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## **Can Business Prepare for Catastrophe with Confidence?**

The Society for Advancement of Consulting® (SAC®) has asked its global membership to comment on whether businesses can really prepare for the catastrophic, such as the BP rig explosion in the Gulf of Mexico. SAC CEO Alan Weiss, PhD states, "It's more important for businesses and our clients to learn and prepare, rather than merely second-guess."

"Many organizations have no idea which of their services are business critical and those they could get along without if they had to," says Wayne McKinnon, President of the McKinnon Group ([www.TheMckinnonGroup.com](http://www.TheMckinnonGroup.com)) in Ottawa. Wayne says that he encounters this quite often. "In fact, when I helped organizations in their pandemic planning efforts, neither managers of business units nor line workers knew which assets supported which services. Each thought the other knew." He notes that it is quite common for line workers to have a difficult time associating their actions with business outcomes.

"Plan B (in case something goes wrong) and Plan C (in case something catastrophic happens) are hallmarks of excellent business planning. In fact, they are among the first things I look for when companies bring me in to evaluate their strategies," notes David A. Fields, managing director of Ascendant Consulting in Connecticut. "Developing a strategic plan is typically such a painful ordeal that executives have neither the energy nor, frankly, the courage to discuss what they'll do if they are thrown a curveball."

According to Fields, the point is not accurately predicting what catastrophe may occur – that's virtually impossible. Rather, the exercise of creating Plans B and C set you up to be responsive and nimble in the face of unanticipated events. "You create an environment where employees are accustomed to thinking of alternatives and responses instead of being frozen like deer in headlights when the unexpected hits."

"Redundant redundancy is a risk management strategy that pays off," says insurance consultant, Scott Simmonds, ([www.ScottSimmonds.com](http://www.ScottSimmonds.com)) of Maine. "Consider fuel tank safety. First, locate gas tanks a safe distance from other buildings. Next, forbid smoking near the tanks to prevent loss. Install an automatic extinguishing system to control damage if fire breaks out. Train your people to use fire extinguishers in case the automatic system fails. Have an alarm that alerts the fire department to get them on their way fast. AND buy insurance in case the whole system fails."

Gary W. Patterson, FiscalDoctor®, enterprise risk management expert and speaker in Boston, MA ([www.FiscalDoctor.com](http://www.FiscalDoctor.com)), suggests "Companies with far less shareholders' equity than BP should be concerned to determine their major risk exposures and proactively act to reduce those risks. While BP will get bailed out and survive this catastrophe, no-one will come to the rescue of a smaller company that doesn't have a BP global status."

Patterson recommends that companies adopt the following seven-step emergency plan for dealing with potential risks, while they have time:

1. Commit to contingency planning.
2. Establish a risk-tolerance framework.
3. Identify potential risks that your company may be up against.
4. Highlight worst-case catastrophic and critical risks.
5. Identify the top five to ten risks that are not included in your financial statements.
6. Develop a coherent action plan that is approved by your executive team.
7. Establish a proactive media policy.

Dr. Maynard Brusman is a consulting psychologist and executive coach. He is the president of Working Resources, a strategic talent management consulting and leadership coaching firm in San Francisco, California. [www.workingresources.com](http://www.workingresources.com)  
He offers a few insights:

“Businesses, especially those involved in high risk ventures need the best leadership talent at the top who can make the right decisions. Company leaders model the competencies of high integrity, learning agility, emotional intelligence and openness. Enlightened leaders create a collaborative culture that is transparent, and where accountability for safety is infused into every conversation and business decision. Trustworthy companies create work cultures that unleash and reward the innovation of safe business practices.

“Companies can prepare for the catastrophic by putting significant resources into the research and development of best practices for preventing a disaster. In the case of the oil industry, concurrently drilling relief wells is viewed as a prudent investment to maximize safety and minimize risk. Scenario planning for dealing with the possibility of something going seriously wrong is infused into the work climate and culture. Cutting corners to increase speed and profit is detected by leaders at all levels of the organization, and there is trust established so there is no retribution for reporting abuses. All employees have a mindset that ‘prevention is worth a pound of cure.’”

Rob Benson of First Steps Training and Development

([Rob.Benson@FirstStepsTraining.com](mailto:Rob.Benson@FirstStepsTraining.com)) comments: "Although it is impossible to foresee every eventuality, too many organizations provide lip service to risk mitigation. That is, they only manage those risks for which a regulatory agency will 'ding' them.

"Risk analysis should be embedded into an organization's planning processes and it should involve inputs from all levels. Simply asking the question “what could go wrong?” on a systematic basis and gathering and then analyzing the data supplied may have identified the potential for a leak or spill at great depth.

"And possibly not. According to some reports, the Deepwater Horizon tragedy may be due to individuals within the company violating their own standards. One, very practical approach to minimizing risk is ensuring that operational policies and procedures are followed 100% of the time. This would focus leaders' attention on understanding and modifying the *Performance Systems* in which their employees work, eliminating the job—and the human—factors that “push” their people to cut corners."

“Although there’s no way to prepare for every conceivable type of disaster, we can still take appropriate measures to better position ourselves for success when such events occur,” said Linda Popky, President of Redwood City, CA-based marketing strategy firm L2M Associates. “Some disasters, like earthquakes, hurricanes, floods and fires, are predictable in terms of damage potential, if not exactly when they will occur. Others, such as terrorist attacks, are hard to even fathom in advance.

“However, what we can do in all cases is create decision making processes and guidelines for unknown catastrophic situations, then practice ‘What If’ scenarios to prepare our teams to execute under these type of stressful conditions.

“We also need to be ready to support our customers in new ways under novel and perhaps extreme conditions. We should be prepared to respond to unpredictable, extraordinary, and emotionally driven customer needs,” Popky said. “In the end, what will be remembered about us is the timeliness and effectiveness of our response and the ease with which it appears we acted.”

SAC is an international association of consulting professionals who subscribe to an industry code of ethics and have provided evidence of significant consulting results among their clients. For more information, please go to <http://www.consultingsociety.com>, write to [info@summitconsulting.com](mailto:info@summitconsulting.com), or call 800/825-6153 (401/886-4097).