

# *Why your company's disaster recovery plan needs a strategy*

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Organizations today face more frequent crises – and the impacts of those crises are becoming more significant

*Global Crisis Center*



# ***2017 Atlantic hurricane season***

## **Hurricane Harvey**



## **Hurricane Irma**



## **Hurricane Maria**



# 2017 Central Mexico earthquake



# 2017 California October Wildfires



# Organizations today face crises more frequently and the impact of those crises are becoming more significant and widespread

## Cyber and natural disaster losses

Source: Swiss Re; McAfee; CSIS

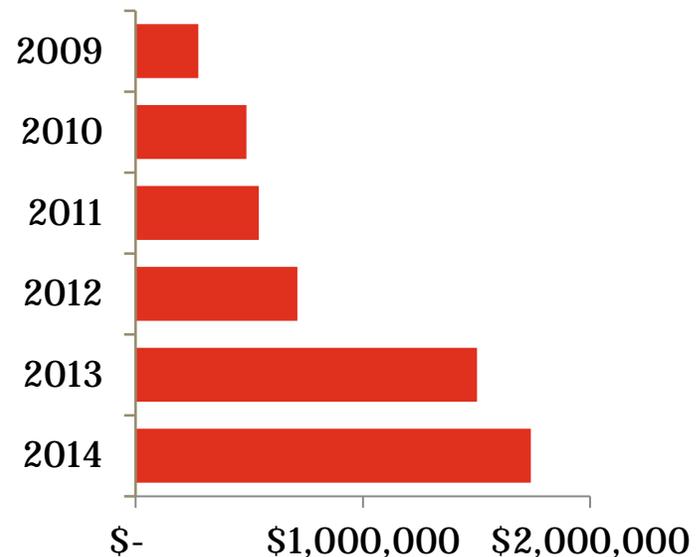
**\$375** Economic losses from cyber-crime, 2014 (low estimate)

Economic losses in US\$, billions

**\$194** Insured and uninsured losses from natural catastrophes (10-year ave. to 2014)

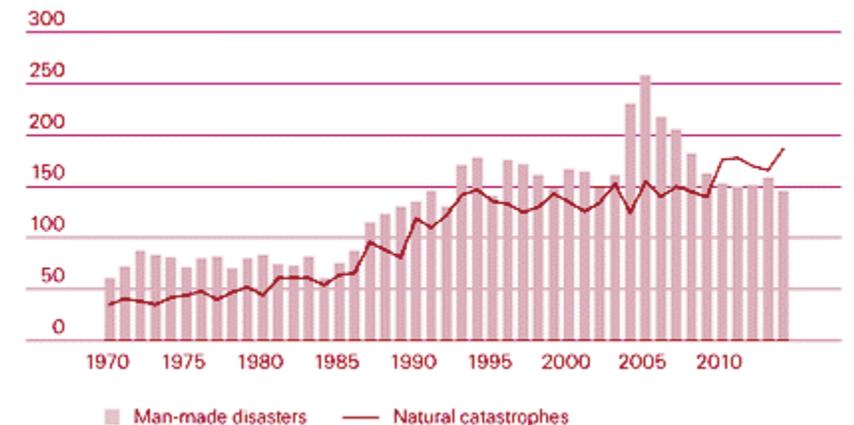
## US product recall fines (CPSC)

Source: Law360



## Number of catastrophic events 1970-2014

Source: Swiss Re Economic Research & Consulting and Catastrophe Perils



**Two thirds of CEOs (66%) believe that their business faces more threats today than three years ago**  
– 19<sup>th</sup> Annual Global CEO Survey

**77% report Directors discussing management's plan to respond to a major crisis**  
– Annual Corporate Directors Survey

## ***Impact on organizations beyond operations***

***Organizations are increasingly better prepared to get their businesses back up and running, but the 2017 season emphasized the growing need for a strategy to support employees who have recently experienced a crisis.***

***Presenteeism:*** Productivity loss resulting from real health problems, such as post-crisis trauma, that can undermine job performance in the workforce.



### ***What we saw throughout the 2017 season:***

- Significant loss of personal property (cars, homes, etc.) and severe financial impact
- Lack of available child care
- Difficulty maintaining communication due to employee displacement
- New stresses and demands on corporate communications (languages, access to cell phones/computers, etc.)
- Post-traumatic stress and personal angst affecting attendance and productivity



## ***Response without a strategy can drain resources and have unintended consequences on response efforts***

Many companies immediately began providing maximum resources without tailoring response actions to specific needs, or as part of a broader response strategy.

But companies found ***acting without a strategy did not help the way they intended.***

### **Example:**

In the aftermath of Hurricane Harvey, an airline provided a standard relief amount for employees, without a mechanism for assessing impact.

### **Impact:**

- Failure to conduct impact assessment prior to offering support
- Resources were not distributed effectively to those most impacted by crisis
- Company drains employee relief budget and places strain on resources for additional response efforts

### ***Initial questions to consider:***

- What are the key challenges that are unique to this event and how should our response efforts deviate from our pre-existing plans, if at all?
- What are our goals for addressing these unique challenges?
- What other data or information do we need to gather in order to make these decisions?

