

Research Note

Pandemic is a Predictable Surprise

By Annie Searle

Copyright © 2009, ASA

Applicable Sectors: Banking and Finance, Energy, Communications, Information Technology, Public Health, Emergency Services

We're noticing a level of boredom, sometimes tinged with sarcasm, about the appearance of the H1N1 virus, with characterizations of over-reaction by the government and the media.

In a two-year-old article, Harvard Business School Professor Max H. Bazerman described what he calls "predictable surprises ... occurrences that take most people by surprise despite adequate data to predict them."ⁱ He indicates that the 9/11 attacks fall into this category, as does the levee breach in New Orleans, or impacts now being felt from global warming. Ironically, he had in 2007 identified both pandemic as well as "companies ignoring their financial obligations" as other looming predictable surprises.

This past spring, some companies were able to rehearse their pandemic plan response as the H1N1 virus spread across this and other countries. Though the spring outbreak was significant and the federal government's response was proactive, most businesses in this country still do not have the requisite policies on absenteeism and on paying employees in place.ⁱⁱ And in the economic stimulus package that was finally passed by Congress, additional funding for pandemic preparedness was struck from the bill.

What is necessary for our leaders to pay attention to the H1N1 virus, given the amount of data now available? Bazerman notes that “our society is not good at investing now for an unclear benefit later” and goes on to say that “people are generally blamed for their actions but are not held accountable for in action.”ⁱⁱⁱ

Executives of companies who are part of our nation's critical infrastructure should begin to ensure that their companies are prepared by September to operate at a different level if large numbers of employees are absent because of the flu:

- Identification of critical operations to maintain
- Identification of operations that would be suspended
- Splitting and segregating staff and offices

- Expanded telecommuting and teleconferencing
- Long-distance travel limits
- Local transportation issues
- Security issues
- Testing
- Education
- Communications
- Phased implementation plans
- Coordination with and among emergency-management agencies and the public-health departments
- Coordination with critical service providers and key suppliers^{iv}

From this general list, it becomes clear that there are complicated administrative and budget issues that must be addressed rapidly, given the volume of data that we have right now.

ⁱ Max H. Bazerman, "Predictable Surprises: Blind Spots in Pandemic Planning," from **Business Preparedness for Pandemic Conference Report**, Harvard Health Publications (Boston, 2007), pp. 30-31.

ⁱⁱ "Most Employers Lack Pandemic-Focused Comp and Absence Policies," <http://hr.blr.com/news.aspx?id=80032>, June 2, 2009.

ⁱⁱⁱ Bazerman, p. 30.

^{iv} Excerpted from the Financial Services Sector Coordinating Council for Critical Infrastructure Protection and Homeland Security "Statement on Avian Flu Preparations," January 2006.