

Testimony of Johanna Schneider
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Partnership for Disaster Response
Before the U.S. House of Representatives
Committee on Homeland Security
“Citizen Preparedness: Helping Our Communities Help
Themselves”

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Introduction

On behalf of Business Roundtable and our members, I would like to thank the committee for this opportunity today to talk with you about the Partnership for Disaster Response.

Business Roundtable is an association of chief executive officers of leading U.S. companies with over \$4.5 trillion in annual revenues and more than 10 million employees. Our companies comprise nearly a third of the total value of the U.S. stock market and represent more than 40 percent of all corporate income taxes paid.

Collectively, our members returned more than \$112 billion in dividends to shareholders and the economy in 2005. Roundtable member companies are also extremely generous, with more than \$7 billion a year in combined charitable contributions – nearly 60 percent of average total corporate giving. Our members are also technology innovation leaders, with \$90 billion in annual research and development spending – nearly half of the total private R&D spending in the U.S.

We launched the Partnership for Disaster Response in May of 2005 following the devastating tsunami in Asia and the subsequent outpouring of contributions from the business community. Even though companies contributed generously – cash, products, services and expertise – our CEOs saw a need to create a more coordinated effort to prepare for and respond to catastrophic disasters.

To that end, the Partnership aims to capitalize on the many resources and capabilities of the private sector to accelerate on-the-ground relief and recovery activities to help save lives. The Partnership works to foster public-private collaborations to prepare for the health, social and economic burdens created by disasters in the United States and abroad. The Partnership also works to ensure that the business community's response efforts address a community's most critical needs, by mobilizing the unique and diverse assets of our member companies.

The U.S. private sector, which owns and operates nearly 85 percent of the nation's critical infrastructure, has myriad resources useful in disaster preparedness and response. These range from basic necessities such as food and safe drinking water to communications and energy networks, as well as logistics and technical expertise.

Business Roundtable member companies contributed more than \$515 million to the Asian tsunami, Hurricane Katrina and the South Asia earthquake relief efforts. In addition to swiftly responding to disasters with money, products and expertise, they play an important role in public education about disasters.

As major employers, they can be important vehicles for communicating about preparedness. If our employees are equipped with the appropriate information and tools to protect themselves and their families in the event of a disaster, our communities will be better prepared.

Twenty-five CEOs – from across various industries – have joined forces as members of the Partnership for Disaster Response Task Force to leverage their corporate resources and expertise to create a more effective response to disasters. The new chairman of this Task Force is Richard L. Keyser, Chairman and CEO of W.W. Grainger, Inc. Task Force Members include:

Vice Chairman:

Mr. William R. McDermott
SAP Americas, Inc.

Mr. Charles Prince
Citigroup

Mr. Ramani Ayer
The Hartford Financial Services
Group

Mr. David M. Ratcliffe
Southern Company

Mr. Gary D. Forsee
Sprint Nextel

Mr. Edward B. Rust, Jr.
State Farm Insurance Companies

Mr. H. Edward Hanway
CIGNA Corporation

Mr. Stephen W. Sanger
General Mills, Inc.

Mr. Charles O. Holliday, Jr.
DuPont

Mr. Robert W. Selander,
Mastercard

Mr. William G. Jurgensen
Nationwide

Mr. David B. Snow, Jr.
Medco Health Solutions, Inc.

Mr. Thomas W. LaSorda
DaimlerChrysler Corporation

Mr. J. Patrick Spainhour
The ServiceMaster Company

Mr. Edward M. Liddy
The Allstate Insurance Company

Mr. Sy Sternberg
New York Life Insurance Company

Mr. Steven J. Malcolm
The Williams Companies, Inc.

Mr. Douglas W. Stotlar
Con-way Incorporated

Mr. Charles G. McClure
ArvinMeritor, Inc.

Mr. Martin J. Sullivan
American International Group, Inc.

Mr. Daniel H. Mudd
Fannie Mae

Mr. Miles D. White
Abbott Laboratories

Mr. Thomas C. Nelson
National Gypsum Company

Mr. George Nolen
Siemens Corporation

The Partnership in Action—Providing Resources and Information *(www.respondtodisaster.org)*

The Partnership serves as a valuable resource, helping companies and their employees better prepare for disasters. In October 2006, the Partnership launched www.respondtodisaster.org, the first comprehensive clearinghouse of information to help the business community better prepare and respond to disasters. The Web site features commonly requested information and valuable tools on how companies can better integrate disaster planning into their business continuity plans and communicate to their employees about disaster preparedness and response, including:

- Company best practices on disaster preparedness and response
- Guidance for developing employee volunteer and matching gifts programs
- Advice on HR benefits and financial issues concerning employees who may be affected by a disaster
- Strategies for tracking employees during a disaster
- Information on relief agencies and how best to support their work

The Partnership has also developed various information guides and resources designed to help companies and their employees during all phases of a disaster – prepare, respond and recover. Several were distributed at the Partnership’s 2006 Conference, “Beyond Cold Cash: Unlocking the Value of Corporate America's Role in Disaster Response,” which included more than 100 representatives from business, government and relief agencies.

