

Managing Bird Flu: Pandemic Business Continuity Plans

© IMA Asia

**ACTE Global Education Conference
ATLANTA, May 2006**

Richard Martin, Managing Director, IMA Asia

Email: Richard.martin@imaasia.com

Website: www.imaasia.com

OPEN DISTRIBUTION

Asia Pacific Managers' Service

IMA Asia provides a range of advisory services for managers of Asian operations. We aim to help our clients monitor and assess political, economic and commercial developments across Asia and to integrate the key insights into their operational and strategic business plans. We specialise in demand assessment and forecasting in Asia.

For further information about IMA Asia please contact:

Catherine Bell, Asia Program Manager
Level 37, 225 George Street Sydney NSW AUSTRALIA
Email: Catherine.Bell@imaasia.com
Tel: 61 2 9252 4336 Fax: 61 2 9252 4339

www.imaasia.com

Production & Distribution

This is our first draft of an Asian Issues Management (AIM) Paper on corporate pandemic management. The paper is based on interviews and discussions with a dozen major companies operating in Asia, a review of most of the materials available from sources such as the World Health Organisation (WHO) and the US Centre for Disease Control (CDC), and participation in conferences and public discussions on bird flu. We'd particularly like to thank the staff at Interpharma (Zuellig Pharma) in Hong Kong, who kindly shared a lot of their experience in developing their pandemic business continuity plan. While this paper draws heavily on the interviews we have yet to seek approval from our interviewees to use illustrative comments and case examples.

This paper is for OPEN DISTRIBUTION. Readers are welcome to copy and distribute it as they see fit.

Contents

Preface	1
Section 1: Introduction	2
Your best pandemic defence – a BCP and the internet	
Early planning problems to avoid	
The lessons from recent risk events	
What to expect in 2006 – networking BCPs	
Section 2: Defining the challenge	8
The threat to staff, markets and the community	
Getting the balance right	
Moving the corporate goal posts	
Section 3: Leadership, Communicating and Networking	12
Crisis leadership	
Communicating	
Networking – the key to sustainability	
Section 4: Documentation, Schedules, Teams & Tasks	16
Documentation of the Pandemic BCP	
Schedules	
Teams	
Pandemic planning tasks	
Box 1: H5N1 Avian Flu and the WHO	3
Box 2: An H5N1 Pandemic – What to Expect	11
Box 3: An Avian Flu (H5N1) Timeline	19

Preface

This Asian Issues Management (AIM) Paper looks at how companies are managing the threat of a pandemic that may be triggered by the current outbreak of bird flu in Asia. The threat posed by a pandemic goes well beyond the boundaries normally considered by corporate risk managers in terms of geographic extent (global rather than in one country or region), time (several years from onset through recovery), and areas of the business affected (all departments, customers, and suppliers).

A pandemic threatens the global community and appropriately the World Health Organisation (WHO) and national governments are working on a global response that integrates country, regional and global strategies. Corporates will find that their own pandemic management plans require a similar global approach even though some have asked their Asian divisions to take the lead in planning. They will also need a higher degree of coordination with the broader community than envisaged under previous risk management strategies. This extends from integrating with the local government pandemic response – an area that is quite unclear at the moment - through to the role that a well organised corporate should play in the community at a time of considerable distress.

Organising a risk mitigation plan for a pandemic is a major undertaking. Companies with an existing Business Continuity Planning (BCP) process are better placed than those without one as much of the process for assessing and managing risk is already in place. However few existing corporate BCPs envisage the threat from a pandemic. Our interviews suggest that even for those companies with a well run BCP process some four to six months of focused work is required to reach a preliminary level of preparedness for pandemic risk mitigation.

Can this level of investment in BCP pandemic planning be justified? The quick answer is yes. Effective risk management is based on monitoring reliable leading indicators for a defined risk event that is likely to have a major impact on corporate operations. Authoritative analysis by the WHO and others suggests that a pandemic based on the current H5N1 influenza virus would devastate global markets and the alert flags for such an event are already flying. Moreover, companies that have focused on the problem have concluded that even with a 10% probability in the next two years (an estimate by some health officials) detailed preparation is the only way to mitigate the risk.

Companies will also find that a pandemic BCP requires new thinking about both operations and external relationships. This will certainly improve risk management for the more normal threats considered under BCPs (fires, hurricanes, floods, terrorist events, etc). It may also prompt new thinking on how to sustain the critical processes within a company as well as the sometimes poorly recognised linkages between a company and the community that sustains it.

Is a pandemic imminent? We are already at phase 3 in the WHO's 6-phase pandemic alert with some risk (a 10% probability for 2006-07) that the line will be crossed to phase 4 ("evidence of increased human-to-human transmission"). This is the first major risk transition point that lies ahead. While a global response is being planned to contain an initial outbreak there is a high risk of rapid progress from phase 4 through to a full global pandemic at phase 6. This is the second major risk transition point that lies ahead. The happier – and fortunately more likely (at 90% probability) - scenario is that there is no progress to phase 4 in the next few years, during which time pharmaceutical companies and world health authorities may develop an ability to prevent a pandemic. But even under this scenario the latest commentary suggests that the WHO will retain its phase 3 alert for several years.

The minimum case for planning is WHO phase 3. At WHO Alert phase 3, a situation that is likely to extend for several years, the pandemic risk game is already underway and is not a hypothetical event on the distant risk management horizon. At WHO phase 3 companies will face a steady increase in requests for information on their pandemic preparedness from employees, customers, suppliers, and – quite possibly - shareholders over the next year.

The need for companies to talk to each other - and to governments. Companies are understandably reticent to talk about pandemic BCPs that are in development. However, the time for open discussion is rapidly approaching as pandemic BCPs rely on networking. Companies may well find it useful to create local forums with neighbouring firms to review the steps being taken. We have also been struck by the absence of contact between governments and corporates, even in countries that are well advanced in their pandemic management plans. It is essential that governments and corporates start this dialogue soon otherwise public and private BCPs are likely to clash rather than complement each other.

Section 1 Introduction

A focus on pandemic management

This paper briefly surveys how companies are managing the process of preparing for a pandemic. As the trigger for this task is the current spread of the H5N1 virus within the bird population we have used bird flu as a case example to illustrate the process, mostly by accompanying boxes to the main text. More detailed information on the current outbreak of bird or avian flu is available on the WHO and CDC websites. Moreover this information is being added to and updated daily (see Box 1 for details).

Four main sections:

The main sections of this paper look at three of the key management challenges that were apparent in the interviews we carried out in mid-November. These are:

- Defining the challenge
- Leadership, networking and communicating
- Redefining the business under a pandemic BCP

The paper concludes with an operational section covering:

- Pandemic BCP tasks, schedules and teams

Your best pandemic defence – a BCP and the internet

Focus on the total process

The two most important tools available to any company to mitigate the threat posed by a pandemic are a well prepared business continuity plan (BCP) and the internet. These two tools are critical to just about every aspect of the following discussion and rate well ahead of scrambling to stockpile drugs like Tamiflu or preparing evacuation plans, both of which are at best components of a subset within a BCP.

Business Continuity Plans (BCPs)

... can help with pandemic risk reduction

Most multinational companies (MNCs) appear to have established BCPs at some point in the last five to 10 years. These are supported by regular training exercises (one of our interviewees presciently ran their March '05 annual exercise based on a pandemic threat), monitoring and alert systems, and instances of partial activation every few years to cope with an event such as Asia's December '04 tsunami or Hurricane Katrina in the US. These companies are well placed to quickly undertake the work needed to prepare a pandemic response plan.

