

Pandemic planning makes sense

Businesses need detailed continuity plans in case of an avian flu outbreak, writes **Robert Marks**.

Health and emergency services authorities recently tested their preparations for a potential avian influenza pandemic using a virtual exercise, Operation Eleusis. Business organisations would be well advised to follow that lead with their own continuity planning.

No one knows, of course, when a pandemic will strike or how severe it will be, but in my view some form of pandemic is inevitable.

On average there are three pandemics each century, the most severe of which was the 1918 Spanish influenza that killed at least 20 million people worldwide and had a negative economic impact in that year of perhaps 2 per cent of global gross domestic product — close to \$1 trillion in today's terms.

Given the uncertainties, and the potential worst-case scenario of an avian flu outbreak, now is the time for organisations to go through a thorough exercise in continuity planning and to examine how their operations will be affected.

This should involve not only examining their own operations, and issues such as potential shortages of materials and disruption of supply chains, but also talking to suppliers and corporate customers about their own preparations.

Widespread business continuity planning would have two ameliorating impacts. The first would be to lessen the damage a pandemic would cause the wider economy; the second is on the level of an individual organisation's perceived comparative advantage.

Just as some stockbroking houses have begun issuing buy recommendations on companies — such as vaccine producers — that would undoubtedly profit from an outbreak, so the market will start to factor in a premium for those organisations that have thorough continuity plans in place. Measures could include such initiatives as



A pandemic will do less damage to the economy if businesses make advance planning a priority.

Photo: REUTERS

getting employees to work from home as much as possible.

At the same time, organisations should limit employees' travel and in the case of international companies take steps to get them out of more susceptible countries.

Companies should be prepared to protect their core activities in the hope of prolonging their sustainability, and must plan for between 25 and 40 per cent of their staff being absent on any given day as a result of the disease. This could last for weeks.

Where possible, organisations should stock up on supplies against the possibility of disruptions to supply lines and, if they can, make plans to operate with sewerage, water and electricity services interrupted. If possible, they should vaccinate employees, although that is unlikely to be 100 per cent effective.

There are also measures that can be taken to limit infection in the workplace. Air circulation and filtration systems should be reviewed, work hours could be

staggered and masks provided. For customers and partners, self-service and online options could be expanded to minimise face-to-face contact. Hand-washing should be encouraged.

Organisations would also have to get used to a different policy on sick leave. Employees should be encouraged to stay home if they are ill, and some firms will have to review their policy on sick pay, to reduce an employee's incentive to clock on when sick.

This might also conflict with the government's new industrial relations policy, which mandates that to justify a sick day employees need a medical certificate from a doctor or medical worker. In an avian flu pandemic, such a stipulation would be unwise.

A pandemic would have a major impact on the economy. Some businesses would lose while others would profit.

Products such as medical masks, wipes and hand-washing liquids would be in demand, as would long-

life foodstuffs. Off-grid energy supplies, ionisers to destroy airborne pathogens and the biotech industry also stand to profit.

The likely rise in telecommuting also suggests opportunities for telecoms and broadband suppliers and equipment makers.

On the economic downside, tourism, travel and hospitality would suffer, as would industries where people gather in large groups, such as retailing, casinos, theme parks, cinemas and sport.

Life and reinsurance companies would also be hit, property values would probably fall and the poultry industry and its suppliers would be the most affected.

These likely impacts are foreseeable and undeniable, but with thorough business continuity planning, the impacts on firms and their employees could be lessened, as long as we start planning now.

■ *Robert Marks is professor of economics at the Australian Graduate School of Management.*