

# Business Continuity in the Face of a Natural Disaster

By Lisa Holton, KnowledgeLeader contributing writer

Source: Protiviti's [KnowledgeLeader](#) Internal Audit and Risk Management Community

Ask anyone about the greatest threat to personal safety in the urban workplace, and they'll probably place terrorism high on their list. For many, 9/11 has skewed risk perception in America to the point where some will place terrorism higher than fire and natural disasters common to their region. Others are simply unaware of natural disasters likely to affect them. However, past news reports and current statistics show how the public's perception of the likelihood of being affected by both natural and man-made disasters is misguided.

Consider a dangerous risk faced by New York City that has nothing to do with terrorism. Weather records show that the nation's largest city has suffered considerable damage from a major landfall hurricane every 75 years on average. The last one - in 1938 - was so severe that the Hudson and East rivers literally met at Canal Street in lower Manhattan and left a significant part of the city under water. [New York City's hurricane history is detailed in [Coastal Storms and Hurricanes: New York City Hurricane History](#)] While no one can predict Mother Nature, quick math shows that the city is statistically within range of another big storm.

"The recurrence of a hurricane in the north is far less than in the south, but the devastation would be far worse given the density of population and the topography of New York City alone - we're on bedrock," notes Nicholas Coch, a professor at Queens College School of Earth and Environmental Sciences, and in the Earth and Environmental Sciences Program at the City University of New York Graduate Center. "There's no place for the water to go." Coch is a specialist in "hurricane forensics," tracing the progress of past hurricanes from physical, archaeological and historical records.

Coch also notes that because of the density of population in New York City and the limited numbers of available routes out of the city, "there will be no evacuation of [the whole of] New York City in the event of a Category 3 hurricane [winds over 100 m.p.h.]. The challenge will be to get people out of areas that are 30 feet below sea level." However, despite this very real danger, how many residents of New York are aware of the possible effects of a big hurricane, compared with the number of residents of San Francisco who are aware of the effects of a big earthquake?

The Big Apple stands prepared □ While few residents, and probably only the largest employers in the city, realize it, New York City does have substantial preparations for hurricanes within its extensive emergency plan. A visit to the NYC Office of Emergency Management (OEM) [Coastal Storms and Hurricanes](#)

web page provides detailed information on evacuation procedures, and shows how water and wind pose specific dangers to lower Manhattan, the financial center of the world.

"The good news about hurricanes is that we usually have time to plan. Thanks to today's technology, we may have as long a week or more to start preparing for major storms," says Peter Picarillo, a senior planner with the OEM: "When we opened this office in 1996, hurricanes were our first major planning initiative."

The OEM's procedures got a workout in September 2003 with Hurricane Isabel: "That storm had an unusual track; it made landfall in North Carolina, then turned upward toward us. It made the hair on the back of our necks stand up," he says. "The real risk that the city faces is that we have a lot of middle- and low-income housing right on the coastline." Even though Isabel lost steam by the time it hit the outer boroughs, New Yorkers still suffered \$45 million in storm damage, according to the National Weather Service.

New York's financial community - the primary victim of 9/11, and located in the most vulnerable area of Manhattan for storm damage - is probably the most prepared for any disaster scenario, Picarillo says.

"Financial businesses are required by regulation to have extensive business continuity strategies, and most large corporations know there are more threats than terrorism," Picarillo says. "Where the shortcomings lie are in the mid- to small-size companies. Because of staffing and other issues, they are forced to be reactionary. We try to convince businesses to do more planning for the full range of risks they face, but there's only so much the city can do."

Looking beyond terrorism □ [Hannah Im](#), a business continuity-planning specialist with Protiviti in New York, notes that businesses have, understandably, focused most of their energies since 2001 on terrorism and security issues. But, she believes the hurricane issue brings up the important point that New Yorkers - and businesses nationwide - need to go beyond the obvious security risks in developing a plan that will save lives and ensure business continuity.

"Most companies haven't thought through business continuity thoroughly. They rarely have someone in charge of it full-time. It may be someone in security or internal audit who ends up with the responsibility, but in today's times, that person really needs to focus on the broad range of risks their company faces, and how equipped management and employees are to handle them," says Im.

In reality, most companies set up their business contingency plans without planning for a specific event or scenario - such as a hurricane, an earthquake, or a bomb. But Im believes that plans should start with a close look at their location and industry to identify immediate risks better. For anyone in smaller companies assigned to this task, the Internet is a good place to start research.

Here are some places to try first:

- . Your city's emergency management office. Your city should be able to offer information about general resources in case of emergency and these should be part of your database.
- . The [National Weather Service](#): The NWS web-site is a great starting point for regional information on weather trends.
- . The [Federal Emergency Management Agency](#): The FEMA web-site is a good overview site for disaster preparedness and the latest weather and national security news.
- . The [Occupational Safety and Health Administration](#): The OSHA web-site provides specific information on emergency preparedness for industry.

Business continuity's planning requirements. Im and other experts also provide a checklist of ideas for any company's business continuity team:

- . Keep your employee emergency team current. Most businesses traditionally have designated employees to help direct others in the case of a disaster - mostly fire. However, now that terrorism has increased the range and scope of emergencies workers face, companies need to make sure their employee volunteer lists are current. Layoffs and resignations can leave emergency posts vacant, and companies need to replace and train workers on the team as soon as possible.
- . Review document protection programs. Company documents of value need to be kept in a fire-proof safe, and computer-based documents and records need to have effective backup systems, preferably offsite. In addition, either originals or copies must be kept off-site in case the on-site ones are damaged beyond repair.
- . Contact the city. Find out what provisions your city has already made for various emergency scenarios, and understand how citizens will be notified.
- . Work with your vendors and partners. Business continuity means understanding how everyone you do business with is prepared in an emergency. Work together to develop an emergency plan that keeps everyone afloat.
- . Do an event-specific business impact analysis. Do a hurricane-specific business impact analysis to decide what to protect most and how much to plan around your priorities.
- . Test your crisis communications plan. Make sure you update and test your communications plan frequently and train employees to recognize the difference between a hurricane alert and other kinds of crisis communications triggers.
- . Review your insurance. Buy event-specific coverage if you need it.
- . Involve HR. Review employee data for next-of-kin information.
- . Do drills. Perform hurricane or other event-specific drills the same way fire drills are done annually.

Like all risks, the effects of hurricanes and other natural disasters can be mitigated by proper preparations. Being properly prepared requires that all the risks are evaluated, and that the approach to risk mitigation is taken based on both likelihood of occurrence and the potential loss. However, as with any risk,

the first step is to recognize that there is a risk of a natural disaster.

This article was first published on the Protiviti KnowledgeLeader website. KnowledgeLeader is an extensive repository of guides, tools, articles and best practices for internal audit, technology risk and business risk management. If you are interested in more material on this topic, you are welcome to sign up for a free 30-day trial of the subscription service by visiting [www.knowledgeleader.com](http://www.knowledgeleader.com).

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