3 options for those without a BCP process

... a 1-time plan for WHO Alert phase 3

Companies without a pandemic BCP have three options:

(1) A 1-time pandemic management plan. Small companies rarely see the need for the system complexity of large companies. Some may decide that a 1-time pandemic response plan is justified only as long as the WHO maintains its current phase 3 alert. The 1-time plan is needed as much to deal with support requests from larger firms undertaking pandemic BCPs as with the risk of an actual pandemic. However companies considering the 1-time model should note that the WHO phase 3 alert may persist for several years, which will effectively nudge a 1-time plan into an institutionalised BCP process. Moreover a BCP for a small to medium-sized firm, particularly a services firm, is not that onerous as the internet provides an array of low-cost options for remote operation and client support activities.

... institutionalise a BCP process

(2) Institutionalise the BCP process. Nearly all companies can remember a single event that triggered the decision to institutionalise a BCP process and the current bird flu threat will certainly encourage many in

Box 1

H5N1 Avian Flu and the WHO

The threat

The World Health Organisation (WHO) plays a central role in reporting on and managing the current outbreak of bird flu and the risk of pandemics. In September 2005 it provided the following 6-point assessment:

1. The risk of a pandemic is great. Since late 2003, the world has moved closer to a pandemic than at any time since 1968, when the last pandemic occurred. All prerequisites for the start of a pandemic have been met save one: the establishment of efficient human-to-human transmission. During 2005, ominous changes have been observed in the epidemiology of the disease in animals. Human cases are continuing to occur, and the virus has extended its geographical range to include new countries. Each new human case gives the virus an opportunity to evolve towards a fully transmissible pandemic strain.

2. The risk will persist. The H5N1 virus is now endemic in Asia, having established an ecological niche in poultry. The risk of further human cases will persist, as will opportunities for a pandemic virus to emerge. Outbreaks have occurred despite aggressive control measures, including the culling of more than 140m poultry. Wild migratory birds are now dying in large numbers from the highly pathogenic H5N1. Domestic ducks can excrete large quantities of the virus without showing signs of illness, which complicates the control of poultry outbreaks.

3. Evolution of the threat can not be predicted. The final step to human-to-human transmission may occur two ways: reassortment (when an avian influenza virus recombines with an existing human influenza virus), which could lead to a sudden surge in cases with explosive spread; or adaptive mutation, initially expressed by small clusters of human outbreaks with slightly more time to prepare defensive action.

4. The early warning system is weak. Particularly in risk prone countries in Asia.

5. Preventive intervention is possible, but untested. An immediate massive response with antivirals (such as Tamiflu) to an outbreak theoretically may prevent the virus from further improving its transmissibility.

6. Expect inadequate medical supplies. Vaccination and the use of anti-viral drugs are two of the most important response measures for reducing morbidity and mortality during a pandemic. On present trends, neither of these interventions will be available in adequate quantities or equitably distributed at the start of a pandemic or for many months thereafter.

See: Responding to the avian influenza pandemic threat: Recommended strategic actions, WHO/CDS/CSR/GIP/2005.8

Monitoring the threat

The WHO uses a six phase pandemic alert as a system for informing the world of the seriousness of the threat and of the need to launch progressively more intense preparedness activities. The designation of phases, including decisions on when to move from one phase to another, is made by the Director-General of WHO. Each phase of alert coincides with a series of recommended activities to be undertaken by WHO, the international community, governments, and industry. Changes from one phase to another are triggered by several factors, which include the epidemiological behaviour of the disease and the characteristics of circulating viruses. The world is presently in phase 3: a new influenza virus subtype is causing disease in humans, but is not yet spreading efficiently and sustainably among humans.

Inter-pandemic phases: New virus in animals only

Phase 1 – low risk of human cases

Phase 2 – higher risk of human cases

Pandemic alert phases

Phase 3 – No or very limited human transmission

Phase 4 – Increased human transmission

Phase 5 – Significant human transmission

Pandemic

Phase 6 – Efficient, sustained human transmission

Reported cases to November 30

From Dec. '03 to Oct. '04 27 cases were reported in Vietnam (with 20 deaths) and 17 cases were reported in Thailand (12 died). Since Dec. '04, 12 cases have been confirmed in Indonesia (7 died) and 3 cases in China (2 died). Including new cases in Vietnam and Thailand 133 cases have been confirmed with over half (68) dying. This is a case fatality ratio of 51%. For reference during SARS (Nov '02 to July '03) there were 8,096 probable cases and 774 deaths (mostly in China and Hong Kong) with a much lower case fatality ratio of 9.6%.

More information

The World Health Organisation (WHO) in Geneva and the Center for Disease Control (CDC, part of the US government's Department of Health & Human Services) both provide excellent information on pandemics and the current outbreak of bird flu:

- www.who.int/csr/disease/avian_influenza/en
- <http://www.cdc.gov/flu/avian>

Health authorities in other countries also run national web sites that should be bookmarked to obtain the latest information on the local pandemic response in each country. See the end of this paper for a list of government sites in Asia.

this direction. With many large companies already operating BCPs and – for the first time – looking to network their BCPs it will be much easier to make this transition. It is quite likely that by 2010 most companies will see an institutionalised BCP process and network BCP reviews as an integral part of standard business operations in a globalised market.

... or rely on the local health authority plan

(3) Bird-flu Lite. Some companies will decide that their best option is simply to rely on their local health authority's pandemic response plan. This may be the case for smaller companies in advanced markets where public health authorities are well resourced. Small companies may also lack the staff and financial resources to mount an effective BCP, which by default will make them more reliant on the community response to maintain business operations (e.g. let's ask the company on the floor below to cover our switch and see if company B in the next street can lend us an engineer). At a minimum this requires good knowledge of the local public health plan, some community networking, and an ability to quickly adapt operations as conditions change.

The Internet

... a critical tool in global pandemic management

... and in corporate risk reduction

We are struck by how often the internet figures in both public sector and corporate plans for mitigating the threat posed by a pandemic. The internet is already playing a major role in disseminating accurate information and in providing a truly global real-time alert on pandemic issues. The internet will also play a key role in identifying any outbreak of human-transmission H5N1 and in coordinating efforts to contain H5N1 within the bird population and, when needed, among people. Similarly the internet lies at the core of corporate BCP enabling effective communication and many of the tactics developed to sustain core business operations.

This underscores the absolute importance of maintaining internet functionality for pandemic management. Service firms that maintain corporate networks, intranets and the public net are likely to rank second only to healthcare firms as a defence against a pandemic.

Early planning problems to avoid

A number of problems are apparent in the initial steps that companies are taking in preparing for a pandemic. Fortunately none are major. But given the need for prompt action those companies starting on the process should try to avoid them.

Media & consultant hype or a real threat?

.... most likely a real threat

This looks like another Y2K event. Most companies remember Y2K as being a two-year build-up of media speculation and corporate IT spending prior to the biggest non-event of the 20th century. Bird flu has triggered a similar wave of global media coverage and there is a concern that the reality might not be as bad as portrayed by the press. Moreover, as we discovered at our own forecasting conferences in late November, it is hard to step back from the excitement of planning for growth in 2006 to consider a scenario of market devastation. There is a natural aversion to actively considering such a risk. Unfortunately the rising concern over a bird-flu pandemic appears to be justified and companies will need to act. The view of leading health authorities is that a bird-flu based pandemic is a major threat to the global community in the next few years. These issues are reviewed in Box 1 in this section and in section 2.

