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## **When disaster strikes: Ensuring business continuity in the face of a pandemic**

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Many government and health officials believe that it is only a matter of time until the next worldwide influenza pandemic occurs. The severity of such an event cannot be foreseen, but modeling suggests that the impact on the United States and the world could be substantial. Even a pandemic of limited duration poses serious threats to businesses both large and small. Although the global spread of a pandemic event cannot be stopped, comprehensive preparedness can reduce its effects. Consequently, it is of central importance that organizations take the necessary steps to develop their own incident preparedness and response plans that are both strong and flexible.

As a global leader in the delivery of commercial real estate services, Grubb & Ellis is committed to working with its clients to address the tough real estate issues facing businesses today. As such, we have developed this paper to share some of the critical issues that users and owners of real estate should keep in mind when considering the effects of a pandemic on real estate in their organizations. While this should not be considered a comprehensive disaster plan, it can be used as a guide to spark ideas, stimulate discussion and prioritize actions when taking steps to protect your real estate operations.

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### **What's the big deal?**

Disaster recovery and business continuity plans are an integral part of incident preparedness and response. Disaster recovery ensures quick recovery after a disruptive event, while business continuity is designed to support critical operations on an ongoing basis. Real estate services providers have long taken a leading role in developing sophisticated plans to support these two business objectives. These plans have evolved over the past few years to include terrorist attacks and wide-scale disasters such as a hurricane that might affect an entire business district or metropolitan area. Despite this kind of preparedness, there is concern that current approaches to business continuity planning are too "event-specific" and may not be sufficient to address circumstances – most importantly the length of time – in which the organization must try to function during the outbreak of a pandemic disease.

Undoubtedly, many pandemic-related issues will differ considerably from those posed by natural disasters or a deliberate malicious attack. Such issues include the potential for a worldwide impact, escalating absenteeism rates, economic disruptions, financial problems, interruption of critical services, high demand for alternative transportation and communications, and the possibility that the pandemic could last for months or even years. Not only government and health officials but also smart businesses are devoting considerable resources to identifying the impact of these issues on their organizations and determining appropriate responses.

### **A serious threat**

Today, there is no known case of human to human transmission of influenza virus H5N1 – commonly referred to as "avian flu." However, if such transmission were to occur, it would rapidly accelerate the spread of infection, illness and possible deaths, causing significant

employee absences to businesses as employees stayed home out of fear of infection or to care for their families. If avian flu should spread throughout the United States, estimates claim that it could kill over 500,000 people, hospitalize more than 2 million, and result in cumulative labor absentee rates of more than 40 percent for at least three to four months. It could cost the United States billions of dollars and the world nearly \$2 trillion, disrupting the lives of millions across the globe. (Bloomberg.com, June 29, 2006; Trust for America's Health, 2006).

In light of its global impact and resulting unprecedented absenteeism, a pandemic event poses many serious challenges to preparedness and business continuity plans. That a pandemic event often occurs in successive waves over the course of many months means that these plans must address both short-term and long-term issues. Disruptions and uncertainties – including those affecting power, transportation, telecommunications, water and public emergency services – only add to the mix of challenges.

### Risk reduction and business continuity

Fundamental to business continuity planning are well thought out risk-reduction strategies. One of the purposes of risk assessment is to consider additional preventive measures and strategies that could help reduce the severity of various threats and to proactively implement procedures or changes quickly where possible and practical.

*The aim of business continuity planning is to mitigate the nearly inevitable business and economic disruptions that would accompany a pandemic event.*

Disaster recovery outlines the urgent and immediate steps that need to be taken to get a business up and running after a crisis event, whereas the aim of business continuity planning is to mitigate the nearly inevitable business and economic disruptions that would accompany a pandemic event, lasting more than a few hours, days or even weeks. Business continuity plans often start with the identification of essential business functions and activities (and the personnel and skill sets necessary to keep them running). In the case of a pandemic, another important aim should be the minimization and control of illness among employees.

