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The Pillars of Pandemic Planning

Enterprise Risk Management Research Team

30 January 2020

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Published 30 January 2020 - ID G00719682 - 11 min read

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Initiatives:Risk Response Strategies

Pandemics aren't your usual business disruption. Unfolding over months, these events require an extra set of activities that include consultations with epidemiologists, critical role identification and third-party evaluations. Heads of ERM should use these tips and checklists to plan out a response.

A pandemic is not your normal business disruption. Unlike a cyberattack or natural disaster, it can affect operations globally for months and threatens the workforce directly.

A new coronavirus strain that emerged in Wuhan, China, last month is the latest reminder — like SARS, MERS and H1N1 before it — that companies need to plan and prepare for large-scale outbreaks of dangerous disease. Even before the World Health Organization (WHO) declared a global public health emergency on 30 January 2020, companies had already begun taking steps to reduce their exposure, such as restricting travel to China, closing stores and factories there and ordering employees in affected regions to work from home. [1,2]

Preplanning is essential during any crisis, but pandemics require extra activities. That includes keeping close contact with epidemiologists as well as monitoring and modeling the impacts over months. Hopefully, you already have a business continuity management (BCM) plan for pandemics, maybe from the last one in 2009. If you do, you should be able to adapt it. If you don't, you can scroll to the bottom of this article for a checklist to gauge your preparedness and see which actions you still need to pursue.

Below, we'll share important basics for assessing the risk of a pandemic, identifying critical roles and vetting pandemic preparedness plans of important third parties. But first, any response should have two guiding principles:

1. Put people first.

It's the smart thing to do as an employer (and the right thing to do for the species). When SARS (also a coronavirus) spread to four continents in 2003, executives at seven companies told us that managing employees' concerns and questions was one of the most time-consuming associated activities. [3,4] Even when a disease's impact is limited, uncertainty can create fear and anxiety. If employees think that they could be exposed at work, morale will suffer as well. In addition, companies face potential for poor public opinion of company actions and of employee lawsuits.

2. Improve the company's overall capabilities.

Even if the new coronavirus is contained and suppressed in the coming weeks, it still provides an opportunity to see where the company is exposed and which business activities may not go as planned during the spread of infectious disease. After all, more common medical disruptions can be more costly over the long run. For instance, seasonal influenza cost businesses $21 billion in lost productivity in 2018 — not to mention the inconvenience to workers (and sometimes severe health impacts). Document your response this time around; note surprises or assumptions in your plan that turned out to be wrong.