An H5N1 pandemic will be a global event

Little top level engagement / this is an Asia problem. The companies we've been in contact with fall into two groups: those where there is headquarters/CEO sponsorship for developing the pandemic BCP and those where the task is being handled at the regional level and sometimes only within one part of the Asia management team. The latter course often reflects an initial – and incorrect - view that bird flu is an Asian problem. Companies that start down the Asia-only path realize within a few weeks

<p>... requiring a shift in corporate goals</p>	<p>that a pandemic BCP can only be undertaken as a global project but these first few misdirected weeks can be quite frustrating for the Asia team. There are two reasons why a top level global approach is required:</p> <p>Global impact. Influenza pandemics have always quickly spread around the world even though Asia has been the likely point of origin. An effective BCP response has to involve the entire company.</p> <p>Changing the corporation's goals. An effective pandemic BCP will require substantial and possibly prolonged changes to basic operating parameters, such as sales growth and profitability. Individual countries and regions are unlikely to have the authority to make such amendments even though they are critical to an effective pandemic BCP.</p>
<p>Asia offices can start the global pandemic plan</p>	<p>There is, however, one useful variation to this comment. Some companies have given the Asia team the regional responsibility for developing the global template for responding to a pandemic. But critically the Asia team is given global HQ support and guidance on adapting key operating parameters in developing the plan.</p>
<p>Defining the risk is easy</p> <p>... accepting its scale is not</p>	<p>Poor definition of the risk delays action. We've noted a number of instances of poor engagement with the task because of an initial view that the threat is unclear. There is, indeed, a lot that is unclear about the current outbreak of bird flu and how and when a jump to human-to-human transmission will occur. However two things are quite clear. The first is that H5N1 has been found to be a very dangerous virus with around half of the known cases of contraction (from birds) dying. By contrast, the case mortality rate for SARS was 9.6%. The second is that the WHO is quite specific about the damage to communities that is likely to occur if an H5N1 pandemic starts. The Asian Development Bank (ADB) and others have also assessed the likely impact on markets (see www.adb.org). In reality there is enough reliable information to define the problem and justify prompt action. Accepting the scale of the threat, which is quite daunting, is a subset of this problem. The Section 2 of this AIM Paper looks at how to define the problem.</p>
<p>SARS - a starting point at best</p>	<p>Let's dust off our SARS strategy. While there are useful lessons to be learnt from SARS the scale and potential impact are so radically different as to suggest a complete misapprehension of the risk.</p>
<p>Confidentiality is important in planning</p>	<p>Confidentiality vs open discussion of BCP plans. There are two good reasons to keep pandemic BCPs confidential. The first is that public discussion of the early steps in developing any plan can naturally be misleading and can trigger more problems than benefits. Second, effective communication is one of the most critical success factors in an effective pandemic BCP so it is important to work out the communication strategy prior to public discussion. This will help you avoid disconcerting employees, customers and shareholders.</p>
<p>... but an effective pandemic response requires openness</p>	<p>However, there are two equally important reasons for open discussion of BCP plans and after companies are comfortable that they have an effective pandemic BCP underway these carry more weight:</p> <p>Networking BCPs. Effective inter-company communication will be a critical aspect of the success of the corporate pandemic BCP so companies should move quickly to the stage where they are comfortable with open and detailed discussion of their plans with suppliers, customers, local health authorities, the families of employees, and the local community.</p> <p>Sharing experience in forums. While this AIM Paper is about 20 pages most corporate Pandemic BCPs would fill a large ring binder. The fastest way to improve a pandemic BCP is to review it with other companies, particularly those in your neighbourhood as</p>

sustaining operations may well come down to a local battle in each city. Some large companies in the US have already taken the initiative in forming such forums.

Evacuating staff

... may not be allowed

... and may do little to help staff or the firm

Avoid expat or corporate flight. There may well be situations where some staff or families of staff need to be relocated. However one of the many lessons that came out of SARS was the internal and external damage done to corporate reputations by evacuations of expat staff and their families. In retrospect this appears to have been quite justifiable for SARS as it proved to have limited spread and moving some key staff out of SARS areas enabled them to continue freely travelling to service clients. However communities are likely to have a low regard for companies that attempt to pull out staff ahead of a pandemic, even assuming that such a step is possible. There is also the minor issue of finding a safe location in a pandemic. A farm outside of Dunedin in New Zealand might work but will the Kiwis let us all in?

Critical functions Vs critical staff

... in a pandemic all staff are critical

Be careful in stating who is critical and who is not. Pandemic BCPs will require an assessment of the critical functions that a firm believes must be sustained when a pandemic hits. Some companies naturally find that most, if not all, divisions and employees view their own positions as critical. In particular no one wants to be viewed as non-critical as the toe-cutters might come for them in the next round of corporate restructuring. The solution is to ensure that this analysis is appropriately framed. Two steps help:

Make clear the transition from normal operations (with sales growth and profit goals) to survival operations (customer and community support goals come to the fore and finance focuses on cash flow goals). Under normal operations sales growth and profits are critical and every company will give priority to returning to normal operations when staff critical to these goals can drive the business. While quite a few profit-focused staff and their support teams will become non-critical under survival mode the company has a strong interest in protecting them.

Make clear that all staff are needed. The working assumption for a pandemic is that up to half your staff may be missing at any time (25% sick, 25% absent) and everyone will have to be capable of stepping up to fill gaps in maintaining core functions under a pandemic BCP.

The lessons from recent risk events

Learning from past threats

Companies starting the pandemic BCP process can draw on their experiences in handling a number of notable risk events. In fact one interviewee noted that his company's global BCP team has responded to at least one significant event a year, most recently tracking down and assisting staff and their families caught in the December 2004 tsunami. It is, however, important to recognize that a pandemic is quite unlike any recent event. In this regard corporate planners should not make the classic military mistake of preparing tactics for the next war based on their experience in the last war. With that warning in mind there are some good lessons to be learnt from earlier risk events.

SARS - Lessons in protecting staff and securing operations

SARS

The SARS outbreak in China, Hong Kong, Vietnam and Singapore proved to be a one quarter event (Q2 of 2003) that was restricted to a handful of markets and primarily affected consumer demand levels. All of this is very different from a pandemic. However companies in countries affected by SARS learnt a number of valuable lessons, including:

- **Controlled access to facilities** – the ability to establish and maintain a secure perimeter with access dependant on passing a basic health check (mostly temperature scanners).

... and coping with
big demand swings

... and shortages of
basic hygiene supplies

- **Coping with rapid demand changes** – some companies found demand for the products slumped as consumers stayed home while others found demand surged.
- **Tracking and controlling staff movements** – SARS was one of the first times that companies instituted significant travel restrictions in Asia.
- **Evacuation policies** – finding the right balance between protecting some key staff and not being seen to abandon other staff or the local community.
- **Scarcity of health and hygiene supplies** – As some companies noted supermarkets, stores and supply channels for disinfectants, face masks, and gloves emptied within the first few days.

Katrina - catastrophes
can overwhelm cities

... and even the
strongest governments

9/11 and Hurricane Katrina

Both these events, which were catastrophic for firms directly affected and damaging for many more firms indirectly, highlight the risk of the complete destruction of a key part or core of the business process. Companies learnt a number of lessons from these events that will be relevant to pandemic preparedness:

- **Don't ignore the warnings.** The US press has delighted in discovering a number of reports that warned of the damage that would be done to New Orleans and nearby oil facilities by a severe hurricane. No action was taken on these reports.
- **Duplicate data storage** and management sites (9/11).
- **Crisis HR issues** ranging from crisis family support through to counselling to assist staff recover from the event.
- **Recovery** - managing a prolonged recovery phase from a crisis event.
- **Relocation** - Managing a facility relocation to temporary accommodation.
- **Production/shipping problems** - coping with disabled production facilities, supply shortages, and shipping backlogs.
- **Security and services breakdown** - operating during a breakdown in public services and in law and order.

Y2K - The prime
example of a global
threat

... requiring a global
corporate response

Y2K

The concern over widespread computer malfunctions due to the roll-over of 2-digit date codes at the end of 2000 proved to be a non-event. However, in preparing for it companies learnt a number of lessons that are directly relevant to pandemic preparedness:

- **Addressing a global risk** – Year 2000 (Y2K) risk threatened company operations worldwide at the same time, requiring a global corporate response.
- **Tracking and managing dependencies** – Y2K also forced companies to identify their key dependencies on utilities and suppliers and to review risk management plans with those firms.
- **The need for pre-event investment** – Y2K came with plenty of warning and required the development of an investment plan to help mitigate the risk.