Prior to developing a plan, the following issues should be considered:

- **Review operations and establish priorities** – Determine which business operations are most critical, and what processes and resources are required to ensure these operations suffer limited, if any, interruptions.
- **Identify roadblocks and ways around them** – Outline factors that may interfere with smooth operations, such as training of personnel, access to technology, etc., as well as what will be required to navigate these roadblocks if encountered. Think about what actions could be taken before a pandemic strikes to reduce its effect on critical operations and weigh the costs and benefits of early implementation.
- **Define the “trigger” for activating your plan** – Specify who or what determines that the company is in “pandemic” mode. Identify a spokesperson, prepare standard communications that can be anticipated beforehand and establish a forum for ongoing dialogue with the organization as well as updates on the status of the pandemic.
- **Outline a return to normal operations** – Address what happens after a pandemic. Will there be a swift return to “normal” operations or will transfer of responsibilities and processes be a slow process? Consider how the organization’s response will be evaluated and refined in case of a recurrence.

Once developed, the plan should clearly identify:

- **Critical operations.** Outline those operations that need to be constantly maintained or recovered within a few hours after an event, and identify other operations – activities such as marketing and administrative functions – that can be slated for longer recovery periods or even suspended completely during an emergency. Since an avian flu outbreak would constitute an event that could last weeks or even months, disruptions in this second category of operations may severely compromise an organization’s ability to function if continuing widespread absenteeism is experienced for several weeks. Accordingly, many businesses are reviewing their current business continuity plans to determine how they can better take into account the potential difficulties posed by an avian flu outbreak.
- **Suspended operations.** Outline activities or functions that should be suspended throughout the duration of an extended outbreak. Keep in mind the reduction in headcount that is likely to result from a pandemic illness and anticipate the uncertainty and fear among those who remain healthy. For example, some businesses may decide to cancel all non-essential face-to-face meetings (internal or external).

- **Insurance coverage.** What is the impact on the company's health and medical programs? It is important that you understand the business continuity processes that your medical plan and disability plan carriers have in place. Also, now more than ever, ensure that employees understand their benefits under the plans in which they are enrolled.
- **Plan for staffing.** Cross-training within job functions will eliminate the need to get employees up to speed on new tasks once absenteeism becomes an issue. For property managers, plans should take into account internal staff as well as external vendors (janitorial, security, landscaping, etc.). Consider the potential disruption to critical operations that might arise if even a single individual in a particular office becomes ill with a highly contagious flu, raising the possibility that other employees in that office need to be quarantined. Consider how to respond to regional outbreaks and establish back-up locations for critical operations.
- **Business tools.** Vastly expanded telecommuting capabilities for employees might prove essential to maintain critical operations during a pandemic event. If expansions or upgrades to systems are necessary, allow for the necessary training and administration programs to accommodate the growth. Maintain an accurate inventory of laptops and other business tools necessary to ensure work space flexibility.

## Open, frequent and alternative communications

The demand for open, frequent and expanded communications affects all constituencies within an organization and is an important part of pandemic preparedness and business continuity plans. Prior to a pandemic event, a cross-functional team that spans multiple departments and business units should be charged with developing plans to address preparedness and business continuity strategies should a pandemic occur. The most important goals of such a plan should be to safeguard the health of employees and their families and to ensure that the company can continue to perform critical business functions even if a substantial portion of the workforce is either ill or caring for a family member. A communications matrix should identify key audiences, such as employees, clients, shareholders, suppliers, etc., and the pertinent issues that will need to be addressed. Once approved, these plans should be clearly documented and accessible.