In time for the 2007 hurricane season, we created and distributed several new guides. All of the materials we have produced are posted on the Partnership’s Web site and are available to the general public.

Mr. Keyser, the chairman of the Partnership, sent a letter to the CEOs of all Roundtable member companies on June 1, the start of hurricane season, encouraging them to use the resources the Partnership had developed to help the business community more effectively prepare and respond to disasters. He highlighted the fact that advance planning and educating a company’s workforce about preparedness can help protect employees, businesses and communities and reduce the impact of a disaster.

We have developed six discrete guides to help companies in managing disaster-related issues:

1. Family Preparedness Guide

The Partnership understands how companies can be an important vehicle for educating the public – starting with their own workforces – about what to do to better prepare for a disaster.

To underscore the importance of this issue, the Partnership recently developed a *Family Preparedness Guide* to:

- Help companies educate their employees about personal/family disaster preparedness
- Encourage them to take specific actions with their family to better prepare for a disaster – including a checklist of emergency supplies
- Offer additional resources on disaster and family preparedness planning, such as The Department of Homeland Security’s *Ready.gov* program and information from the Centers for Disease Control on pandemic preparedness

Businesses are able to post the *Family Preparedness Guide* on their company’s intranet and distribute the guide through internal newsletters and emails to remind employees about the importance of having a plan in place with their family before a disaster strikes. The guide can be found at: [*Family Preparedness Guide*](#)

2. Top 10 Myths about Disaster Relief

Far too often individuals’ decisions about whether to contribute and how to contribute to disaster response and recovery efforts are influenced by false or inadequate information. Misinformation can inhibit the relief process and limit the usefulness of individual giving. The Partnership compiled the *Top Ten Myths of Disaster Relief*, which aims to identify and correct some of the most common misconceptions about disaster response.

The document can be found at: [*Top Ten Myths on Disaster Relief*](#)

3. Do’s and Don’ts of Effective Giving

Good decisions about how to assist the victims of disasters are invariably based on good information about what is actually needed to help with disaster relief and recovery efforts. The Partnership created *Do’s and Don’ts of Effective Giving* to provide employees with accurate information about how they can best contribute after a disaster. The guide explains why cash is almost always the most valuable contribution and how certain product donations – in spite of good intentions – can actually impede a relief effort by creating bottlenecks in transporting needed goods and taking up limited warehouse space.

The guide can be found at: [*Do’s and Don’ts of Effective Giving*](#)

4. Helping Employees Affected by a Disaster

In preparing for a disaster, companies should also consider how they could help employees who may be directly affected because they live in the region struck by a disaster. Human Resources departments can take steps regarding financial assistance and benefits programs well in advance of a disaster to help their employees and their families who might have suffered personal hardship because of a disaster.

The Partnership worked with KPMG, a leading financial services firm, and the Society of Human Resource Management to create *Helping Employees Affected by a Disaster: A Human Resource Guide on Benefits and Financial Issues*, that covers the following issues:

- Financial assistance to employees through grants, loans and other vehicles
- Tax and legal implications of various employee benefit programs
- Advice on how to create an employee assistance program
- Contributions to charitable causes
- The importance of amending employee benefit plans in advance of a disaster

The guide is specifically designed for Human Resources professionals and is posted on the Partnership's Web site. It can be found at: [*Helping Employees Affected By a Disaster*](#)

5. Rebuilding Communities

Restoring a community devastated by disaster is critical in maintaining a robust workforce and customer base. A community's recovery from a disaster is a complex and long-term process that involves a range of activities and many participants. Recovery involves short-term restoration of essential community services as well as long-term rebuilding and, ideally, mitigation against future crises.

Historically, the private sector has contributed generously to immediate disaster response efforts. However, businesses often struggle to find the best way to help with a community's long-term recovery. Companies may be inundated with requests to rebuild health clinics, libraries, playgrounds, schools and other community services damaged during a disaster.

The challenge is deciding which of these worthwhile causes to support to help a community return to normal and how to best incorporate employees into the process. Employee volunteerism can bring myriad benefits to people who are in need of help, to companies and to employees themselves.