Asia Crisis - dealing
with a market collapse

The Asia Crisis

The Asia Crisis of 1997-99, particularly in Indonesia, presented companies with a prolonged crisis that fundamentally changed demand levels and operating conditions. Companies learnt to:

- **Be decisive in switching from the normal business plan to a crisis business plan.** One of the most important steps

taken in responding to the crisis was to accept that the existing business plan in a country like Indonesia could not simply be modified but had to be abandoned. Demand levels fell to one third or less of previous years, operations were mothballed, and cash was king in commercial dealings.

- **Protect all employees and their families.** In retrospect many companies were embarrassed that they had acted only to protect expats and that some of the most exposed local staff were left unprotected.

What to expect in 2006 – networking BCPs

2006 - an acceleration pandemic planning

... by governments and corporates

The most likely scenario is that the WHO pandemic alert will remain at phase 3 throughout 2006. This means that government health authorities in most countries will continue to work on – if not accelerate – plans for the public management of an influenza pandemic. Press coverage of bird flu outbreaks is likely to remain considerable and will peak in those weeks where suspected cases of human-to-human transmission are reported or massive bird culls are required. All of this means that large corporations will continue to develop and implement pandemic BCPs.

Be ready to respond to your business partners

In this scenario companies should expect a steady stream of contact from business partners - and even neighbourhood firms with which there is no current business - to coordinate and integrate corporate BCPs. Some healthcare and IT firms will clearly be a focal point for such discussions. Firms in other areas, such as logistics and security, are also likely to find customers requesting that they clarify their ability – and plans - to maintain basic operations in the advent of a pandemic.

Section 2

Defining the challenge

Defining the managerial challenge is, as always, a critical first step to planning. This section briefly reviews some preliminary issues that help set the right parameters for work on a pandemic BCP. Box 2, which accompanies this section, provides a brief definition of the global and community challenges that may be expected if there is a pandemic based on the H5N1 virus.

Focus on the pandemic threat

... rather than bird flu or H5N1

Most firms we've spoken with believe that the aim of the exercise is to prepare the company for any pandemic, not just the current threat from bird flu. With luck this round of H5N1 will prove to be a non-event for most companies. By contrast, pandemics remain a constant threat and could be triggered by any of a number of viruses (the WHO monitors 16), although the type A H5 and H7 influenza viruses are prominent risks. The broader focus not only helps companies justify the considerable amount of work required for a pandemic BCP but also helps institutionalise the monitoring and training process over time.

The threat is to ...

1. staff
2. markets
3. the community

A pandemic will have a number of distinctive features that help define the challenge to the company. Pandemics do not destroy infrastructure, buildings or other physical assets, although they can degrade service levels of physical assets. The primary target of pandemics is people and the greatest impact that most companies will face is on their staff, the performance of markets (particularly rapid demand swings), and on the communities in which they operate.

The threat to staff

The greatest impact of a pandemic will be on people and for companies the pandemic response will become a numbers game or war of attrition. Simply put, how many staff have been protected (vaccinated or effectively

quarantined), how many are still fully functioning, how many are ill or out of action (caring for ill family members), and how many are recovering and therefore most likely immune to reinfection.

Making health care and HR management front line activities

Companies working on pandemic BCPs are assuming that at its worst point in any particular corporate location up to 25% of the staff will be ill (with some dying) and another 25% will be unavailable (caring for ill relatives or unwilling to come to work). Companies are also assuming that staff returning to work, both during and after a pandemic, will need considerable support in coping with the trauma. Some companies are looking at options for HR departments to monitor the status of all staff on a daily basis so that appropriate assistance can be provided, crisis-level operations can be maintained, and a quick return to normal operations achieved.

The threat to markets

A pandemic can be expected to directly affect companies by changing demand levels and by threatening the supply of key inputs (products and services). A pandemic will also indirectly threaten most companies by roiling global markets. Publicly listed companies will face particular challenges in this environment. Some of this will be predictable but quite a lot will be unpredictable.

Pandemic financial management is also a front line activity

A company's ability to survive such uncertainty will largely depend on fast and effective financial management. Even during a pandemic the game is over when you run out of money. All of the companies we've interviewed are developing pandemic financial management plans covering amendments to terms on receivables and payables, tighter cash flow management and careful management of extended and stand-by credit facilities.

... as is increased reporting for public companies

Much more complex is management of public company reporting procedures as stock and bond markets are going to be particularly sensitive to firms that have been damaged by rapid demand changes or the loss of operating capacity. Some companies hope to handle this challenge by increased public reporting specific to the company's management of the pandemic's impact on corporate operations. Rumour and speculation are likely to be rife during a pandemic and it is best to keep such problems contained.

The threat to the community

Tapping corporate organisational capacity as public agencies are stretched

Most companies regularly express good will towards their local community and contribute to community support activities. However it is extremely rare for this to be considered a core activity. Despite this those companies close to completing their pandemic BCPs note that at some point in the planning process they realized that the company would have to take on a proactive community support role. In part this is because of the probability that local government support and health agencies are likely to be struggling during the initial onset of a pandemic. It also reflects the strong but informal linkages most companies have to local communities through the families of staff members.

The appropriate level and type of community support will vary according to company and industry. For some companies it may involve contributing to the communities crisis response by working with the local health authorities to extend health care facilities or by transferring critical goods or stepping in to assist with the maintenance of an essential community service.

Create a "Corporate Guidance" document

The definition of the challenge is best set out in a Corporate Guidance document on pandemic management. Apart from providing the parameters required by the BCP planning team this should make clear CEO sponsorship of the project.

Getting the balance right

**Chicken Little
Vs.
Mr. Underestimation**

Perhaps the greatest challenge in directing the company to prepare a pandemic BCP is getting the tone right. Considering the details of a pandemic based on the H5N1 influenza virus is akin to staring into the fiery abyss, which is by no means a normal business activity (see Box 2 in this section). Moreover bluntly stating the outlook under an H5N1 pandemic scenario may either trigger undue alarm or the very opposite reaction of ignoring the risk because it is seen as overstated.

**BCP planners will need
to adjust to the scale of
a pandemic threat**

Companies with an established BCP process should find defining the task relatively easy. BCP requires regular consideration of catastrophic events with an established language for describing such events without seeming alarmist. The key challenge for experienced BCP planners will be adapting to the scale of the threat presented by an H5N1 pandemic. This goes well beyond other risk events normally considered.

**... others can look to
the WHO for a balanced
description**

Companies without an established BCP process can get the balance right by paying close attention to the text on the WHO web site (the contact details are in Box 1). The WHO does an admirable job in setting the right tone. The daunting scale of the risk is made clear but the accompanying discussion is measured, with care taken to provide appropriate cautions and to be clear about a number of critical unknowns.

**Preparing for a loss of
control**

**... with a focus on
reactive management**

One final point on getting the tone right is to acknowledge that once an H5N1 pandemic starts executives are likely to have little control over events no matter how detailed the BCP. Several interviewees with considerable BCP experience believe that their ability to deliver emergency outcomes close to plan will be severely diminished during a bad pandemic. As a result, much greater emphasis needs to be placed on preparing for reactive management.

Moving the corporate goal posts

**An essential step at the
start of planning**

The second most important step in defining the pandemic challenge is being clear about how and when the basic goals of the company will be changed. It is hard for pandemic BCP planners to do their work without direction on this. Companies are likely to adopt three sets of goals to accord with the three broad stages of a pandemic.

1. Normal business goals (pandemic approach)

**Some firms will need to
give priority to
pandemic planning**

The company remains 100% committed to established targets across all metrics (financial, market share, production, quality, etc). This pertains up to and including a WHO phase 3 alert (the situation today). Companies will need to make their own decision on whether pandemic planning is given priority or carried out within the normal risk planning process. Healthcare firms are likely to give it priority as are firms providing critical services to companies (IT, logistics).

