

DAILY REPORT

AT ISSUE

The specter of pandemic flu is like Y2K but with teeth. Businesses dedicated vast resources to Y2K, yet little has been dedicated to pandemic flu business-continuity plans.

Send ideas for At Issue to Ed Bean, ebean@alm.com or (404) 419-2830.

THOMAS WILLIAM BAKER is a partner in the health care, corporate and securities, and technology and intellectual property practice groups at Troutman Sanders. He may be reached at tom.baker@troutmansanders.com.

KATHERINE H. FORSETH is an associate in the health care practice group at Troutman Sanders. She may be reached at katherine.forseth@troutmansanders.com.

Business planning for pandemic flu

HOW WILL your company survive the pandemic? Little or no outside assistance will be available

The next pandemic flu outbreak is imminent

EVERY YEAR, SEASONAL INFLUENZA sweeps the nation. In the United States, approximately 200,000 people are hospitalized and 36,000 die as a result of influenza each year. Less often, a more serious strain of flu causes a pandemic. An influenza pandemic is a global outbreak that occurs when a new virus emerges in the human population. People have little or no immunity to the virus, which spreads easily from person to person and causes serious illness.

In the last 100 years, we have seen at least three influenza pandemics, the most severe occurring in 1918—often called the “Spanish Flu”—and the most recent in 1968.

It is estimated that the Spanish Flu resulted in 500,000 to 660,000 deaths in the United States and 20 to 40 million deaths worldwide. Some experts estimate that as many as 100 million died worldwide. If a pandemic of the same severity as the Spanish Flu occurred today, experts predict that approximately 90 million Americans would become sick, 9.9 million would require inpatient hospital care, and more than 1.9 million would die.

No one can predict with certainty when the next influenza pandemic will occur. However, every day there is some additional piece of news about the “avian flu” or the “bird flu,” and experts are carefully observing the virus for any changes that would allow it to begin to transmit more easily from person to person.

Already the virus has spread to bird populations throughout

Asia, the Middle East and into Europe. The virus has infected migratory birds, chickens and ducks, and has moved on to humans who are exposed to waste from infected birds.

Although, in theory, the virus may never mutate sufficiently to be a pandemic threat, many experts believe the question is not *if* the avian flu virus will mutate to permit human-to-human transmission, but *when*.

Pandemic flu preparation is unique

A pandemic is different from other public-health emergencies or natural disasters. Pandemics rapidly surge and increase exponentially in as little as a few weeks. However, a pandemic may come in several waves, with successive waves becoming more severe. Each wave can last several weeks and may be separated by a few months or even a year.

So what does this mean for your business? While it is understood that health-care providers need to be prepared to deal with the onslaught of the sick and have adequate supplies of equipment and medication for a pandemic, how would such an outbreak affect other businesses?

After Sept. 11, 2001, many businesses realized the importance of developing a business-continuity plan in case of a natural disaster or terrorist attack. A pandemic, however, has several unique characteristics that make preparation and planning very different from preparing for a terrorist attack or disaster such as

a fire or hurricane.

In a pandemic, the impact will be widespread. By definition, a pandemic will be international and not confined to a particular location. Thus, little outside assistance will be available. For example, reliance on the Savannah, New York or even London office to handle the overflow of work will not be possible.

As businesses begin to plan for a pandemic, there may be a tendency to rely on distributions of vaccines and antiviral drugs as the primary focus for planning. However, in the event of an influenza pandemic, the virus will likely spread so rapidly that it is unlikely that a vaccine could be developed and sufficient quantities produced to provide protection from the disease.

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It is likely that after a pandemic virus emerges and is identified, it would take roughly six months for mass production, and even then quantities may not be sufficient to provide protection from a full-scale pandemic. Moreover, the issue of who receives vaccines, and in what order of priority, is highly contentious. Traditionally, the most at risk for influenza are the elderly, the very young and health-care workers. However, in the Spanish Flu pandemic, death rates from the flu were the highest among healthy adults aged 20 to 40 years.

From a practical perspective, business planning for pandemic flu will focus first on absenteeism. Experts recommend that businesses plan for absenteeism as high as 50 percent during a two-week peak of the outbreak, with lower levels (around 25 percent) during the weeks leading up to and following the peak.

Staff absences will result from several reasons: illness or exposure to the virus, caring for family members, child-care issues resulting from school closures; staff members feeling it's not safe to come to work and staff who are caught up in the emergency response through roles in the National Guard, Red Cross and volunteer agencies. Your company may be well advised to consider policies to encourage sick workers, or those with sick family members, to stay at home until they are well.

In addition to the difficulties this presents for your business, businesses all over the nation will suffer absenteeism. This could affect other businesses' ability to provide the basic services you need to operate. Supplies may be disrupted if they are imported via airfreight, rail or trucking. Subcontractors may be unavailable. Public utilities and transportation may be disrupted and public places such as museums and theaters may be ordered closed to help slow the spread of disease.

Pandemic flu business planning should also consider the impact of laws such as the Family and Medical Leave Act, because employees likely will need time to care for

sick relatives or for bereavement. Businesses can expect to lose some portion of their work force in the wake of pandemic flu.

While working from home is one option available to many businesses, there are many factors to consider. How many of the company's employees can telecommute? While managers and professionals may be able to work effectively from a remote location, will secretaries and support staff be effective at a location separate from the managers and professionals they support? Will your server be able to effectively handle the increased reliance of workers logging in from outside? Will your systems be able to sustain the demand with little or no human intervention from your technology department? Is there a plan of succession if key employees become ill or die?

Human resources planning

For these reasons, business planning for a pandemic outbreak of influenza must focus on human resources. Unlike other natural disasters, where the primary problems are property- or hardware-related (telephone and electronic communication systems are damaged), the primary problems in this case would be the lack of staffing and lack of other resources that would result from absenteeism at suppliers and service providers upon which your business relies.