To address these issues, the Partnership created *Rebuilding Our Communities: Helping Companies Set Priorities to Aid Long-Term Recovery*, which outlines the issues companies should consider when setting priorities in contributing to recovery efforts. The guide is designed to help businesses ask the right questions to gather the information they need to use their resources effectively to help communities and their pool of employees recover from a disaster.

The guide is designed for Community Affairs and Philanthropy professionals and is posted on the Partnership's Web site. It can be found at: [*Rebuilding Our Communities*](#)

6. Protecting Businesses

During a disaster, companies have valuable physical, business and human assets to protect. Business continuity planning is a critical component of a company's preparedness for the

disruptions that a disaster may bring and can help minimize or even prevent serious damage to a company's employees, facilities, reputation and future. An important element of business continuity planning is identifying and securing alternative locations to maintain a company's operations.

To help companies navigate the complicated process of sharing office space, the Partnership created *Protecting Your Business: Issues to Consider When Sharing Office Space After a Disaster*. The guide provides an overview of key issues that businesses should consider when entering into an office-sharing agreement immediately following a disaster. The guide provides helpful information for both the hosted company and the host company and addresses the following issues:

- Organizational and cultural differences
- Tax credits
- Insurance coverage
- Real estate and leasing concerns
- Security provisions
- Communications

The guide will be most useful for Security, Real Estate, Tax and Legal professionals and is posted on the Partnership's Web site. It can be found at: [*Protecting Your Business*](#)

The Partnership in Action—Examples of Preparedness

The following are three case studies of companies that excelled in different aspects of disaster preparedness, including training employees as volunteers; having a system in place to track missing employees; and helping small and medium-sized businesses prepare.

1. W.W. Grainger: *Training Volunteers in Advance*

For employees at Grainger, a distributor of facilities maintenance supplies, the phrase "ready when the time comes" took on a whole new meaning when Hurricane Katrina struck. Before the hurricane, Grainger had partnered with the American Red Cross to train employees to staff emergency call centers as part of the NGO's "Ready When the Time Comes" disaster preparedness program. As a result of these efforts, Grainger had a cadre of well-trained, experienced employee volunteers ready to man Red Cross phone lines at Chicago and Denver chapters for more than 450 hours. The program made it possible for employees to personally assist people affected by the disaster, even from afar.

Grainger employees also made significant contributions to the American Red Cross' disaster relief fund, which the company complemented with a unique 4-to-1 employee matching gift program. Recognizing the dire needs of local business that accompany a calamity of this scope, Grainger also lent support to the Baton Rouge Area Foundation, which is dedicated to helping small businesses based in Louisiana recover and grow. The company donated \$1 million, along with in-kind donations, to these efforts.

"The business community can be an enormous resource for providing disaster relief, not only with money and products but also with its greatest asset: hard-working, dedicated people," said Grainger CEO Richard L. Keyser. "By providing our volunteer employees with training in advance, we were able to become part of the solution when disaster struck."

2. PriceWaterhouseCoopers: *Creating a Call Center for Employees*

A system of logs, databases, and employee preparedness allowed financial services firm PriceWaterhouseCoopers (PwC) to account for all of its New Orleans employees within 48 hours of Hurricane Katrina in 2005. Before the hurricane, PwC had set up an automated emergency check-in procedure for its employees. The process allows employees to check-in via phone, company e-mail (including Blackberry), and personal computers. Wallet cards, refrigerator magnets, and ID badge stickers serve as constant reminders.

In the wake of Katrina, PwC also was able to locate employees through company travel logs and, when necessary, through activity on company-issued laptops and credit cards. The company even tracked and located retired employees through up-to-date records, and helped employees who were not in the affected regions locate their relatives who were.

Once all employees were accounted for, PwC was able to provide short-term housing assistance for staff who needed it and longer-term financial relief to those most devastated by the disaster.

"Before PwC could even begin to provide the support we had available – temporary housing, temporary funding, cell phones for communication, rental cars – we had to locate our staff and establish contact," said Stephen Malloy, PwC's Crisis Assessment Team leader. "By planning ahead and establishing a proactive method of contacting our people in an emergency, we were able to quickly account for all of our staff even under the worst of conditions. It was a very stressful, emotional time for our people and their families, and we were glad we could be a source of information and support for them."

3. Office Depot: *Protecting Your Most Important Assets*

The massive destruction and dislocation caused by Katrina carried with it a lesson that disaster planning needed to be more comprehensive than anyone previously thought. Yet many small- and medium-sized businesses assumed disaster planning and preparation to be both complicated and expensive.