2. Crisis business goals (pandemic onset)

**Consider using the
WHO alert phases to
trigger the shift in goals**

The company shelves its normal business goals and adopts crisis business goals. At their most basic these goals will cover protecting staff, protecting cash flows, and ensuring an ability to return to normal operations as quickly as conditions allow. These lead to subsidiary goals such as delivering on agreed crisis levels of support for customers through to care of employees' families and even to assisting the community as a whole confront the pandemic. Crisis level financial goals also need to be clearly stated. Once these parameters have been clarified the pandemic BCP team can work on all the details of financial management, production changes, health, safety and security and many other issues.

Box 2

An H5N1 Pandemic – What to Expect

The challenge presented by a pandemic based on the current H5N1 influenza virus is considerable. This box reviews the community situation that might be expected once the WHO declares pandemic alert phase 4 or higher for H5N1. Sections 3 and 4 of this paper examine the corporate specific impact that might be expected.

SPREAD & CONTAINMENT MEASURES

A WHO-led effort to contain the first outbreak. A massive effort to contain or slow the initial outbreak should be expected in the first few weeks of an outbreak. This would likely slow but not stop transmission to other areas. A WHO Phase 4 alert would be declared worldwide.

Rapid spread to a global threat. Despite initial containment efforts it is likely that once human-to-human transmission starts H5N1 will spread to all continents within three months due to ease of transmission, problems with detecting the early stages of infection and the high volume of international air travel. A WHO pandemic alert phase 6 would be declared.

Rigid quarantine rules worldwide. The moment a WHO phase 4 alert is announced international travel will become difficult. Once phase 5 or above is announced it can be assumed that nearly all international travel will stop. No one will be able to move out of an H5N1 area. Some governments may introduce quarantine areas within their borders.

An event lasting a year or more. Assuming that a vaccine is developed within two months of the outbreak adequate supplies may not be available until 3-5 months later. Effective containment of the pandemic is unlikely within the first year.

Bans on all public gatherings. Schools, cinemas, and sports facilities will be closed. Reducing human contact will slow a pandemic's spread through a population. Malls, hypermarkets and supermarkets are a grey area with rules likely to vary by location.

Insufficient vaccines. The speed and scale of H5N1's spread will overwhelm vaccine production, at least for the first few months. Fortunately Roche is accelerating the global production of its antiviral Tamiflu, particularly in large developing markets like China and India. However, a vaccine specifically for the type of human-transmission H5N1 that emerges would take several months to develop and 3-5 months to reach volume production.

Hospitals will be overwhelmed. Hospitals will run out of beds, nurses, doctors and an array of basic medications. As the first wave mounts they will be under pressure not to accept any more cases.

Shortages of basic health care and hygiene supplies. Explosive demand will see shelves quickly empty of basic items like disinfectants, rubber gloves and masks.

COMMUNITY DISTRESS

Governments under stress. Despite the considerable efforts of the WHO many governments, particularly in emerging markets, will be overwhelmed and will fail to respond effectively.

Panic plus a break down in law and order. A certain amount of community panic is to be expected along with a decline in policing (due to illness) with the result being a substantial deterioration in law and order.

A break down in essential services. Despite the best planning by utility providers problems should be expected with water, power and gas delivery.

Minimal public transport. Domestic travel by bus, train and plane will be restricted to help slow transmission of the virus.

Community demands on corporates. Companies, particularly large corporations, will likely face demands to provide assistance to their local communities.

THE GLOBAL ECONOMY

Global Economic Slowdown. With most countries affected by a pandemic global growth would stop with a contraction lasting one to two years likely. This would have an adverse impact on corporate health and employment levels.

Rapid demand changes. Some companies will find demand slumps (people stop going out to eat, shop, work) while others will face a sharp rise in demand (for health, hygiene, and home supplies). The travel and tourism sector would come to a standstill (except for some hotels offering refuge facilities).

Supply and delivery problems. Inbound and outbound goods movements will be difficult as logistics firms struggle with sick staff and quarantine problems.

Recovery – will vary widely by country

3. Recovery business goals (pandemic retreat)

There is likely to be a prolonged recovery phase even though the H5N1 pandemic may abate quickly when it has run its course. Companies are likely to set a series of stepped recovery targets once the pandemic finishes that allow a country-by-country transition back to normal business goals as conditions permit. This could take a year or more in some countries.

Section 3

Leadership, Communicating and Networking

Two common self-inflicted problems:

- 1.) poor leadership**
- 2.) poor communication**

Failure to provide adequate leadership and poor communication are often the two greatest self-inflicted problems that confront companies managing a crisis. The risk in both areas can be reduced with preparation. To these two points we've added a third issue concerning networking in pandemic preparedness as this looks like being a major part of corporate preparation in the next 6-12 months. These three themes underlie many of the tasks that need to be carried out in developing a pandemic BCP (see Section 4).

You'll be remembered by what you do in a crisis

... and this depends on good leadership

Crisis leadership

Executives that have been through major catastrophes say that everyone remembers what the company did - and didn't - do during the catastrophe and its aftermath. Getting this right depends on the company's skills in providing crisis leadership and on preparation for the crisis, with both these activities being strongly linked. At stake is not only the company's ability to mitigate the immediate threat from a major catastrophe (such as a pandemic) but also its long-term reputation with customers and suppliers, staff and their families, and the broad community.

Pandemic leadership

... means "lottery leadership"

Crisis leadership is different from corporate leadership and acknowledging this is an important first step in developing a company's capacity in this area. The two general uses of "corporate leadership" refer to the external image of the company in the market or the internal organisation of authority and responsibility under normal operating conditions. By contrast, crisis leadership focuses on the development of an organisational capacity to act appropriately when normal operating procedures are thrown out the window and half or more of the normal leaders for the business are out of action. Decision making and implementation in those institutions that experience such an event usually collapses for a period of time.

3 steps to better pandemic leadership

Companies working on pandemic BCPs are looking at three steps to improve their crisis leadership capacity.

Staff have valid reasons for avoiding crisis decisions

... requiring guidance and training

1.) Getting staff to "step up" to tough decisions

In both planning and training for a pandemic companies expect to be confronted by what some have called "lottery leadership". Essentially they have no idea who will be on deck to lead the company in different locations and at different times during a pandemic. The first of two important steps to developing a capacity in this area is making all staff aware that they may be called on not only to work outside their normal areas but also to make decisions, some of which may be particularly difficult.

Under normal conditions the response from staff may well have been "the company is not paying me enough to do this." Staff may also have concerns about exceeding their authority, breaching corporate rules, voiding insurance cover, getting enmeshed in corporate politics or simply inadvertently creating confusion. All are valid concerns but the net result is that the company grinds to a halt when the leaders who normally make the decisions are absent.

Guidelines on Crisis Leadership

... anticipating the need for crisis leadership

Making clear that the company anticipates that there will be situations where staff members need to step up to take decisions beyond their normal authority is an important first step to getting this right. This may be handled via a document on "Guidelines on Crisis Leadership" that outlines the circumstances under which staff can take certain types of decisions. Corporate lawyers will naturally have a field day in specifying both the "circumstances" and the "types of decisions", although this might well leave the business hamstrung and deter staff from acting. Clear goals to guide decision making and broad latitude may work better. Moreover there are two very valuable supporting mechanisms for staff in such a situation that help them act quickly, effectively, and appropriately. These are covered below.

2.) Preparation for Crisis Leadership

Apart from drafting guidelines on crisis leadership companies need to prepare for implementing such a system. Most companies find this comes down to two basic steps.

Plan for networked rather than centralised decision making

- **Planning for lottery leadership.** There is a great desire in planning for the neat solution. A neat plan would have existing line managers running the pandemic response or, as a fallback, have leaders from the pandemic planning or crisis management team take over when a line manager falls ill. Unfortunately such a neat scenario is unlikely. Key line managers are just as likely to fall ill as are members of the crisis management team. Every important step in a pandemic BCP has to pass the litmus test of being actionable by a variety of staff.

