

Business Continuity Checklist:

A Primer for Hurricane Planning & Response

In the aftermath of a hurricane or natural disaster, Aon is committed to providing the expertise necessary to enable our clients to recover from all negative impacts that the disaster may bring. The myriad challenges that face businesses are staggering and rapid recovery of operations requires an application of skills and process management that many organizations simply don't experience in the corporate risk management arena.

Aon's Business Continuity planning professionals have prepared this article as a means to share best practices and context for business professionals who may not have in-depth experience with disaster planning and recovery. The article is intended for facilities that do not have a formal business continuity management (BCM) plan in place and provides the steps and insight that can help expedite recovery, support operational resiliency and assure future revenue.

Building a Disaster Planning and Response Program

A major incident or loss event from a natural disaster (e.g., hurricane, fire, tornado, etc.) involves a variety of critical, time-sensitive activities that *must be managed and implemented properly*, including initial response, stabilization, on-scene assessment and recovery escalation, if necessary. If a crisis management team does not exist, the organization should strongly consider creating one, and it should include a member from senior management from each major department. This should be coordinated with corporate senior management or your corporate crisis management team, if one exists.

Following a major incident or disaster, the first step is to gather your business leaders from each department to identify steps to stabilize and assess the incident. The team should engage in iterative brainstorming sessions to develop an initial command structure, set priorities and start to move forward under conditions of duress. The areas of immediate concern that can be addressed include Communications, Planning, Logistics, Operations and Financial issues.

Communications

(departments can include human resources, communications, and senior executive team)

- Secure the site after the local authorities have given authorization to re-enter the facility. Provide clear instructions that no one is allowed to enter the site until a complete damage assessment has been conducted and the site/facility is structurally safe. Ensure important documents, tools, materials, supplies, etc., are secure.

- If significant damage has occurred, consider contracting the services of a structural engineer or an architect to work with local authorities to facilitate entry into the site. Remember – the longer that equipment, tools, supplies and valuable papers are exposed to the elements, the more difficult it will be to recover or restore.

- When local authorities allow re-entry to the site, your damage assessment team should document the extent of damage to supplies, equipment, documents, computers, etc. This information is critical and essential for recovery planning and insurance claims.
- Assess logistics and warehousing of inventory, including both raw material and finished products, to determine shipping and receiving options.
- Assess current customer orders and customer supply backlog in order to prioritize shipments and maximize customer fulfillment.
- Assess immediate needs of the command center and the first-level responders to evaluate their information technology requirements. This may include computers, printers, faxes, paper, pads, pens/pencils, white boards, flipcharts, markers, etc.
- If there is a customer resource center, discuss needs with the Information Technology department and determine earliest recovery time. Coordinate message or toll-free 800 numbers so information is provided to customers. Evaluate if employees can work from home with manuals and material to support the effort.

Logistics

(departments can include purchasing, facilities, distribution and warehousing)

- When the restoration contractor arrives, it may be necessary to relocate equipment to other areas of the facility in order to begin restoration activities. The movement of equipment and material should be documented thoroughly.
- Arrange for the movement of equipment and materials. This might include special rigging and transport trucks.
- Communicate with your external shippers, suppliers and delivery companies to divert materials to recently contracted warehouses from the operations group.
- It may be necessary to develop a workaround for storage within your new raw materials or finished goods warehouse if your prior warehouse was automated or included sophisticated warehouse management systems. Once information technology systems are operable, the systems can be put back into place.
- Contact mail delivery service(s) to pick up mail and distribute to alternate locations. Instruct the post office to hold mail until operations can secure new or additional space.

Operations

(departments can include facilities, production, information technology, and sales & marketing)

- Contact commercial realtors to identify properties with available space that meet your near-term infrastructure requirements. Insufficient power and telecommunications capabilities will delay recovery efforts.
- Several different facilities/locations may be needed to fulfill operational requirements. Secure the space as quickly as possible. You can always move or consolidate later.
- After the damage assessment, start contacting equipment suppliers. Remember – many insurance policies provide extra expense insurance, which allows you to expedite deliveries. Maintain communications with your risk management department.
- If you have customized equipment, gather all drawings and photos, and contact individuals who can provide information to supply or recreate equipment.
- Contact vendors that are refurbishing your equipment and determine availability and inventory of equipment. Additionally, evaluate whether they can restore equipment damaged during the event.
- Evaluate options for outsourcing product or services in order to maintain customer fulfillment. Begin negotiations with the outsourcing companies and your legal and procurement departments.
- Begin evaluating the regulatory compliance issues of recovery companies and alternate facilities. These can include OSHA and EPA.
- Verify that any outsourced information technology systems/application has switched over and issues are being resolved.

