

How Worried Are You?

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CEO Adviser: How Worried Are You?

The answer should depend on how well your business is prepared to survive a major earthquake.

Annie Searle

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Recent events in Japan have caused some businesses to worry about whether they are prepared to keep operating after a major earthquake, especially since the greater Seattle area is situated on the Cascadia fault.

Given the economic climate, disaster preparedness is often the last thing on an executive's mind these days, but creating a plan can save your business. It cuts the number of decisions you have to make during the disaster, reduces your legal liability and can safeguard your business brand and reputation. Absence of a plan could include your business among the 25 percent of companies that fail after a disaster, usually because they had no plans.

Having worked through these issues at Washington Mutual by managing problems caused by hurricanes, earthquakes, wildfires and winter storms, I've devised some questions you might use to test your preparedness strategy.

1. Which of your business functions are most critical and which can be suspended during a disaster?
2. Do you have streamlined emergency response plans that can be activated?
3. Which of your critical business functions are handled for you by vendors? What types of backup plans do those vendors have to keep your business up and running? At WaMu, we made sure that our third-party courier companies had good backup plans, since we depended upon them to move our cash around the country. Our branches could not operate without cash, and we knew that dispensing cash was a critical business function.
4. Once you have such business priorities identified, which parts of your business can be run manually, without technology's assistance, if power is not available? Can you invoice customers? Can you pay bills? Can you supplement your existing inventory? Can you deliver goods to customers? Have employees been trained to step in and do more than one job?
5. Does your business already have phone trees with employee contact information so you can pass along vital information and ascertain employees' safety?

6. Assuming that power is available outside the affected area, do you have alternate data centers from which you can operate in case your primary data center was damaged in the earthquake? If not, have you considered storing data in an internet cloud so it is available from your home or office via a secure internet connection?

7. Have you identified and rehearsed employees on locations in your buildings where they can “duck/cover/hold” while an earthquake is taking place?

8. If you are a larger company, do you have sufficient diesel fuel to power the generators you will use to keep on working?

From this list you can see there are a number of ways to anticipate issues and not all of them are expensive. Sharing your plans with employees is vital so they know what their roles will be in an emergency. And communicating with both customers and employees becomes even more important in the midst of an earthquake. In this situation, both email and social media tools come in handy. There is no way to communicate too much in a disaster, especially to lead your people and reinforce key points for your company.

Finally, if you're the CEO, be prepared to be vilified in the press if you don't move quickly enough and if you don't communicate clearly. You're paid to do everything possible and to think outside the box so that your company does not end up with a black eye. Given the lives and resources at stake, having a plan is the least you can do now to reduce your risk after a natural disaster ... or two or three disasters, as we have just seen in Japan.

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COMMENTARY

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