Use training to test your crisis leadership plan

- **Training for lottery leadership.** You've no idea how bad lottery leadership is until you actually run a training exercise. All staff names in the training exercise go into a hat with the first quarter drawn out being excluded from the exercise in any capacity. The second quarter of names drawn from the hat can have remote input. The remaining 50% have to provide crisis leadership and make decisions.

... at individual facilities and in a global exercise

Training usually reveals a lot about the problems in planning for lottery leadership so this needs to be fed back into the plan. In the first training exercise the random name selection can apply to the facility undertaking the training. In a second training exercise the leadership lottery principle can be extended to the whole company with random closure of key operations in other locations. This not only takes away their ability to provide support but also means unplanned responsibilities may need to be pro-actively picked up by the offices that are still functioning.

3.) Organisational support for crisis leadership decisions

Setting up crisis decision teams

Crisis leaders facing difficult decisions in a pandemic situation need to know they are not entirely alone. The rest of the company will be attempting to function with some countries in much better shape than others. The aim is to establish a "crisis organisational system" that enables randomly selected staff in various locations to coordinate on making appropriate decisions.

One option for doing this is to nominate crisis decision teams in each facility on the assumption (under the lottery principle) that at least half will be available at any one time. The crisis decision team not only provides support for local staff facing tough decisions but also assists in networking with members of decision teams in other countries.

Communicating

Getting the right message out is critical

Effective communication – both in preparation for a pandemic and during a pandemic – is rated as sufficiently critical to the success of the pandemic risk mitigation strategy that a number of firms have made their

communications advisor a key member of the pandemic planning and management team.

(1) Internal communications

Start internal communications now

If you are not already communicating within your company on pandemic preparedness then it is time to start. Among the firms we've interviewed one started the internal communication process in 2004 with an avian flu update site on its corporate intranet that included comments on corporate travel guidelines. Most of the interviewed firms have sent out guidelines to local operations in high-risk Asian market on appropriate tightening of hygiene and safety measures in the last few months. This was often accompanied by an audit of facilities to identify risk areas and to check on the implementation of tighter health measures.

Examples of issues to be covered in internal communications are set out below. The list will vary considerably by company.

Provide staff with authoritative and up-to-date bird flu reports

Pandemic backgrounders and updates. It seems odd that in a world saturated with media coverage of bird flu that any company should be considering providing further information on the background and spread of bird flu (Google listed over 25 million hits for "bird flu" in a search in mid December while Yahoo returned over 34 million hits). However, studies show that most employees expect their company to be a supplier of accurate and up-to-date information on issues that may affect operations and personnel. To the extent that the company fails to provide such information employees may become concerned that management is either unaware of the problem or is unprepared to act. All of the information required for a corporate intranet site is readily available on the WHO and CDC web sites (see Box 1). Most companies can handle this process by three steps:

- **A corporate intranet site** that is updated frequently with an authoritative description of the issues, progress reports and appropriate links.
- **Information updates** that are sent out as key events occur.
- **Education sessions** that are carried out at facilities as part of pandemic training.

Communicate on the basic precautions that can be taken now

Upgraded hygiene rules. One of the first actionable communications seen by most employees will be rules and suggestions for upgrading hygiene and food security – both at home and at work. This is most likely to be used in markets where the risk of bird-to-human transmission is highest. These communications cover issues from preparation and eating of poultry products through to upgrading facilities for washing hands (provision of soap and paper towels).

... and prepare them for an upgrade in precautions

Upgraded travel rules. Companies are already sending out updated travel guidelines that cover three areas: travel notification, travel approval, and travel resources. Travel notification is aimed at ensuring that the company is aware of the location of all travelling staff as some – perhaps many – may be trapped when the WHO moves to alert phase 4 and country health officials impose rigid quarantine restrictions. Few companies have changed their standard travel approval process so far although most will do so the moment WHO alert phase 4 is declared anywhere in the world. Companies with travel, health and security advisory suppliers are receiving regular updates on avian flu from these firms and are distributing these to staff.

Provide updates on planning

Updates on planning and training. Employees need to see that a process is underway to manage the risk to themselves as well as to company operations. A brief overview of progress on pandemic planning and implementation of training programs helps address this issue.

... and prepare pandemic releases

Prepare pandemic internal communications. Speed counts in pandemic risk mitigation. There is a long list of internal communications that need to be prepared for immediate release once the WHO declares a pandemic.

(2) External communications

Preparation of the external communication plan is one of the major tasks to be undertaken in the planning stage. While there is considerable variation in the work being undertaken by companies there are two dominant themes in the external communication plans.

(1) Communication to inform the market

Maintaining the corporate brand and reputation

Advertising. Current corporate advertising may be completely inappropriate during a pandemic. There are already reports of some consumer firms filming alternative TV advertisements.

Changes to products and service levels. Companies with large numbers of customers (consumer and corporate) will need to quickly supply information on changes to production and service levels.

... and meeting securities law obligations

Public company releases. All companies should expect rumors and speculation about the likely damage to their business. These problems are best countered by regular updates on the impact of the pandemic on the company and the steps being taken to mitigate damage.

(2) Communications as an integral part of pandemic management

Enabling outsiders to effectively interact with your pandemic response

Security guidelines. Most companies will impose pandemic security measures in an effort to stop infection of staff. This information needs to be readily accessible to the general public.

Information and access of key network contacts. Key business partners (suppliers and customers) will need constant updates on levels of demand and the company's ability to supply products and services. Quick access to the company's pandemic decision team is also required as you can assume that business partners will find some of their normal contact points fail to work.

Networking – the key to sustainability

Extending pandemic risk mitigation from one month to two years

Pandemics do not damage individual companies or facilities so much as undermine entire markets. A company can do quite a lot on its own to improve its pandemic risk management. However, without the close support of its suppliers and customers its ability to develop a pandemic risk mitigation strategy that can be sustained for a year or more is almost non-existent. In effect, networking is how the marketplace attempts to continue relatively stable operation during a pandemic.

Fundamentally networking is about ensuring continuity of supply during a crisis. The alternative to networking comes close to anarchy with unexpected shortages, spiralling prices, and – at an extreme - a tendency to looting in the general community.

Who to start networking with?

Identify key dependencies under pandemic conditions

Most companies are well aware of their place in the value chain so understanding and managing relationships with key suppliers and key customers is second nature. Companies need to expand on this information by analysis of key dependencies with regard to achieving performance goals set under the pandemic management plan. A good example of this is the corporate IT/communications supplier. Under normal business operations such firms deliver background functionality. Yet intra and internet services will be critical to a company's pandemic response at the same time as IT service firms are likely to be hit hard by a pandemic (their businesses rely on provision of specialist staff).

Guaranteeing continued supply	What to discuss? The topic of discussion is the ability to ensure continued supply. At least one interviewee commented that his firm has already been asked by a customer to state its ability to continue providing a key service under pandemic conditions. With a 90% probability that the world will remain at WHO Alert phase 3 for the next few years this type of pointed commercial discussion will become increasingly common. By 2007, it may well have become a standard item in negotiating sales for a significant number of companies.
... and confronting the systemic limits on the ability to supply	The Catch-22 is that most of your clients will want assurances of continued supply yet you will have to prepare for operations with a 25-50% reduction in staff levels as well as the uncertainty of delivery from your own suppliers. Clearly recognition is required of the potential for a greatly reduced capacity to deliver products and services that is as much systemic as within the control of an individual firm. Given the systemic nature of the problem companies can, for example, test volume scenarios with their key suppliers and customers, e.g. "... what happens if we cut our supply to you by 25% / by 50%? What are the most important products/services we should try to maintain within the 50%/75% level we can deliver?"
Regular review of BCP commitments	Tracking network commitments Assuming most of us spend the next two years arranging network supply commitments with upstream and downstream business partners there is the risk of massively overcommitting on the resources that are likely to be available. The only way to handle this will be via regular review with network partners of supply capacity. This will be particularly important once a pandemic starts as companies are bound to confront unexpected shifts in demand that may reduce or improve their ability to support customers.

