it. Strange irony, though the threats from hurricanes and terrorist activities are even more known and potentially devastating [than Y2K], securing funding for contingency and preparation continues to be a challenge.

CHARLES W. BOSLER, JR.

Yes, create a thorough and complete plan and update it regularly.

- 11. Do you have any recommendations for your readers about helping them get their client companies to pay more attention to audit recommendations/risk prevention in advance of potential disasters occurring?

STEVE SCHWARZ

It's about coming up with the right assessment that incorporates the likelihood and reality of a disaster occurring to your company. If you can't define it and assess it appropriately, then why would your company think it's important? It's kind of like buying life insurance for some people, they never think about it until the event occurs, and then it's too late. The sales pitch is key. Key to the sales pitch is the assessment of likelihood.

STEVE SCHROETER

Use the lessons learned to enlighten them to the potential for harm, but seek, amplify and promote the preventative measures that were in place and proved successful.

CHARLES W. BOSLER, JR.

All companies must make difficult decisions all the time every day. Those companies that actively take a risk-based approach will be much better prepared than those who do not address the risk they face. There are “NO FACTS” about the future, but if we take seriously the fiduciary responsibility to care for the corporation, we will have a very sharp eye on the risk we face. Companies need to base decisions on the best knowledge available. If they don't collect the data and analyze it, they are making decisions on emotion, guesswork, or even worse, they are failing to make any decision, in which case they assume ALL the risk.

- 12. One of the secrets of success of the Boeing aircraft company is its logbook called: “*Black Book of Lessons Learned From Design And Engineering Failures.*” Keeping this log has helped the company learn from its errors and continuously improve processes and quality. Do you find that your client companies have an openness in this spirit to documenting and discussing errors, to learn from them and eliminate future risk? Or do you typically encounter resistance or “denial” about companies admitting, or taking real action, where there are exposures you feel are important to address?

STEVE SCHROETER

With our state government I find it to be purely a matter of inadequate resources.

People have the understanding and desire, but inadequate time or funding to adequately prepare. An unfortunate thing about government finance is that typically nothing can be funded before it is a problem.

CHARLES W. BOSLER, JR.

Many companies still practice the “ostrich approach” (head in the sand!) to risk management. The BEST companies actively look for the risk and aggressively work to reduce and/or mitigate the risk they face.

- 13. Do you have any advice from your experience for times when your colleagues will encounter resistance or denial to a recommendation?

STEVE SCHROETER

DRILLS can be effective. Coordinate with management, and then some morning, block access to a wing or floor of the building or a key function. Then, tell staff as they show up for work that you're pretending there has just been a fire and to now go to an appointed conference room and begin activating their recovery plan.

A drill of this nature will open some eyes.

CHARLES W. BOSLER, JR.

Yes, they need to understand that like attorneys and accountants we give advice and not permission. It is incumbent upon the recipient to judge what to do with that advice. The old adage that “advice is worth what you pay for it” comes to mind. (As well as, “physician heal thyself” and “the lawyer that represents himself has a fool for a client.”) What this really means is that companies need to seek the advice of experts and then apply the recommendations according to the needs of the corporation.

- 14. Disaster Planning tends to be viewed by some as “red ink” (until a disaster happens!) Do you have any personal cases you can share where companies saved money by following your recommendations?

CHARLES W. BOSLER, JR.

The same thinking used to apply to SAFETY. But we now lose fewer lives and have less accidents on more dangerous jobs, because we practice safety. We need to do the same with disaster planning and specifically risk management. Insurance companies face every risk possible and have learned to deal with the uncertainty in a proactive manner. Companies need to do the same.

NASPA member Jeff Furman has worked in I.T. for more than 20 years, in Software Change Management, Application Technical Support, and Training. He was one of the first I.T. professionals to work on Y2K (starting in 1992) and he also has written many freelance articles, including several for Technical Support Magazine and other industry publications.

STEVE SCHWARZ

In the Workers' Compensation Insurance world, our customers need to know that we have a major catastrophe team ready to assist them in the event of a disaster. We pose that to them as part of the services we offer to them. We also provide one of the more comprehensive and complete loss-prevention programs for our customers. We don't provide business interruption insurance, but we do want to help our customers to identify what are the most likely events that could occur and how to avoid them if at all possible, or to lessen the possible impact to our customers and their employees.

- 15. Any other comments you'd like to include? (A question you wish I had asked?)

CHARLES W. BOSLER, JR.

At MDRI we too are "experts," but as a volunteer organization we are always looking for people to help us grow and do better. I would ask anyone that wants to become involved to contact us at MDRI.

- 16. Do you have any personal tips, or possibly book recommendations, you would like to give our readers on Disaster Planning / Business Continuation / Risk Management?

STEVE SCHROETER

I have found that the better the teacher, the better the continuity planner. People are quickly fatigued by the threat of gloom and doom and high pressure sales tactics. The more effectively one can teach best practices to people at all levels of the organization and deliver the message in a way that makes folks feel important and empowered, the more effective their continuity program will be. Motivation and action are the results of a good teacher.

CHARLES W. BOSLER, JR.

Create a plan and then "work that plan." And the PMI (Project Management Institute) Risk Management SIG (Special Interest Group) has a bibliography that is useful.

STEVE SCHWARZ

When performing a threat assessment, group the threats logically, such as internal staff, contractors, natural, man-made, technology and business. Then start making a list of what could occur. Cross off what is not likely to occur. Make a note of the frequency of occurrences, and add the likelihood of occurrence. Next add the magnitude of impact for an occurrence. You can always add the dollars up based on the magnitude, likelihood and frequency. This listing also provides a sort of checklist from which to address the important aspects of a complete business continuity plan. The list can also be used for Audit Committee presentations to provide a good idea of what is being addressed in a business continuity plan to Board members. 