



# Risktopics

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## Planning for recovery after a mega-event

Business recovery planning helps you minimize disruptions to your business in the aftermath of a disaster or major property loss. But most importantly, it helps you assure the safety and security of people. Recovery planning should be part of your overall business continuity planning and, as such, should include identifying functional responsibilities and conducting an inventory of your internal resources and external support needs. The planning should also establish standby contracts and cultivate relationships with contractors and services you might need in recovery efforts. These efforts can help in getting “preferential” service in a crisis affecting a large area.

Recovery from a small loss and minor damage can usually be handled by your internal resources. However, extensive damage requires the services of a qualified salvage and restoration contractor. Identifying the responsibilities and procedures for activating these recovery teams and contractors should be part of your recovery plan. Your insurance company should also be notified promptly. Insurance claims adjusters should be able to offer advice and resources to help in your recovery efforts. Keep appropriate records of damage and recovery efforts for insurance claims.

Recovery operations can be broken down into the following categories:

- Damage assessment and control
- Salvage of property and assets
- Restoration and resumption of business

### Damage assessment and control

Having advanced warning of an impending disaster such as weather emergencies gives you time to protect people, property and assets. Some quick actions you can take include:

- Evacuate or shelter people to help reduce injuries.
- Remove sensitive stock and equipment from the potential dangers.
- Stockpile materials and supplies needed for damage control and salvage operations.

- Sandbag and move stock from flood-prone areas of the facility.
- Board up windows in anticipation of a wind event.

Depending on the type of disaster and the extent of damage, you could be faced with many challenges after the event. In the case of extensive damage, you might be forced to consider moving to an alternate facility, but moving could be delayed by continued threat, unsafe structure or forensic investigation by a government agency. Also, you might be required to obtain permission from various emergency services to enter the premises for damage assessment and clean up. Disasters affecting a large area or region will require a major coordination of efforts with emergency services and government agencies.

The first step in the damage assessment is to assure the structural integrity of the building, using the assistance of qualified professionals to determine if the facility is safe. Next, determine the availability of utilities and other support systems needed for the resumption of business operations. Electrical and natural gas utilities may have been shut off by emergency service personnel. Other actions that might be necessary include:

- Making emergency repairs to the structure and equipment
- Protecting the facility and assets from further contamination or damage
- Assessing the threat of secondary fires, explosions and the collapse of any unsupported walls
- Checking for exposed electrical wires, leaking hazardous chemicals, dangers of falling glass and broken sprinklers
- Taking video and photographic records of everything to document the extent of the damage as soon as it is safe to do so

## Salvage of property and assets

After the initial damage assessment, the facility should be secured. Protecting employees, contractors and the general public is your top priority. Isolate the affected areas with barricades and only allow authorized personnel to access the facility. FEMA (Federal Emergency Management Agency) provides guidelines for salvage operations after natural disasters. Depending on the type of disaster and the extent of the damage, various safety precautions may be needed. The following actions should be considered:

- Provide appropriate PPE (personal protective equipment) to your employees involved in the salvage actions. PPE may include hard hats, safety glasses, dust masks/respirators and others, as appropriate. You may want to stockpile appropriate PPE to avoid the delays.
- Conduct air quality and other sampling for the presence of asbestos, PCB, biological hazards and other toxic chemicals in the environment.
- Wear boots, protective gloves and goggles and use only approved sanitizers for the cleaning and sanitizing of goods, equipment and surfaces.
- Ensure that the electrical power is shut off when working in waterlogged areas and that proper lockout/tagout procedures are followed when working with damaged equipment.
- Hire qualified professional contractors for inspection and repairs of critical systems such as elevators, emergency lighting, alarms, sprinkler systems, pressure vessels and process controls.

Although the speed of salvage operations is critical, careful planning is the key factor in a successful recovery. Salvage operations include separating the damaged stock from the undamaged stock. Smoke-damaged or wet goods may have to be aired out to dry or disposed of to prevent mold. Machinery salvaging may require

disassembly and overhaul by the manufacturer or qualified vendors. Some equipment and supplies can be very sensitive to water and heat, resulting in extensive damage and long delays in obtaining replacement parts.

Salvaging of telecommunications and computer equipment is a highly specialized task, and a qualified contractor should be engaged as soon as possible. An amateur effort is likely to cause irrecoverable damage to the data and the equipment. Disconnect electrical power to all electronic equipment to prevent shorts and other damage. Equipment designed with automatic power-down and water sensors is likely to suffer minimal shorts and damage. The equipment with direct fire and visible thermal damage may be difficult to salvage and restore successfully. Smoke, soot and acidic by-products of fire cause corrosion of metal surfaces and electronic circuits. Cleaning of smoke-damaged equipment is an elaborate and time-consuming process. Removing smoke-exposed equipment to a temperature- and humidity-controlled environment will stabilize the corrosion process and limit deterioration. This will allow a professional restoration contractor to assess the damage and employ appropriate techniques such as blotting with absorbent pads, vacuuming and drying.

