

Calculating the ‘What ifs’

Written by Peter Bigelow

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Hurricane Sandy poured rain on most contingency plan parades.

A funny thing happened on the way to – in fact just before – the recent US Presidential election. A mysterious lady showed up on the scene. Not necessarily a pretty one, but one bearing a larger than life persona who successfully took the mind of everyone within her wide swath off the election, or for that matter, everything else. That mysterious lady’s name was Sandy, and she again reminded those on the Atlantic Coast the US of what is really important.

And while those in other parts of the globe missed Sandy’s wrath, anyone who experienced the earthquake in Japan during 2011, the tsunami in Thailand that fall, or any of the typhoons that frequent the Southern Hemisphere understands the feeling of going to sleep one night with one plan only to wake up the next morning to a new world in which all notions of what’s important are turned upside down.

So what is important? Everyone would agree family and friends, health and safety. I would argue that relationships between customers and suppliers are important too. Possibly most important is the commitment to making sure that those within your scope of influence are protected from the misfortune and risk that natural and not-so-natural phenomena could cause.

Disasters have an uncanny ability to refocus us on the importance of contingency planning. Contingency planning is similar to other forms of “strategic” or “tactical” planning, except instead of considering desirable “what if” scenarios, it requires expending thought and effort on darker outcomes. Those dark outcomes include natural events (in insurance parlance, “acts of God”) such as fires, major storms, earthquakes, flooding, etc. But the dark side of “what if” also should include the consciously made “self-inflicted” decisions that sometimes just do not work out as planned and take a decidedly disastrous turn.

The easier, albeit not necessarily easy, contingency plans are those related to natural disasters. We all fear – and understand – the “what if” of a flood, storm or fire ravaging our facilities or their immediate surroundings, yet regrettably too few of us have an adequate contingency plan detailing how we would respond. For years, when asked what I would do if my plant burned down, I have jokingly replied, “File for Chapter 7.” But a simplistic approach is simply not the answer! There is so much more to consider: employees, customers, suppliers. The reality is that whether a major, game-ending event, or a minor one, a real plan needs to be thought through and ready for that “what if.” For those who do have a plan, should something happen to their individual facility, what if a disaster impacts more than just your site? What if a storm such as Sandy impacts a large region, or earthquake or tsunami devastates an entire country? How will your Plan B hold up in the case of such an event?

More difficult to plan for are those events caused by self-inflicted, poorly devised or executed decisions. Some could argue that a decision that could be as disastrous as even the worst

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storm is when management's decisions exaggerate the natural workplace stress to the point of employee unrest or even suicides. Whether responding to a natural disaster or a manmade one, the outcome will be far worse without adequate contingency planning.

How do you plan for the unthinkable? Start by making a list of the stakeholders. Knowing who must be protected is a great first step toward planning protective actions. Safety and health come first, so the immediate catastrophe response most companies already have in place should be the foundation of any plan. Next is mapping a game plan that will assure customers and suppliers have a clear direction as to what you plan on doing, where and when. This planning is just as important as the safety of employees, as without customers and suppliers you might never reemerge from a disaster.

Next in the decision tree should be to map a plan for things you cannot control – external issues such as infrastructure destroyed to the point that even if your facility and employees come through unscathed, the ability to function is rendered impossible. This type of planning can only be done by conferring with local authorities so you understand their plans in the event of such a disaster. While never perfect, if minimally you end up at least knowing who to talk with in a given situation so you can determine the appropriate course of action in the case of an emergency, you will be far better off.

None of this is rocket science. The problem is, as simple as it may be, few of us actually have undertaken the effort to think through, communicate and document a contingency plan with the appropriate input from internal and local stakeholders.

And as few who have done any contingency planning for natural disasters, even fewer have thought through what to do if their decisions cause a life-threatening environment and/or disaster. Yes, individual conscience must dictate what types of events would be considered such a disaster; however, we should think through the typical decisions a company dealing with people, chemicals, equipment and deadlines makes and what to do if the outcome of those combined decisions has potentially life-threatening consequences.

So, while cruising along focused on an election, fate struck with a terrible storm and quickly refocused so many. We need to stay focused on making sure that when fate strikes, be it natural or self-inflicted, we have a well-thought-out contingency plan to help us through.

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