Section 4 Documentation, Schedules, Teams and Tasks

Some corporate-specific sources	The two best public websites that we've come across with useful background and guidelines for corporate pandemic management are the World Health Organisation site and the Center for Disease Control site. See specifically the following web pages for useful commentary on corporate preparedness:
... at the WHO and CDC	<ul style="list-style-type: none">▪ WHO http://www.who.int/csr/disease/influenza/pandemic/en/index.html▪ CDC http://www.cdc.gov/flu/pandemic/business.htm (look for a 2 page checklist for corporate preparedness)
... and from advisory firms	A number of risk and health management companies have developed programs for their customers. See for example: <ul style="list-style-type: none">▪ Control Risks: http://www.control-risks.com/default.aspx?page=445▪ International SOS: http://www.internationalsos.com/members_home/pandemicpreparedness▪ Strategic Value Management Ltd (this site specialises in avian flu) http://www.svmprepare.com/index.html
The WHO's 6 Phase Alert	Given the extensive coverage of the current bird flu outbreak we expect we'll shortly hear about dozens of sites with advice for corporate planners. In the interim we've included below some of the issues raised during our interviews. It is essential for the pandemic planning team to read the WHO's 54-page " WHO Global Influenza Preparedness Plan ". This document, which was first released in mid 2005 and is being constantly updated, provides a step-by-step review of action to be taken by the WHO and national health authorities at each of the six phases of

... a detailed review of steps at each phase

a pandemic alert. This provides the public sector framework within which a company needs to prepare its own schedules and activities. The document is available at the following web location:

http://www.who.int/csr/resources/publications/influenza/GIP_2005_5Eweb.pdf

Documentation of the Pandemic BCP

Organisational coherence can best be brought to schedules, tasks and teams via a series of working documents that set agendas, track progress and show when goals have been met. Four broad sets or stages of documentation are likely for most firms with sub-stages that vary according to the type of business. Some firms have arranged these as colour coded ring-binders or reports.

Stage 1 documentation

+ setting goals

+ appointing the planning team

+ establishing a schedule

+ initiating the communication strategy

Pandemic Strategy Initiation

- “Corporate Guidance on Preparation of the Pandemic Management Plan” – the CEO sponsorship document that covers the need for a whole-of-corporate response and acknowledges that a shift in corporate goals is anticipated under pandemic conditions (both are essential parameters for the planning team).
- Appointment of pandemic planning team.
- Nomination of any key outsiders to support planning (PR firms, risk management companies, health management firms, etc).
- Initial communications/PR statements, primarily for internal distribution although some firms will be under pressure to indicate to business partners that pandemic planning is underway (including the appropriate contact points within the company for networking).
- Setting of goals or “targeted levels of readiness”.
- Establishing the framework for country, regional, global coordination in planning.
- Planning schedule.

Stage 2 documentation

+ information gathering

+ impact assessment

+ options and testing

+ developing the PR plan

Pandemic Analysis & Procedures

- Information gathering on bird flu and development of an internal corporate statement on bird flu.
- Establishment of regular bird flu updates within the company so that the planning team is aware of the latest developments.
- Preliminary impact assessment on core functions (sourcing, production, logistics, sales, customer support, finance, and HR).
- Identification of critical activities to be maintained in each of the core areas.
- Mapping of dependencies for critical activities.
- Review of usefulness of current risk mitigation strategies.
- Development of continuity plans for critical activities.
- Testing and revision of continuity plans for critical activities.
- External networking plan, including initial contact with upstream or downstream key dependency firms on a test/development basis.
- PR plan including development of preliminary materials.
- Investment/resourcing plan for pandemic plan role out.
- Consideration of participation in pandemic BCP review sessions with other companies to share insights and test ideas.

Stage 3 documentation

+ the pandemic BCP

Pandemic BCP, Country Template, Training Guidelines

- Global corporate pandemic BCP.
- Appointment of Pandemic Response Team at country, regional and global levels.

+ country templates	<ul style="list-style-type: none">▪ Appointment of Pandemic Network Management Team at country, regional and global level.▪ Template for country implementation.
+ training	<ul style="list-style-type: none">▪ Facility level training sessions.▪ Regional / global level training sessions.
Stage 4 documentation	Pandemic Network & Community Support Management
+ pre-pandemic implementation	<ul style="list-style-type: none">▪ Proactive schedule for contacting and arranging crisis support with key suppliers, customers, health authorities and the local community.▪ Reactive process for responding to unprompted requests from other suppliers, customers, agencies and local community.▪ Periodic review of alignment between critical activities in the pandemic BCP and requests.
	Schedules
You may not have time to finish pandemic planning	Two sets of timelines need to be considered in developing a pandemic management plan: the avian flu (H5N1) timeline, including estimates of future stages (see Box 3 on the following page), and the corporate pandemic planning and management timeline. Preliminary points to note are:
... identify and fast track key areas	<ul style="list-style-type: none">▪ Fast track some planning. Companies may not have the time required to develop an effective pandemic management plan as the move to WHO Alert Phase 4 could occur at any time. Scope for fast tracking some items may be required (covered below). This is particularly the case for health care and IT support firms that have a critical role in assisting customers with their own pandemic management plans. These firms are already being approached by customers seeking review of pandemic BCP capabilities.
.... focus on a two year event	<ul style="list-style-type: none">▪ Prepare for a prolonged event. Most business risks are of a short duration with BCPs typically focused on 30 days before a return to normal operations. A pandemic is likely to come in waves that last several months with 1-2 years required before the pandemic either peters out or is brought under control. The pandemic crisis response needs to focus on sustainable goals.
... followed by a two year recovery	<ul style="list-style-type: none">▪ Prepare for a prolonged recovery. Recovery from a major pandemic is likely to take several years in countries with strong governments and good health systems. Longer recovery periods can be expected in developing countries.
	Pandemic planning: Total time required – 5 to 6 months
A minimum of five months	The fastest pandemic BCP that we've seen was done by a health care firm that expects to play a critical role in supporting customers and governments across Asia in dealing with a pandemic. The pandemic BCP project was launched in mid July 2005 and – with the help of fast tracking for some areas – will be completed by December 31. Other companies have been less rigorous in setting deadlines but hope to complete the process within six months.
	Planning initiation: 4-6 weeks
Do you need to prioritise a pandemic BCP?	Most companies appear to have been thinking about “doing something about bird flu” for several months. However, initiating such a large undertaking is not easy, particularly as all companies naturally have full management and planning schedules. Some companies have good reason to prioritise pandemic preparation and will – to an extent - clear other planning commitments out of the way.

Box 3

An Avian Flu (H5N1) Timeline

The timeline below includes reference to the first known outbreak of H5N1 to provide perspective on the emergence of the bird flu pandemic risk. We've extended the timeline with our own estimates of duration for an H5N1 pandemic and the recovery period.