Salvaging of electronic data and media is also a task for a professional. Data from electronic media with visible thermal damage is generally not recoverable. Obtain appropriate advice from professionals before attempting any salvage of electronic data. Failure to take proper precautions will have a significant impact on the recovery rate of the data. Special procedures and solutions are used for cleaning soot and other damage. Careful salvage steps and prompt action will reduce further contamination and fungus growth on water-damaged electronic media. Water-damaged microfilms and magnetic tapes should be kept wet (wrapped in plastic to prevent drying) until ready for the recovery process by professionals. This will prevent sticking of layers and damage to the media.

Salvaging of paper documents and archives requires special drying and dehumidification procedures such as quick or blast freezing to prevent further deterioration. These processes require special equipment.

## Restoration and resumption of business

The ultimate goal of business continuity planning is to minimize the disruption in the aftermath of a disaster and ensure quick resumption of business operations. Prompt resumption of business operations requires ensuring priority actions in the following areas:

- Safe and secure facility for intended operations – These actions may range from relocating to an alternate leased facility to temporary repairs. Area-wide disasters such as a flood or an earthquake affect the entire community. This can make it difficult to obtain an alternate facility in the area. Decisions regarding temporary relocation should be made early on in the damage-assessment phase. If you have more than one location, operations can be shifted temporarily to an alternate facility if the space and extra capacity is available. When relocation is not an option, expedited repairs of the facility become the number-one priority.
- Restoration of key equipment – Although it may not be possible to restore all production equipment at once, a sound restoration strategy ensures key equipment is repaired, reconditioned or replaced promptly. Speedy resumption of business depends on your ability to identify key equipment by priority and to produce equipment and process specifications for repairing or rebuilding. Secondary decisions may include using subcontractors and alternate facilities to supplement the production capacity while the repairs and restoration efforts are expedited.
- Vital business records—Whether electronic or paper, records are the life-blood of a business. Vital records are generally different from the routine daily records and will vary greatly by type of business and business processes. Records may be classified into functional categories such as financial, production, sales and administrative. Although salvage operations may be able to recover current records, pre-loss planning to identify and protect specific vital records is essential to business survival. Business incorporation, stock and ownership records, engineering specifications and patents, insurance policies and other financial records are

examples of vital records. A company may protect their vital records with on-site storage in fireproof vaults and safes or by storing duplicate vital records in segregated off-site facilities. Selection of an off-site storage location should be based on a comprehensive review of potential threats to your facility. Storing vital records in another part of the building or even another building in the neighborhood is not a prudent risk management decision for protection against regional disasters such as floods and earthquakes. In addition to the protection of vital records, regular backup of routine computer records should be a standard practice to minimize any data loss. The copies of backed-up data should be stored in a safe, secure, off-site facility.

- Support systems – Most disasters result in interruption of telecommunications, data processing and other support systems. Pre-approval and standing contracts with “hot sites” and “cold sites” are essential for resumption of data processing functions at the alternate location. Many vendors work on a “first-come first-serve” basis. Contact “hot and cold site” vendors as soon as possible to assure availability in case of large regional disasters. Back-up computer systems, software versions and licenses should be consistent with your existing computer center operations. Damage to the telecommunication equipment on-site and to the systems supplying the services to your site will require making temporary alternate arrangements as necessary. Swift restoration will allow you to re-establish communications with your customers, vendors and others doing business with your organization. Other essential support systems may include HVAC, refrigeration systems, etc.
- Employees – Temporary relocation of operations may require consideration for temporary relocation or transportation of employees. Allowances may have to be made for extra travel time and cost. Regional disasters will impact the ability of employees to report to work due to personal emergencies, family obligations and other reasons. Childcare and flexible work hours will allow more employees to report to work. Telecommuting options may be worth considering with some technology planning. Temporary hiring may be necessary. Many catastrophic events have a significant physical and psychological impact on employees and associates. Crisis counseling and other employee assistance programs will help your employees cope with the adverse impact of the event and adjust during the recovery phase.
- Insurance – Keep accurate records of expenses to support your insurance claims for business interruption and extra expenses. Stay in contact with your insurance claims adjusters and agent/broker during your salvage and recovery operations.

## Conclusion

When disaster strikes, the survival of your business is on the line. Accurate information is one of the most important elements in a speedy recovery and resumption of business operations. Establish change-management procedures to address the impact of material changes to the processes, business priorities, personnel assignments and other important information. Since prompt communication is the key, periodic checks of calling trees to verify the accuracy of phone numbers, cell phones and pagers should also be conducted. Business recovery planning is part of an integrated business continuity strategy that focuses on prevention, response, mitigation and recovery elements. A business recovery plan without any focus on prevention and emergency-response programs is like trying to close the barn door after the horse has run away. Although no plan will address all of the emergency situations and recovery procedures that may be encountered, any plan is better than no plan.

## References

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