



MARYLAND'S COMMERCIAL REAL ESTATE QUARTERLY

Before disaster strikes

Emergency preparedness

Looking back on the emergencies that have taken place during the past 12 months — some national, some local — at one time or another we have asked ourselves, “Are we prepared for this type of disaster?”

What if your business suffers damage, whether from a terrorist or just a disgruntled employee? What if there is a major storm, a building fire or a serious flood? Even a small building fire can activate a sprinkler system that ultimately

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may cause more damage than the fire itself. Are you prepared?

Today, more than ever, we are aware of the potential issues that can affect our businesses and real estate property. Daily, we crunch numbers, look at the bottom line and determine where to spend the next marketing or capital dollar. However, quite often, little time or capital is invested in anticipating the cost of lost business for a month, a week or even a day. Furthermore, if you are responsible for multiple businesses, have you considered the cost for the loss of a day to the aggregate of these businesses?

We are all much more aware of the potential for disaster to impact our daily routines. Advancements in technology have provided for instantaneous reports, including video footage of the severity and level of destruction that is caused. This awareness has heightened our need to take precautions and prepare, not only on an individual basis, but also as a family, a community, a business, and even at the city, state and national level.

Contingency management plan

A contingency management plan is a tool to help business and building owners document systematic steps that will be taken in the event that a natural, mechanical or manmade disaster directly impacts their business. The company's personnel who have first-hand knowledge of the business operation ultimately create this plan.

It documents steps to be followed under various scenarios during each type of disaster, as well as preparing for readiness, training and drill exercises. A key element for a plan is to provide for regular review and updates to ensure a relevant tool at the time of need.

In business, we say, “Our people are our most important asset.” A contingency management plan is a mechanism to communicate a business's concern for the protection and safety of its people. Companies that have plans in place report a higher sense of comfort among their employees because they know they are important to their business owners. This positively impacts their level of employee satisfaction and subsequently raises productivity and customer satisfaction levels.

In addition to the impact on personnel, a contingency management plan is your first line of defense in responding to and recovering from a disaster. When disaster strikes, every second is critical. To keep this in recognizable perspective, imagine the level of destruction and chaos that



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Today more than ever, business owners are aware of the potential issues — such as major storms or terrorists' threats — that can harm their profitability. But being aware and being prepared are two different things entirely.

would be caused by a natural storm (hurricane, blizzard) if there were no weather forecast or other systems to warn of the oncoming emergency situation.

A contingency management plan provides specific instruction to everyone in the organization on how the company will respond, as well as the responsibility of each person within the organization. The value of this preparation is immeasurable. As a result, your property/facility manager can concentrate on addressing the critical tasks that are outlined in your plan.

Plan development

The first step in plan development is for senior management to provide full support for the program. Once finished, a team of critical personnel is assigned to begin the plan development process, which includes:

An assessment of the vulnerability is required to assist the team in evaluating the business and property in terms of location, proximity to other vulnerable businesses, etc. The assessment should include a review of all types of emergencies to prioritize them by the possibility of occurrence and the potential business impact.

Using the prioritized vulnerability list, the contingency management team then will evaluate each emergency and, with respect to the specific property, create a systematic program to prepare the property and business.

This preparation includes an analysis of critical business functions within the organization, a review of the building in which the company does business, and the steps necessary to mitigate the impact or minimize the resultant disruption. Generally, this process is broken down into manageable segments, typically by department or other definable business unit or function.

The next step in the process is to detail the appropriate response to each emergency category. Consideration is given to the internal and external resources available to the organization.

Questions that should be raised include: What specific steps will be taken? Who will perform which specific functions? Where will building occupants meet? When do we evacuate? Do we evacuate? How do we maintain security? The list

of questions should be specific to the nature of the business and each emergency.

Once the immediate danger of the emergency has passed, the business will need to recover. This section of the plan guides the affected individuals/business through a step-by-step process for a timely restoration.

In addition to the main body of the plan as outlined above, the contingency management team will develop, by way of example and not to be considered all inclusive, the following:

- A specific communication chain for the company
- Training programs within the plan
- Drills for testing the plan
- Details on vendors and contractors for response
- Evacuation procedures to include specific responsibilities of key personnel
- Redundancy sites for business continuity of critical business functions
- Key personnel succession plans
- Detailed building plans and system operation manuals

While the potential for an emergency may be difficult to predict, the possibility of its occurrence depends on specific variables relative to the individual business. Vulnerability and the cost of lost business can be measured.

Although the development of a contingency management plan may not prevent an occurrence of disaster, a well-developed plan will minimize the impact on a business. Of equal importance is the reduction of stress on company personnel while reacting to the emergency and the recovery time to achieve business as usual.

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