# *Adding several key elements in a response structure that can be taken to position your organization to respond strategically*



**Analyze** facts and circumstances now and for the future. Take stock of not only the facts, but also the potential future impact of the crisis.



**Build** a small, dedicated team with clear roles and responsibilities to set and drive the strategy that will govern the company's response to the event.



**Identify** the major priorities according to the company's competitive advantage, risks and exposure, and corporate values.



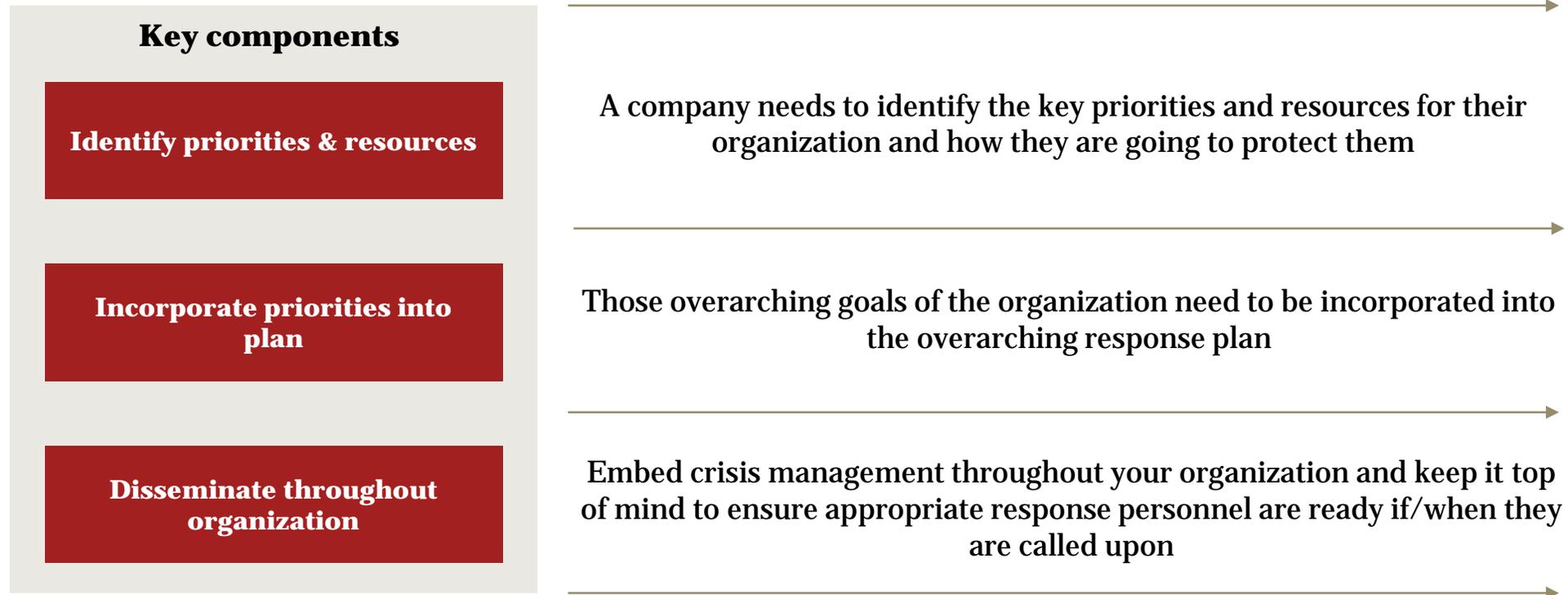
**Develop** a dynamic plan that addresses those priorities and, if necessary, involve external counsel to think through potential risks of the course of action.



**Establish** regular check-ins and design a mechanism to address progress, challenges, and feedback.

# ***Effective crisis management begins long before an incident and must be embedded into the strategic planning of your organization***

***Companies that prioritize position themselves to emerge stronger when disaster strikes.***



# ***An effective crisis program recognizes the need to isolate crisis response as a critical, corporate business function***

## **Tenets include:**

**A clear, articulated vision and strategy for the crisis program**

**1**

**Support and championship from senior executives**

**2**

**Well-articulated and understood roles and responsibilities in a formalised crisis org structure**

**3**

**Tested capabilities and developed 'muscle memory' around crisis plans**

**4**

**Executive sponsorship and vocal support/participation**

**5**

**Decision making authority that is understood by the team, executives, and across the company**

**6**

**A continuous, iterative process to govern, review, and enhance planning for crisis**

**7**

**A commitment to transparency, accountability, and fact finding to the public if a crisis occurs**

**8**

**Integrated with an enterprise risk management function in a continuous feedback loop**

**9**

**A post-crisis review process that incorporates lessons learned for continuous improvement**

**10**

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# *Thank you!*

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