In 2005, Office Depot, a leading global provider of office products and services, weathered four major hurricanes at its corporate headquarters in South Florida and across nearly 100 stores in the Gulf region. As a result, Office Depot gained real world experience in disaster planning and recovery, and with those "lessons learned" in mind,

the Company launched an educational campaign dubbed **Disaster Preparedness: Advice You Can Depend on to Weather Any Storm.**

The campaign launched prior to the 2006 hurricane season and consisted of an online brochure, free online seminar, broadcast media tour with Office Depot's internal expert, as well as simple tips and recommendations for how companies can protect their most important assets – their people and their data.

In times of disaster, it is not business as usual. Focus must be on getting business operations back and running quickly and helping employees navigate personal issues. Office Depot recommends establishing a clear process for how employees can contact one another in the event of a disaster and then periodically reviewing these plans with the employees.

This type of preparation and support will come back to the company in the form of loyalty. The key is to build a business case that outlines value beyond simple risk reduction. Simple tasks such as backing up data on a regular basis and storing it in alternative ways can improve the cost-efficiency of business operations and technology investments.

“Planning is essential,” said Tom Serio, Director of Global Business Continuity Management for Office Depot. “Ultimately, it is about business survival. A contingency plan can ensure that your business operations won't come to a halt when faced with unexpected events. It doesn't have to be a million dollar solution, just a common sense one that protects you, your employees and your business.”

The Partnership in Action—Collaboration and Outreach

Since its inception, the Task Force has been working closely with the federal government, relief agencies and business associations to ensure that the private sector is fully integrated into the nation's disaster response planning.

Federal Government:

Systematic communication with the federal government at the time of a disaster is essential to maximize the effectiveness of the business response effort and protect employees, communities and facilities and maintain commerce.

Companies often need government assistance to coordinate supply chains within states, across state lines and nationally. On the flip side, Business Roundtable members have much to offer the government, including the ability to quickly provide on-the-ground information as well as resources to speed recovery efforts.

In December 2006, the Partnership organized a meeting with senior government officials from the White House, the Department of Homeland Security and the Federal Emergency

Management Association to agree on priority areas of public/private collaboration. Since the meeting, we have been in regular contact with government officials to follow-up on action items and next steps. We have also been involved in contributing to the revision of the National Response Plan.

Business Associations:

To leverage the resources of the business community, the Partnership has joined forces with other business associations including the U.S. Chamber of Commerce, Business Executives for National Security (BENS), PhRMA, National Association of Manufacturers, and the Financial Services Roundtable. We are sharing best practices and collaborating to address issues of importance to all businesses, such as credentialing to ensure access to facilities in a disaster region. Our goal is to expand our reach, better coordinate emergency response efforts and advocate – with one voice – for strengthened private sector involvement in our nation’s disaster planning.

Relief Agencies:

We are working closely with the American Red Cross and a cross-section of international relief agencies to determine the best ways to enhance collaboration to aid in disaster preparedness and response.

The Partnership’s member companies have also developed and expanded their collaboration with relief agencies to maximize their impact after a disaster. Following are three examples of corporate employee disaster response initiatives:

The Partnership in Action—Communicating During a Disaster

In order to ensure a coordinated disaster response, the business community developed an Emergency Protocol, the first-ever protocol to codify how the business community will communicate with the federal government and relief agencies during a disaster to address critical issues and accelerate on-the-ground response and recovery. The Protocol’s objective is to provide quick, efficient support within the first 14 days of a natural or man-made disaster of such proportions that it requires the involvement of the greater business community.

This protocol will leverage the Partnership’s *Business Response Teams* to gather and communicate needs and concerns to the Task Force based on reports from member companies’ local staff and partners based at the site of the disaster. Companies will then have the information they need to quickly provide resources, ranging from product to personnel, and address problems hindering the response effort. Critical information will also be elevated to the federal government and relief agencies to speed the response and recovery effort.

Conclusion

Thank you again for this opportunity to talk with you about the work of the Partnership for Disaster Response. We look forward to continuing to work with the Administration and the Congress to enhance our nation's disaster response system. Working together – business, government, relief agencies and many others – we will continue to be vigilant in preparing our businesses, our employees and our communities for a disaster.

Attachments:

1. *Top Ten Myth of Disaster Relief*— aims to identify and correct some of the most common misconceptions about disaster response
2. *Do's and Don'ts of Effective Giving*— provides employees with accurate information about how they can best contribute after a disaster
3. *Family Preparedness Guide*— intended for all employees to educate them about personal/family disaster preparedness and encourage them to take specific actions
4. *Human Resource Guide on Benefits and Financial Issues* — designed for HR leaders to help them support employees whose lives have been affected by a disaster
5. *Protecting Your Business*— a guide for security, real estate, tax and legal staff on issues to consider when sharing office space after a disaster
6. *Rebuilding Communities*— advice for philanthropy and community relations leaders to help set priorities in contributing to long-term recovery efforts