

Business: keep your eye on H1N1

Business leaders should continue to monitor H1N1 risk management to alleviate major impact on costs and revenues.

The swine flu pandemic may be off the media's radar screen, but business executives can ill afford to rest easy. Experts from the United States' National Centre for Critical Incident Analysis (NCCIA), who have studied how to respond to pandemics and bioterrorism attacks, warn that executives need to continue to monitor and manage unknown risk factors that might cause the flu to have a major impact upon costs and revenues. The danger of a possible mutation of the H1N1 flu and/or an increased virulence remain very much in play. The health of people and businesses remain at risk.

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The SEC recently required corporations to disclose how their boards oversee risk management. Board members and senior managements now may be accountable if they allow the flu to cause major disruptions because they failed to set procedures to mitigate potential damage. Those charged with protecting the health of American businesses should not want to be in the crosshairs of potential risk management misfeasance.

Holidays mean new contacts

Past experiences have shown that holiday travel means that we are all mixing with new contacts and consequently that more cases of the H1N1 swine flu can be expected in the early weeks of the New Year, just as the seasonal flu - caused by a different virus - may take off. The Centres for Disease Control (CDC) recently raised the number of flu cases four-fold; some 50 million people have become ill in the United States since April but that leaves almost 80% of the nations' population still susceptible.

"We are not out of woods yet," according to Dr. Steven Prior, a microbiologist who has advised government agencies on flu preparations. "The swine flu virus will be with us for a long time and may become more severe or even deadly as such viruses are prone to frequent mutations." The worst recorded pandemic outbreak in 1918 was preceded by two years of an increasingly severe flu virus - it too started with a relatively mild form of the disease.

An initiative has been launched to help organisations mitigate the damage that naturally mutating flu viruses may do to operations. High absenteeism can cripple a company's ability to continue operations. Widespread illness may disrupt supplies. What happens when customers stay home to take care of sick children?

Even though we've been fortunate that the H1N1 virus is relatively mild, it has been a deadly disease, as the latest confirmed figures on laboratory confirmed cases show. (The government has stopped reporting the much higher number of suspected cases that have not been confirmed with lab tests.). The cumulative cases of laboratory-confirmed

hospitalisations and deaths since September of last year shows a plateau with the current mild form but the totals are still disturbingly high given this is a totally new disease.

A major problem

“A major problem is that government data on cases will always be delayed and provide historic rather than current information, making situational awareness a tricky proposition,” Dr. Prior said. “Corporate leaders need better forecasting and intelligence to ensure continuity of operations.” With projections of workplace absenteeism that could rise in the months ahead businesses need to act now to improve risk management and communicate with all stakeholders.

“No one should assume business-as-usual,” he said, “especially if we get a double dose with the onset of seasonal flu,” according to Dr. Prior, who has spent over two decades studying pandemics and bioterrorism, and who has authored several studies on how to cope with the impact of viral diseases.

Planning for continuity of operations in a weak economy presents considerable challenges to decision makers in the private sector. To help address these challenges a new project - called the Surgitay Initiative - has been launched.

Services

Surgitay will help businesses maintain operations, enhance risk management and meet corporate governance objectives by providing these services:

- Intelligence gathering and forecasting,
- Advice on how to comply with government mandates and regulatory reporting requirements,
- improve corporate risk management particularly in regard to assessing uncertainty and newly apprehended risks, and
- How to communicate about risks with stakeholders - workforce, customers, dealers and investors.

The SEC recently announced new rules that will make members of the board of directors of companies responsible for overseeing risk management. The public expects corporations to stay abreast of new risks and not whistle past the graveyard. No one will blame companies for the pandemic, but stakeholders may hold business leaders accountable if they allow the flu to cause major disruptions because they failed to act to mitigate potential damage.

“The flu may have an impact on your personnel, can harm operations, reduce revenue, undermine economic recovery and cause turmoil to those faced with difficult choices as the outbreak expands,” Dr. Prior stated. “With two separate influenza viruses circulating, businesses need to be alert, to act now and to adapt quickly as these diseases spread and possibly mutate.”

Weathering the storm

The Surgitay Initiative was launched by experts who have been working at the National Centre for Critical Incident Analysis (NCCIA), studying how to prepare for and respond to bioterror attacks and pandemics. They co-authored a report in 2006 - *Weathering the Storm: Leading Your Organisation through a Pandemic* - which was published by the Centre for Technology and National Security Policy at the National Defense University. They also advised Governors across the nation about the risks and the responses in programs with the National Governors Association.

The leaders of the Surgitay Initiative have taken the lessons learned from studying previous health crises and are working to help companies maintain their economic vitality through this pandemic. “Against a back-drop of rising cases of flu companies need to ensure continuity of operations, upgrade risk management, communicate with shareholders,” Dr. Prior said. “They must not depend on the mercy of a mild virus.”

The Surgitay Initiative is modelled after the Latin concept of *surgite*, which means to be alert, to act and press on as conditions change. It is affiliated with R&B Associates and the Governance and Accountability Institute, drawing on the

skills of a multi-disciplinary team, including:

- Steve Prior, who is a scientist who is qualified in microbiology and biochemistry. He has been Project Manager for Department of Defense contracts that exceed USD\$500 million and is the research director of the NCCIA and a Distinguished Research Professor at the National Defense University.
- Ford Rowan, a former National Security Affairs Correspondent for NBC News, who covered Three Mile Island and the War in Lebanon. He is an attorney and consultant who has advised corporations on the 9/11 air disasters, chemical safety, environmental crimes, mad cow disease, pharmaceutical safety, silicone breast implants, SUV rollovers as well as oil spills and explosions at refineries. He is the chairman of the NCCIA.
- Bert Brown, MD, MPH, a former director of the U.S. National Institutes of Mental Health and a former Assistant Surgeon General of the United States. Dr. Brown is a founding member of the NCCIA.
- Rich Blewitt has advised 30 of the Fortune 100 companies as a senior level crisis management consultant. He worked on the aftermath of the Valdez Alaskan oil spill, assisted Household Finance (NYSE:HFC) with the sub-prime lending controversy, and counselled Ford Motor Company (NYSE:F) during the Firestone tire issue. He earned an MBA from the University of Chicago and is on the board of the Josephson Institute of Ethics.
- Hank Boerner is an expert in corporate governance, social responsibility, accountability and ethics issues management. He has been a management consultant for major companies for more than 25 years and is the former head of communications for the New York Stock Exchange. He chairs the Governance & Accountability Institute, www.ga-institute.com (G&A), a knowledge management centre and research-based advisory organisation that provides a portfolio of services to organisations, institutions and individuals seeking to do the right thing for the right reasons.

The federal government has focused almost entirely on vaccine production, but widespread illness will pose economic, psychological and social disruptions that the private sector will have to cope with.

The Surgitay Initiative is designed to help business leaders ensure that their operations will be alert, will act to minimise disruptions and will be able to adapt to changing conditions.

Source: National Centre for Critical Incident Analysis

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