Information technology infrastructures must be ready to accommodate the greatly expanded use of technology-based communications that is expected to result from a pandemic. Frequent hardware and software upgrades may be necessary, in addition to enhanced security and surveillance services. Businesses might consider teleconferencing and videoconferencing in light of the need for social distancing. In the event of a pandemic, there will

# Communications Checklist

## Develop/Update Emergency Preparedness Plan

- Comprehensive contact information for staff
- Client contact information
- Vendor contact information

## Staff Education

- What is avian flu?
- How does it spread?
- How can it be prevented?
- Where to go for more information
- Process to follow if pandemic declared

## Client Communications

- Inform clients of issues and plans that affect clients and their projects/assets
- Ensure clients have home/remote and office contact information for key business contacts
- Provide periodic status updates

## Tenant Communications (where applicable)

- Inform tenants of issues and plans to address
- Provide periodic status updates to tenants
- Request periodic status updates from tenants

## Vendor Communications

- Inform vendors of issues and plans to address
- Request contingency plans for continuity of service delivery
- Provide periodic status updates to vendors
- Request periodic status updates from vendors

most likely be travel limitations imposed by federal and/or local governments, and new local transportation issues such as decreased use of public transportation and an increased demand for parking.

Regular updates on both the condition of the business and its employees during a pandemic will be crucial to maintaining a sense of calm and community. Communications plans should aim to share information via multiple sources, such as a Web site, information hotline and/or direct mail, and remain in place until business returns to normal. In the case of avian flu, recovery is expected to be a slow process – something much different than the power outages and technical difficulties that typically come to mind when disaster recovery is discussed.

## Ensuring personal health and safety

In addition to identifying the personnel and skill sets necessary to keep the critical functions of your business operating, it is important to protect the health and safety of your employees, clients and visitors. "Common sense" suggestions include:

- Restrict workplace entry of people who demonstrate influenza symptoms. Advise employees not to come to work when they are feeling unwell, particularly if they are exhibiting any influenza symptoms.

- Practice good personal hygiene and workplace cleaning habits. During a pandemic, implement additional measures to minimize the transmission of the virus.
- Increase social distancing. Avoid public transportation, crowded places and large gatherings of people.
- Manage personnel who become ill at work and include policies and procedures for obtaining help and protecting the health and safety of other employees.
- Manage personnel who travel. If your employees travel nationally or internationally for business reasons, consider their safety should a pandemic event occur. Travel may be limited or restricted, posing additional problems.

Before and during a pandemic event, Human Resources should be equipped to provide personnel with health, safety, family and insurance information resources. Pandemic event education programs may prove useful to employees and clients alike. Most business continuity plans should recognize and address the emotional toll of a catastrophic event on employees and their families. Address the high degrees of fear, depression and family worries that employees will encounter while trying to work during and after a pandemic event. Training, which can build awareness to create a sense of confidence and prudence in advance of a crisis as well as reinforce the steps put in place to respond in an emergency situation, should be made available to employees at all levels of the organization.

## Planning ahead

A comprehensive plan backed by management and communicated throughout the organization prior to a crisis will ensure the best decisions are made in the quickest amount of time if and when a pandemic such as avian flu strikes the United States or anywhere our clients are located. It is important to plan, prepare and test now

## References

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because there will not be time if you wait until human-to-human transmittal is actually demonstrated. Grubb & Ellis is committed to taking the necessary steps to protect the resources of the Company and its clients, and provide its people the most accurate and helpful information possible when faced with a health disaster.

## Online Sources

### Centers for Disease Control ("avian flu")

[www.cdc.gov/flu/avian/index.htm](http://www.cdc.gov/flu/avian/index.htm)

### Centers for Disease Control (business impact)

[www.cdc.gov/business](http://www.cdc.gov/business)

### The National Strategy for Pandemic Influenza

[www.whitehouse.gov/homeland/nsipi.pdf](http://www.whitehouse.gov/homeland/nsipi.pdf)

### World Health Organization

[www.who.int/csr/disease/avian\\_influenza/en/](http://www.who.int/csr/disease/avian_influenza/en/)

### State and Local Government Planning & Response

[www.pandemicflu.gov](http://www.pandemicflu.gov)

## If you would like to discuss any of the issues presented in this paper, please contact:

Cathy Stephenson  
Senior Vice President & National Director of Operations  
Grubb & Ellis Management Services  
312.698.6792

Beth Tarter  
Senior Vice President, Human Resources  
Grubb & Ellis Company  
312.698.5648

**Corporate Headquarters**  
500 West Monroe Street, Suite 2800  
Chicago IL 60661  
312.698.6700



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