

Business Planning for Pandemic Flu

How Will Your Company Survive the Pandemic?

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The Next Pandemic Flu Outbreak Is Imminent. Every so often, a new virus emerges and a pandemic ensues. In the last 100 years, we have seen three influenza pandemics, the most severe in 1918 (the "Spanish Flu"), and the most recent in 1968. If a pandemic with the same severity as the Spanish Flu occurred today, approximately 90 million Americans would become sick, 9.9 million would require inpatient hospital care, and over 1.9 million would be expected to die.

Today, experts are carefully observing the so-called "Bird Flu" virus for any changes that may allow it to begin to transmit easily from person to person. Though, in theory, the virus may never mutate sufficiently to be a pandemic threat, many experts believe that it is not a question of if but when.

Pandemic Flu Preparation Is Unique. Since September 11, 2001, many businesses have developed business continuity plans in case of a natural disaster or terrorist attack. A pandemic has several unique characteristics that make preparation very different. A pandemic lasts for several weeks (and may have multiple waves,

each lasting weeks); thus, recovery cannot begin for some time. The impact will be widespread, and little outside assistance will be available.

How would such an outbreak affect your business? Many businesses have a distribution plan for vaccines. However, a pandemic virus will likely spread swiftly and it is doubtful a vaccine could be developed and sufficient quantities produced quickly enough to provide significant protection. Companies cannot rely on outside assistance, and all businesses should develop a continuity plan that recognizes the long-lasting and widespread nature of a pandemic.

Business Plans Should Focus First on Absenteeism. Experts recommend planning for as much as 50% absenteeism during the peak of the outbreak, with lower levels (around 25%) during the weeks leading up to and following the peak. Absences will result from several reasons: illness; caring for sick family members; bereavement; school closures; fear of exposure; and fulfilling other roles in the community (Red Cross volunteers, or National Guard duties).

Businesses all over the nation will suffer the same absenteeism during the same general timeframe. This could affect the ability of basic services necessary for your business to operate. Supplies may be disrupted; subcontractors may be unavailable; public utilities may be affected; public transportation may be disrupted; and public places may be ordered closed.

Telecommuting. While working from home is one option available to many businesses, there are many factors to consider. How many employees can actually effectively telecommute? Will support staff be effective at a location separate from those they support? Will your server be able to handle the numbers of workers logging in from "outside" with little or no human intervention? Businesses should also have a plan of succession in place so that it is clear who is in charge and who is making decisions on behalf of the company.

Human Resources Planning. Business planning for a pandemic must focus on human resources. Employers can attempt to reduce absenteeism by taking the lead in protecting staff from illness. Employers can provide education regarding infection control, and encourage employees to stay at home for as long as they are ill. Employers can also instruct employees to stay home if they are sick and if they become ill at work to phone (not visit) the human resources coordinator, and then leave without talking to others. Liberal sick leave may also help to slow the spread.

Short Term Demand and Supply Chain Interruptions. Pandemic flu may affect the demand for a company's services or products. Certain businesses may see an increase in demand that simply cannot be met (health care is an obvious example, but demand for internet services, cellular service, gasoline, and generators may be increased). For others, demand may all but cease for weeks or months, and some businesses may suffer damage to reputation or a



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sense of community fear regarding the products offered (poultry product producers and sellers).

Businesses may also suffer from an interruption in their supply chain or in required services that make it impossible to meet any demand. For example, if electrical or internet service is extensively interrupted, travel restrictions imposed, or shipping services delayed, how will your business obtain goods or services? Businesses should review force majeure clauses in their contracts with their suppliers, customers, and clients to ensure that the business is protected.

Businesses should discuss and coordinate their plans with suppliers, contractors, and clients, so that those who your business depends on for success can assist in development of your plan and formulate plans of their own.

Financial Planning. All businesses can expect to face a financial impact. It is estimated that a severe pandemic flu could cost the U.S. economy \$70 to \$167 billion.

Financial reserves sufficient to meet minimum expenses for several weeks will be necessary for business potentially subject to a mandatory closure, and for businesses that may experience a disruption in supplies or demand.

The CDC Business Planning Checklist. The CDC has developed a planning checklist for businesses, which includes items that are relevant to businesses of all sizes. It also asks you to develop policies to handle a pandemic. Policies for non-punitive liberal leave and for flexible worksites and work hours are possible options that may keep essential businesses operating while permitting some of the social distancing necessary to slow the spread of the virus.

The checklist and posters with information on stopping the spread of disease are available through www.pandemicflu.gov. Also available is useful information on business continuity planning at www.cdc.gov. Though these tools do not provide every item your business should consider, they do provide a helpful starting point as you develop an individualized plan.

Development of a Pandemic Flu Business Plan. The ultimate goals of your plan should be to reduce the risk of loss of services, market share, revenue, and reputation. Your plan should help ensure continued compliance with legal, regulatory, and contractual requirements. Your plan should protect your company's greatest asset, its people.

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