Don’t Let Disasters Proliferate

Section:

CRISIS MANAGEMENT

One lesson from Katrina: 'Have a backup plan for your backup plan'

Dateline: ATLANTA

When a tornado struck downtown Atlanta in March, blowing out windows, triggering evacuations and causing severe wind and water damage to the Omni Hotel at the CNN Center, employees used an emergency response plan based in part on lessons learned from Hurricane Katrina to manage the crisis.

The 2005 Gulf Coast hurricane severely damaged two Omni Hotels Inc. properties in downtown New Orleans, one of which, the Omni Royal Crescent, was not fully operational again for two years. The event and its aftermath prompted Mel Bangs, risk manager for Omni Hotels in Irving, Texas, to develop an emergency response plan to guide the company and its managers at 36 U.S. properties when the next natural disaster strikes.

"This time, when disaster hit, we knew exactly what to do and who to call," Ms. Bangs said. "It really allowed us to minimize the impact."

While natural disasters cannot be prevented, risk managers who have dealt with such crises say there are steps that organizations can take to reduce potential risks, mitigate the impact and stay focused on the goal of restoring business.

The "No. 1 priority" when the Atlanta tornado struck was the safety of more than 1,000 guests staying at the Omni, Ms. Bangs said. The hotel staff had been trained to evacuate the guests from their rooms and account for their safety.

Guests first, damage next

Since the Omni lost the use of nearly 500 rooms, hotel management immediately relocated guests to other areas of the city following the storm, a relocation made possible by a standing agreement with the nearby Westin Hotel, she said.

With guest safety under control, Ms. Bangs mobilized the response team to deal immediately with the physical damage caused by the tornado. Senior engineers were able to make an initial damage assessment and begin temporary repairs while previously arranged contracts with vendors and contractors allowed for site cleanup to begin quickly.

"We actually had disaster recovery crews in place within a few hours after the storm hit," Ms. Bangs said.

Risk managers should work with their organizations and the surrounding communities to develop comprehensive crisis management plans that include a full assessment of the risks they would face in the event of a natural disaster, risk managers say.

Key components of a crisis management plan include ensuring the safety of employees and guests, implementing response procedures and assigning responsibilities in the event of a natural disaster, said Lance Ewing, vp, risk management for Harrah's Entertainment Inc. in Cordova, Tenn. Harrah's properties and casinos in Louisiana and Mississippi suffered more than $1.3 billion in losses from the 2005 Gulf Coast hurricanes.

"When it comes to natural disasters, hope is not a crisis plan," Mr. Ewing said. "The thing we learned the most coming out of Katrina and Rita is that you have to have a backup plan and you have to have a backup plan for your backup plan."

Developing a solid emergency response plan prior to a natural disaster is critical for any organization faced with such a crisis, risk managers say.

The Miami-Dade County Public Schools system was unprepared when Hurricane Andrew-a Category 5 storm-struck in 1992, causing about $100 million in damage to the school system's properties, said Scott Clark, risk and benefits officer. "It was risk management at its worst," he said.

Since Hurricane Andrew, his department has created a comprehensive emergency preparedness program and a disaster recovery task force that regularly reviews procedures and conducts training drills.

"Now if there's a hurricane warning for Miami-Dade County, everyone knows exactly what they're supposed to do," Mr. Clark said, adding that several smaller storms, including Hurricane Irene in 1999 and Hurricanes Charley and Ivan in 2004, have given the risk management team an opportunity to hone its emergency-response skills.

The school district uses technology to take the program a step further, he said. In the event of another major storm, Miami-Dade schools will activate a system that enables staff to conduct initial damage assessments. Within 20 minutes of an "all clear" in further weather developments, crews onsite will be able to use an online checklist to conduct a high-level assessment and send that information electronically "BlackBerry style" to the district's command center, he said.

"This strategy will help us determine early on what our priorities are as well as determine which schools will reopen after a storm," Mr. Clark said.

Bearer of bad news

Effective communication skills also are critical when responding to a natural disaster because risk managers will be required to gather and disseminate information quickly-often in the midst of chaos.

A natural disaster is going to affect every aspect of your organization, and "everyone's looking to you for answers," Mr. Ewing said. Risk managers need to be able to effectively communicate at all levels, "from the C-suite, to the employees and staff, and even with state and local emergency officials or relief organizations, like the Red Cross," he said.

The ability to deliver bad news is equally important for risk managers, Mr. Ewing said. "This has to come from you. It shouldn't come from rumors or innuendos that are occurring at the crisis level," he said.

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