Financial

(departments can include finance and accounting)

Practical Steps for Business Recovery

- Assuming that local authorities have granted approval to enter the facility or site, start the claims management process by collecting lists of damaged inventory, stock and supplies, equipment, office machinery, infrastructure, etc. If time allows, consider documenting the damage via photos.
- Begin communications with your banking partner as additional funds will need to be secured, as well as letters of credit for equipment suppliers and increased lines of credit for holders of credit cards.
- Set up a work-around accounting system, if needed, until Information Technology has restored systems. Provide instructions to all departments to begin tracking expenditures and the process required. Take as many photos as necessary to document damage.
- Set up a workaround process to pay employees and capture time for non-exempt employees. If outsourced, contact payroll provider and instruct them to pay the next pay period similar to last and reconcile at a future date.

It is important to be methodical and accurate with all activities involving products, services, customers, suppliers and your most valuable asset, your employees. Identify systems that are most critical to the recovery of your operations, and focus on those first. The main goal is to understand what you must have versus what is nice to have.

The following section provides a set of practical steps and general guidelines for business owners as they begin to assess damage. Having a well-tested and up-to-date business continuity plan in place would be ideal, but whether you have a plan in place or not, these suggested action items – extracted from FEMA and Aon’s Technical Services and Business Recovery experts – should be part of your recovery process.

Use these steps in the sequence that makes the most sense for your organization. Keep in mind that time is of the essence in getting your business operational. There is typically a limited number of restoration and clean-up vendors and those businesses that begin the recovery process first will have the best chance of success.

- Secure the site.
- Survey for damage.
- Arrange for securing, abatement or mitigation of safety hazards such as:

1. Live wires
 2. Gas leaks such as natural or propane gas, flammable liquids such as gasoline from storage tanks or vehicles.
 3. Potential ignition sources should be controlled if flammable liquids or combustible gases are present.
 4. Hazardous materials or substance release, and
 5. Damage to foundations, building structure or underground piping.
- Extreme caution should be taken in the event that power lines are down. These areas should be cordoned off to prevent unsuspecting persons from contacting energized power lines. Contact your local utility provider immediately.
- Repair damage to the automatic sprinkler systems and get sprinkler protection back in service as soon as possible. Use your impairment monitoring system whenever sprinkler piping and/or water supplies are impaired.
- Call in key personnel, including:
1. Restoration specialists
 2. Contractors to start repairs and
 3. Ensure safety systems are fully implemented before work is allowed to begin.
 4. Smoke control contractors and ensure cutting and welding professionals have proper permits.
 5. Make contractors share responsibility for establishing fire-safe conditions before and during the entire job.
- Begin salvage as soon as possible to prevent further damage:

1. Cover broken windows and torn roof coverings immediately
2. Separate damaged goods, but beware of accumulating too much combustible debris inside a building.
3. Follow your “Direct Reporting Claims Guide” for contacting your insurance company regarding loss.
4. Contact your Brokers or Agent should you not have a direct reporting guide.
5. Contact your insurance company for advice in restoring fire protection, reporting the loss, etc.
6. Clean roof drains and remove debris from roof to prevent drainage problems.
7. Visually check any open bus bars, conductors and exposed insulators before re-energizing main electrical distribution systems.

Salvage crews should:

1. Prioritize operations, noting which items require immediate attention from those less susceptible to damage if left for a day or two.
2. Be prepared to quickly remove standing water and debris.
3. Clean and dry vital equipment, and dehumidify damp areas.

Repairs should be coordinated with the local utility.

Power restoration should be prioritized for critical locations or operations.

Damaged areas should be isolated.