As employers, businesses should take the lead in educating staff regarding infection control. Employers can post signs around the office with reminders on stopping the spread of disease. The Centers for Disease Control and Prevention have posters available online that contain, for example, reminders on hand-washing techniques and notices reminding employees not to come to work if they are experiencing symptoms of the flu.

Employees should be encouraged to stay at home for as long as they are not well, and should be encouraged to return to work when they are well. They are likely to have developed immunity and are not likely to become sick from the virus again.

If employees become ill at work, they should be encouraged to phone, rather than visit in person, their supervisor or human resources coordinator. Employees should then leave without talking or visiting other staff, and the human resources coordinator should have a plan in place for notifying others that the staff member has gone home, as well as notifying those who may have been in close contact—within one meter—of the staff member within the previous 24 hours that they may have been exposed to the virus. Employers should consider whether exposed employees should also be sent home until sufficient time has passed for effective infection control.

Financial planning

All businesses would expect to incur a financial impact. For some businesses, the impact could be positive due to an increased demand for specific goods or services. For a vast majority of businesses, however, the impact could be staggeringly negative. It is estimated that seasonal influenza costs the U.S. economy between \$10 million and \$12 million in medical costs and loss of productivity annually. A severe pandemic flu could cost the U.S. economy \$70 billion to \$167 billion.

Some workplaces may need to close.

Closure might become necessary because of a lack of staff, a lack of demand for the product or services you provide or because remaining open is not feasible. Businesses may also face mandatory closure. For example, public amusement businesses such as movie theaters or other places of congregation such as conference centers, shopping malls and sporting events may be ordered closed by government health officials.

If your business is of the type that may be subject to a mandatory closure, financial reserves sufficient to meet your minimum expenses for a period of several weeks will be necessary. In addition, if your business is a supplier for businesses that may be shut down, your business must also have financial reserves to handle the reduced demand that may last for several weeks.

Pandemic flu may affect the demand for a company's services or products. Certain businesses may see an increase in demand that can simply not be met. Health care is an obvious example, but demand for Internet services, cellular service, gasoline and generators, for example, may all increase. Conversely, other businesses may become extremely slow and demand may all but cease for weeks or months.

Some businesses would face loss of demand because of damage to reputation or a sense of fear regarding the products offered. Poultry and livestock farmers and those who sell meat products could face significant decrease in demand if consumers fear that the virus may be spread through consuming the product. These fears may have no factual basis, but companies nonetheless need to be prepared.

Short-term supply chain interruptions

Businesses may also suffer from an inter-

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ruption in their supply chain or in required services that make it impossible to meet any demand. For example, if electrical or Internet service is interrupted extensively, travel restrictions are imposed or trucking and shipping services are delayed due to absenteeism, how will your business obtain goods or services?

Long-term demographic changes

In the long term, changes in demand for services could have a significant impact on your business. A disproportionate death rate among 20- to 40-year-olds, as in the Spanish Flu, could significantly affect the housing market, as well as related construction, design, home-product and home-improvement businesses. The travel, tourism and hospitality industries may experience a significant blow. Airlines already in trouble may not be able to recover.

The CDC business-planning checklist

The CDC has developed a useful planning checklist for businesses, which addresses businesses of all sizes. For example, the

checklist includes supplies such as soap, tissues and receptacles for their disposal. The checklist also asks you to consider various aspects of your business and to develop policies to handle a pandemic.

For example, how will you handle sick time in the event of a pandemic? Policies for non-punitive, liberal leave and for flexible work sites and flexible work hours—using staggered shifts, for example—may be an effective way to keep your business operating while your employees are sick, tending to sick family members and trying to avoid contracting and spreading the virus.

Staggered shifts and telecommuting may make it possible for your business to stay in business, instead of forcing employees to make a decision between coming to work—where they may contract or spread the illness—and losing their job.

The checklist is available through the CDC's Web site at <http://pandemicflu.gov/plan/businesschecklist.html>. Also available online is a "criticality assessment matrix" and useful information on business-continuity planning at <http://www.continuitycentral.com/feature0261.htm>.

These checklists and articles are only tools for developing your businesses plan, and do not contain every element that your business should consider, but they do provide a helpful starting point for businesses to begin to formulate an individualized plan.

The specter of pandemic flu is like Y2K but with teeth. The biggest differences between Y2K and pandemic flu are that pandemic flu will happen and will occur in succeeding waves. Businesses dedicated vast resources to Y2K, yet little has been dedicated to pandemic flu business-continuity plans. Businesses should review *force majeure* clauses in their contracts with customers and clients as well as in contracts with their suppliers. Perhaps businesses should require their suppliers to represent and warrant that the suppliers have implemented a pandemic flu business-continuity plan.

The goal of your plan should be to reduce the risk of loss of services, market share, revenue and reputation. Your plan should also help to ensure continued compliance with legal, regulatory and contractual requirements. Most importantly, your plan should protect the company's greatest asset, its people.

As your company considers its business-continuity plan for pandemic disease, you should discuss the plan and coordinate with your suppliers, contractors and clients. If communication regarding your firm's plan for closure or increased/decreased demand for supplies begins now, those on whom your business depends for success can assist in development of your plan and begin to formulate plans for their own businesses.

The statistics and possible effects of a severe pandemic flu are sobering. The loss of life and the effect on the global economy are difficult to imagine. However, it is important to remember that a pandemic flu would not be the end of the world. Most likely, 95 percent of the population or more would survive. Businesses that prepare now for the financial pressures and industry changes that may result will be in a better position to survive the storm and emerge stronger on the other side. ☉