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Sep. 11, 2006
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THE OFFICE: Are you ready for disaster?

Even after Katrina and Sept. 11, 2001, some LV businesses may not have planned for the worst

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A year ago, Hurricane Katrina brought unimaginable destruction to the Gulf Coast, flattening communities throughout the region and destroying a major American city.

Among the victims of the storm were thousands of businesses. Amid the tales of lost data and lost offices, business owners and managers nationwide stopped to reflect on how they'd stay open following such widespread devastation.

But to what extent did Katrina force most businesses to take a fresh approach to planning for disaster?

"As much as we'd like to think these types of defining moments change people, a lot of people probably think, 'That's a shame, but I'm glad it didn't happen to me,' and get back to work the next day," said Bob Inman, general manager of McCarthy Kaster CPAs in Las Vegas.

Also, Las Vegas' relative isolation from the massive natural disasters that afflict the coasts can inure local residents to the idea that they need to prepare for misfortune, said Shelly Rounds, chief executive officer of information-technology consultant Uptime.

Kara Kelley, president and chief executive officer of the Las Vegas Chamber of Commerce, agreed that emergency recovery still isn't a priority for a good number of businesses.

"Disaster preparedness is a quintessential out-of-sight, out-of-mind issue," Kelley said. "You don't think about it until you need it, and then it's too late."

But some consultants see evidence that Katrina, unlike preceding catastrophes such as the Sept. 11, 2001, terror attacks on New York and Washington, has left a more enduring understanding among business owners of the importance of disaster preparedness.

Judy Bell, president of the Disaster Survival Planning Network in Camarillo, Calif., said her company's business is up 40 percent in the last year, as corporations nationwide flood her with queries for readiness plans and requests for reviews of existing contingency blueprints.

Though the Sept. 11 terrorist attacks destroyed New York's World Trade Center, Katrina decimated an entire city. The magnitude of Katrina's destruction shocked thousands of business owners into taking action, Bell said.

"It was so devastating for people to watch the destruction in real time and to understand the significance of this level of disaster," she said. "Before Katrina, businesses seemed to think that if they had business-interruption insurance, that was the extent of preparedness they needed. But Katrina showed us that insurance does not guarantee your customers and your linkages to vendors will be there after a disaster."

And, Kelley said, the storm hasn't completely left the headlines. Periodic news coverage over the last year has spotlighted the duration of the storm's aftermath.

"It's certainly been a continuous story, and I think that has elevated awareness (of disaster planning)," Kelley said.

Local businesses have taken different lessons from Katrina.

For Inman, the Gulf Coast's devastation reinforced his existing ideas about disaster readiness.

Inman was working for a Fortune 500 company in New York when terrorists bombed the World Trade Center in 1993, and the attack compelled the corporation's executives to arrange fall-back business functions. In 1999, media coverage of possible computer glitches accompanying the turn of the millennium renewed Inman's focus on contingency planning.

Before Katrina, McCarthy Kaster already had a written disaster-recovery plan in a three-ring binder for quick reference by employees. The purpose: to walk workers through the early stages of returning to operation in a coordinated effort.

After the storm, McCarthy Kaster's executives committed to refreshing their recovery program.

"We have a mind-set within our organization that updating everything is a must," Inman said. "You have to write the document initially, but it can collect dust. Having an event like Katrina, in our case and for a lot of others, made people go back and make sure their plans were up to date."

Katrina also changed how Rounds approaches disaster preparedness at Uptime.

As the leader of an information-technology business, Rounds has long been squared away on electronic redundancy, making sure her company's and clients' crucial data are duplicated and stored in a secondary location off-site.

But what really got Rounds thinking right after Katrina was whether she could reach her workers if she couldn't get to the office following a crisis.

"That was the biggest thing I realized -- I have to have a way to get a hold of my employees," she said. "In this day and age, and for us personally as a company, our whole focus is going paperless. You might have employee-contact information in your computer or your cell phone, but in a disaster, your servers will be down and your cell phones might not work. We wanted to make sure we had a contact list of employees off-site."

Rounds also decided that it wasn't enough to have her workers' cell numbers on file. She collected home numbers and even addresses, in case the only way to reach her staff was to drive to them.

McCarthy Kaster and Uptime might have sophisticated disaster-planning programs, but a sizable number of businesses haven't given any thought to readiness.

A report from Continuity Insight magazine and consulting firm KPMG found that 42 percent of companies with 500 or fewer workers have no disaster-preparedness plans.

Survival statistics among businesses without emergency plans paint a grim picture: Research from the University of Wisconsin shows that 43 percent of companies that lack crisis programs will never reopen. Nearly 30 percent of such businesses close within two years of a disaster.

And The Hartford Financial Services Group has found that an eight-day computer outage can cost a company as much as 3 percent of its annual sales.

Since Katrina, the Las Vegas Chamber of Commerce has been on a mission to help businesses avoid such bleak outcomes.

In December, the chamber rolled out its Open for Business initiative, which had as its centerpiece a 50-

page readiness guide covering everything from evaluating current readiness to developing continuity plans. Also included were forms and checklists to take managers through key preparedness procedures. In January, the chamber held a workshop featuring national and local experts with advice on handling unforeseen disasters.

The chamber still offers the Open for Business guides for free to members, and the group also makes the packet available online to the public for no charge.

The chamber includes preparedness tips in its monthly newsletters, and executives of the group have partnered with the Institute for Business and Home Safety and the Western Association of Chamber Executives to take Open for Business to 15 regional states.

Chamber staffers have also made readiness presentations to national trade groups.

"We have an obligation to compel the business community to prepare," Kelley said. "We want to heighten the awareness that planning is the key to maintaining or maximizing economic stability in a time of disaster."

Part of boosting interest in emergency preparedness is to remind area businesses that just because a Katrina-like disaster is highly unlikely in Las Vegas, that doesn't mean executives don't have to plan ahead. Southern Nevada is prone to flash floods, wildfires and earthquakes. In addition, right after the 9-11 attacks, a major downturn in air travel led to thousands of layoffs along the city's resort corridor. The ripple effect devastated hundreds of smaller local service businesses, many of whom experienced some form of business interruption, Kelley said.

And small-scale traumas, such as fires, the sudden death of a key executive or a burglary can also shutter a company temporarily. One of Rounds' clients, a physician's practice, lost all of its computers to theft; the office didn't have hard copies of contact information for patients and professional associates. The practice is still trying to recover, Rounds said.

Hiring a consultant to help with a comprehensive disaster plan can cost a minimum of \$20,000 for a small business with about 100 employees, Bell said. That price tag deters many small-business owners who might otherwise consider initiating a recovery program.

Inman said disaster planning isn't simply a cash outlay; it also absorbs time that executives might rather spend doing business. Tallying up office contents and copying down serial numbers on equipment can be tedious, and many company managers think they can remember the important details.

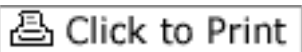
But Inman said business owners who worry about the cost of prepping for crisis should consider instead the cost of losing everything.

"In almost all cases, a small business is the biggest asset its owners have," Inman said. "It is an asset that

is life-sustaining. Just as people would have an insurance policy to protect their health, they need a disaster-recovery plan to make sure their most valuable asset doesn't disappear."

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