Necessary structural and other building repairs should be evaluated, prioritized and expedited to minimize business interruption exposure.

- Provide temporary closures or covers for windows, wall openings and roofs that have been damaged.
- Fire protection systems (water supplies, suppression systems, alarm and detection systems, etc.) should be brought back into service as quickly as possible.
- Cutting, welding and other hot work operations should be suspended until fire protection systems are returned to service.
- Activate your business continuity plan, business resumption plan and disaster recovery plan.
- Continuity plan should have a set of steps for resumption phase, recovery phase, and restoration phase, beginning with a communications plan, business and technology alternate/hot site activation plan, and restoration procedures.
- Communicate often.
- Communicate with staff on progress of restoration, including timelines.
- Always enter buildings with caution. Beware of snakes, insects, and animals driven to higher ground by floodwater.
- Take pictures of the damaged building and contents for recovery activities and insurance claims.

- Assess electrical system damage. If you see sparks or broken or frayed wires, or if you smell hot insulation, turn off the electricity at the main circuit breaker (if you didn't do that before leaving the building). If you have to step in water to get to the circuit breaker, call the building electrician first for advice.
- As available, document water damage to drywall with thermal imaging cameras to assess scope of damage (wicking and saturation).
- If you suspect sewage lines are have sustained damaged, avoid using toilets and call the facility plumber. If water pipes are damaged, contact the water utility and avoid the water from the tap.
- If water is found in a raised floor, inspect below the floor panels for flooding, especially in data system areas. If you have power cables running under the floor as well as data cables, do not power up the systems until the restoration specialist removes all water and dries out the moisture content.
- If the power was down, make sure that all switches are in off position and do not energize any equipment until electrician validates that it is ok to do so.

If you do not have a dedicated business continuity plan in place:

- Identify a command center with as much communication support as you can get (phone, fax, internet connectivity, etc.) away from the impacted region but as close as to be easily accessible, if possible. Don't overlook your other company facilities or public facilities including hotels and schools and universities.
- Notify your company's key employees and management about the command center and advise when it is appropriate and/or safe to move around the area, when the center is equipped and connected, etc.
- Mobilize staff personnel who can physically come to the command center and fill the positions of those who cannot with alternates.
- Establish command structure with alternates for all positions.
- Take a thorough accounting of your employees and their status.
- Be cognizant that during a regional disaster, local, state and federal authorities will prioritize health and safety-related initiatives over property-centric concerns

- Get the damage assessment report if possible.
- Prioritize critical functions by prioritizing each function's time sensitivity and financial impact. Don't overlook the interdependencies between functions.
- Identify the resumption timeline that is realistic.
- Based on the size and scope of your operations, you may not get all functions up at once, so, prioritize these critical functions (mission critical or time critical) first.
- Identify the resources necessary for these functions - people, equipment, area/building, data/information, vital records, procedures, and funds.
- If the authorities allow retrieval of these critical items, you should prioritize and clearly document which items are of greatest value to the organization, and to the resumption of operations. If you cannot retrieve items, identify alternative sources that enable you to resume operations or continue production, support clients, etc.
- Identify and mobilize the external companies/vendors for restoration, clean-up, and sub-contractors for your normal but critical activities that will need to be resumed before you can manage on your own.
- Again, keep the communications – both internal and external – flowing. Keep information concise and factual. Keep in mind that there are crisis management and crisis communication vendors available should you not have time, resources or in-house know-how to address.
- The Legal department should start the contractual agreements with alternative site, production or operations with either internal (your other facilities) or external (vendors or even competitors - if no other alternative).
- Each department team leader should determine the tasks and resources needed for their functions that have been previously determined to be critical, along with the time-line and milestones.
- Every half-day or sooner, assemble key stakeholders (as available) for an update on all activities, timelines and gain consensus on how restoration should be conducted.
- Interdependency issues need to be clearly agreed upon as each team moves forward with their recovery tasks.
- Make sure to keep a log of activities and resources/equipment inventory (bought or borrowed).
- Liaison with public entities and keep them abreast of your needs.
- Keep in mind that this is not a “business as usual” time and be as flexible as possible.
- Be sure to keep a good rotation schedule for all recovery team members. Make sure you have accommodations for necessities - food, drinks, rest, hot shower, communications and contact with family members, etc.
- Resume your critical business functions first, then recover your less critical functions, and finally, plan to restore your operation either at the restored facilities or at a new location.