1996	H5N1 isolated in a farm goose in southern China
1997	H5N1 outbreak in Hong Kong – 18 known cases and six deaths.
2003 February	Two of three members of a Hong Kong family die after travelling in Fujian province (China) with one death confirmed as H5N1.
Avian Flu Wave 1 <i>(Mid 2003 – Mar 2004)</i>	Initial outbreaks of H5N1 virus confirmed in bird flocks across Asia and particularly in Vietnam (23 human cases, 16 fatal) and Thailand (12 cases, 8 fatal).
Avian Flu Wave 2 <i>(Jun/Jul 2004 – current)</i>	Acceleration in case reports and human cases across Asia. Spread of bird flu outside Asia, notably by migrating wild birds to poultry in Europe. Concern that bird flu may have reached Africa in December 2005 with the potential for unchecked spread. The WHO moves to a phase 3 pandemic alert.
WHO Alert Phase 3 <i>(assume until 2007)</i>	Assuming there is no outbreak of human-to-human transmission the WHO is expected to stay at alert phase three for several years. The WHO Director General would only downgrade from Phase 3 when the H5N1 virus weakens through mutation or human and animal health authorities develop suitable vaccines that can be widely deployed (several years).
WHO Alert Phases 4 & 5 <i>(assume at any time)</i>	It is impossible to estimate when Phase four may occur as it depends on virus mutation and a number of other factors. It is considered a likely event at some point in the next few years. It could also occur very soon. Phase five is likely to follow quickly if early containment measures fail.
WHO Alert Phase 6 <i>(assume within 2 months of Phase 4 being declared)</i>	Health authorities hope to effectively quarantine the first outbreak of human-to-human transmission or at least to slow its spread. However, a full phase 6 alert pandemic may be declared worldwide within a few months of Alert Phase 4.
Duration of pandemic <i>(assume 2 years)</i>	The pandemic is likely to spread around the world in waves that hit quickly with enormous force before fading after several months only to return some months later.
Recovery from pandemic <i>(assume 2 years)</i>	Countries will vary in their recovery. Those with well resourced health authorities, strong economies and quicker access to appropriate drugs will recover quickly. Those without such advantages may take years to recover.

Enabling quick resolution of BCP issues

Planning workshops: monthly

Most companies are using a series of workshops to bring together pandemic BCP planning team members (both staff and external). These provide a framework for moving through the schedule and delivering on interim goals. The workshops also allow quick resolution of issues and determination of where to focus effort. Workshops are typically placed a month apart to allow progress in the intervening period.

Country training before global training

Pandemic BCP roll-out: 4-8 weeks

Worldwide implementation of the pandemic BCP can take up to two months for large firms. This includes appointment and briefing of pandemic response teams and implementation of the first training sessions at various facilities around the world. It is not until training has taken place at the country level that firms will be able to undertake their first global pandemic training exercise.

Linked planning at the HQ, regional and country levels

Pandemic planning and management teams

Existing crisis planning teams

Many MNCs have existing crisis or risk management staff and in some cases the top corporate crisis manager sits near to the CEO. The crisis organisational structure is usually three-tiered with risk managers at the headquarters, regional and country levels. This structure provides an ideal starting point for creating a pandemic planning team. Companies without a pre-existing risk team structure may need to consider the fulltime appointment of several staff to the role to ensure quick progress on development and roll-out of the pandemic management plan.

Bringing in internal staff from all major corporate functions

Seconding key resources to the planning team

... and key service providers (PR, health care, risk management)

While most companies with an existing risk management team have a good starting point most established risk teams do not by themselves have the resources to produce a pandemic plan. Two other groups need to be brought into the process. The first group includes representatives of most of the major functions in the company (HR, finance, logistics, IT etc) as these managers are best placed to assess the pandemic impact in their area, trace dependencies, and recommend mitigation steps. The second group will include key non-staff who have experience or skills specific to pandemic risk mitigation. These usually include a senior manager from an external PR/communications firm and a manager from any contracted risk or health management supplier.

Focus on organisational strengths rather than individuals

Pandemic management teams

A key function of the pandemic management team is its ability to make decisions when the normal decision-maker is absent (see Section 3, page 13). Essentially the company has to assume that half the people it wants to play a lead role in managing the pandemic will not be available (the "lottery leadership" principle at work). The only way to counter this is to rely on organisational strengths rather than key individuals to implement the pandemic management plan.

Pandemic Planning Tasks

The list of tasks can go on for pages. We've mentioned below some of the main tasks that stand out in the interviews we've carried out and in the above discussion.

Aim to quickly create a high level of awareness	Pandemic Education A high level of early awareness is critical to developing an effective pandemic response. There are three steps to this: <ul style="list-style-type: none">▪ Information (via bulletins, intranets, workshops)▪ Pre-pandemic implementation (often health, hygiene and food preparation guidance and rules).▪ Training.
SARS experience suggests that some stockpiling is justified	Pandemic supplies Companies have started stock piling suitable gloves, masks, and disinfectants. Companies with large facilities will also want to consider emergency beds and related materials for caring for ill staff. SARS showed that even these basic materials will quickly disappear from stores. There is a high probability that companies will have to cope with H5N1 infected staff in their facilities, possibly for a considerable time.
Limit the risk of transmission into - and within - facilities	Facilities audit Companies need to know how to secure their facilities to reduce the possibility of transmission into a facility and within a facility. This means not only a secure perimeter but also capacity for isolating groups within the facility on a long-term basis. One interviewee has even re-arranged air-conditioning for their building in Thailand so that independent systems supply different floors. Companies with large facilities and staff also need to pre-identify areas suitable for first aid and quarantining of ill or potentially infected staff. Some large companies may even have to consider the need for temporary storage of the dead.
Upgrade security	Facilities security Some companies will need to increase security at facilities to ensure they can maintain tight control over access (and thereby transmission risk). Security staff and materials to assist in maintaining security will be needed. Systems enabling controlled access to facilities will also be needed.
Global travel bans may come with little warning	Travel advisories and controls The movement of people is the main cause of rapid transmission of the virus. Companies are planning for: <ul style="list-style-type: none">▪ Notification and daily tracking of staff travel (this has already started at some companies in Asia).▪ Introduction of an approval system for staff travel.▪ Supporting staff marooned in foreign markets.
Constantly update your intranet assessment	Monitoring and reporting on bird flu Tracking and reporting on WHO and local health authority assessments is considered indispensable. So long as the WHO maintain Alert Phase 3 or higher companies need to monitor for any sudden change in the situation.
Priority areas for risk mitigation	Priority tasks in risk mitigation
1.) Protecting staff	HR Planning One of the fundamental goals of pandemic risk mitigation is maintaining a healthy and motivated workforce. HR departments will face a dramatic lift in demand for their services, which are likely to be extended to daily monitoring of workforce health, provision of first aid, assistance with recovery and bringing staff back up to full capacity. Few, if any, HR departments have the resources to do this so some support will have to be contracted from outside or seconded from other areas in the company.

- 2.) Protecting finances Financial planning**
- Good financial planning stands alongside HR planning as a fundamental goal in pandemic risk mitigation. Pandemics destabilise markets, undermine cash flows, create volatility, and trigger rumours about corporate health.
- 3.) Communications Corporate communications / PR plan**
- Many companies are giving priority to developing and implementing their corporate communications plan. The current aim is to reassure and help mobilise staff for pandemic planning and training exercises, to reassure the market, and to provide clear guidance for customers and suppliers looking to network business continuity plans. Publicly listed companies have additional communications requirements.
- 4.) Leadership Planning for lottery leadership and lack of control**
- Even the best plans go awry. The unexpected will happen. Executives who planned to lead the pandemic response will fall ill as will staff with detailed knowledge of the pandemic response plan. Crisis leadership systems are needed to support staff forced into quickly taking difficult decisions.
- 5.) Networking for sustainability Networking management**
- Effectively networking BCPs with suppliers and customers is the main tool available to companies to ensure they can sustain their pandemic response plan for a year or more. This requires high level management attention both before and during a pandemic.
- 6.) Coordinating with the public response Coordinating with local governments/health authorities**
- This is a major gap in our review of corporate pandemic BCPs as we found no instance of government or local health authority coordination with companies. This was even the case in highly developed markets with extensive government pandemic planning. We expect this will start in the next few months and hopefully accelerate if a pandemic approaches. The aim is to ensure that corporate BCPs complement rather than conflict with government and local health authority measures.
- 7.) Preparing for chaos and a loss of control Training**
- The sooner training starts the better. No company has staff with prior experience in a pandemic; moreover a pandemic threat goes well beyond normal risk planning. Training is the first opportunity to test your guesses about the likely impact of a pandemic and to feed this back into the planning process. Training is also essential to effective leadership during the chaos that will accompany the onset of a pandemic.