Fire Safety Fact Sheet

A wide range of natural disasters occurs within the United States every year. Natural disasters can have a devastating effect on your home. The Federal Emergency Management Agency's U.S. Fire

Administration encourages you to use the following safety tips to help protect yourself, your family and your home from the potential threat of fire during or after a flood. You can greatly reduce your chances of becoming a fire casualty by being able to identify potential hazards and following the outlined safety tips.

Types of Fire-related Hazards Present During and After a Flood

- Generators are often used during power outages. Unless generators are properly used and maintained, they can be very hazardous.
- Alternative heating devices used incorrectly create fire hazards. Proper use and maintenance can decrease the possibility of a fire.
- Leaking above ground gas lines, damaged or leaking gas or propane containers, and leaking vehicle gas tanks may explode or ignite.
- Pools of water and even appliances can be electrically charged. This can result in a dangerous electrical fire.
- Appliances that have been exposed to water can short and become a fire hazard.

Chemical Safety

- Look for combustible liquids like gasoline, lighter fluid, and paint thinner that may have spilled. Thoroughly clean the spill and place containers in a well-ventilated area.
- Keep combustible liquids away from heat sources.

Electrical Safety

- If your home has sustained flood or water damage, and you can safely get to the main breaker or fuse box, turn off the power.
- Assume all wires on the ground are electrically charged. This includes cable TV feeds.
- Be aware of and avoid downed utility lines. Report downed or damaged power lines to the utility company or emergency services.

- Remove standing water, wet carpets and furnishings. Air-dry your home with good ventilation before restoring power.
- Have a licensed electrician check your home for damage.

Generator Safety

- Follow the manufacturer’s instructions and guidelines when using generators.
- Use a generator or other fuel-powered machines outside the home. CO fumes are odorless and can quickly overwhelm you indoors.
- Use the appropriate sized and type power cords. Overloaded cords can overheat and cause fires.
- Never run cords under rugs or carpets where heat might build up or damage to a cord may go unnoticed.
- Always refuel generators outdoors.
- Never connect generators to another power source such as power lines. The reverse flow of electricity or “back feed” can electrocute an unsuspecting utility worker.

Heating Safety

- Kerosene heaters may not be legal in your area and should only be used where approved by authorities.
- Do not use the kitchen oven to heat your home. In addition to being a fire hazard, it can be a source of toxic fumes.
- Alternative heaters need their space. Keep anything combustible at least three feet away.
- Make sure your alternative heaters have “tip switches.” These “tip switches” are designed to automatically turn off the heater in the event they tip over.

- Only use the type of fuel recommended by the manufacturer and follow suggested guidelines.
- Never refill a space heater while it is operating or still hot.
- Refuel heaters only outdoors.
- Make sure wood stoves are properly installed and at least 3 feet away from combustible materials. Ensure they have the proper floor support and adequate ventilation.
- Use a glass or metal screen in front of your fireplace to prevent sparks from igniting nearby carpets, furniture or other combustible items.

And remember...

- Do not use alternative heating devices to dry clothes or furnishings.
- Be careful when using candles. Keep the flame away from combustible objects and out of the reach of children.
- Never thaw frozen pipes with a blowtorch or other open flame. Use hot water or an UL-listed device such as a hand-held dryer.
- Some smoke alarms may be dependent on your home's electrical service and could be inoperative during a power outage. Check to see if your smoke alarm uses a back-up battery and install a new battery at least once a year.
- Smoke alarms should be installed on every level of your home.
- All smoke alarms should be tested monthly. All batteries should be replaced with new ones at least once a year.
- If there is a fire hydrant near your home, keep it clear of debris for easy access by the fire department.

Contacts

For more information, contact your Aon representative or log on to www.aon.com for up-to-date contact information related to claims and service issues.

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Additional information on post-recovery resources, including updated service and claims information for clients, can be found at www.aon.com/disaster-response.

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