Core Pandemic Planning Activities

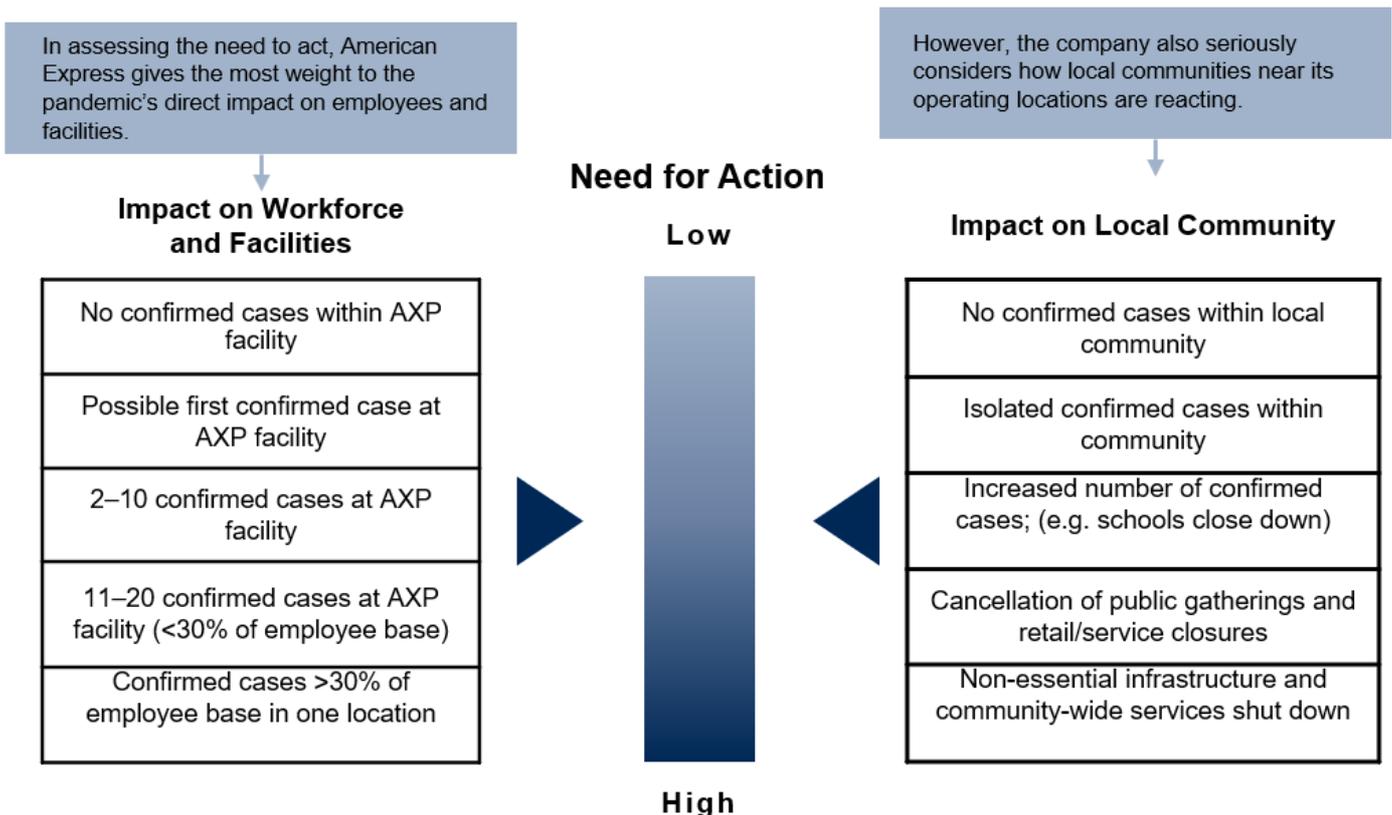### Assess the Risk and Establish Thresholds to Implement Pandemic Preparedness and Response Plans

You should talk to epidemiologists to inform your own analysis. This can be as simple as picking up the phone to get advice, but ideally companies will have consulted them ahead of time to prebuild pandemic risk models. You should also monitor releases from the WHO and government health agencies in all affected regions. The media often overhypes pandemics and misses nuances in epidemiological analyses. [5]

The information you gather should feed into your impact analysis and determine triggers for action. After experiencing avian flu, H1N1 and SARS, American Express set up criteria to validate the threats of the next pandemic. [6] The company included both the impact on the business and the impact on the community to determine thresholds for action (see Figure 1).

Figure 1. Criteria for Independent Threat Validation

Criteria for Independent Threat Validation

In assessing the need to act, American Express gives the most weight to the pandemic's direct impact on employees and facilities.

However, the company also seriously considers how local communities near its operating locations are reacting.

Need for Action

Low

Impact on Workforce and Facilities

| No confirmed cases within AXP facility |
| Possible first confirmed case at AXP facility |
| 2–10 confirmed cases at AXP facility |
| 11–20 confirmed cases at AXP facility (<30% of employee base) |
| Confirmed cases >30% of employee base in one location |

Impact on Local Community

| No confirmed cases within local community |
| Isolated confirmed cases within community |
| Increased number of confirmed cases; (e.g. schools close down) |
| Cancellation of public gatherings and retail/service closures |
| Non-essential infrastructure and community-wide services shut down |

High

Source: Adapted From American Express

Pandemic thresholds should trigger the invocation of your response plans. Take a look at how another company set these thresholds and required its local HR managers to monitor and report on their conditions during a swine flu outbreak (see Figure 2). Each threshold had a predetermined action.

Figure 2. Reporting Template and Escalation Criteria for Local HR Managers

Reporting Template and Escalation Criteria for Local HR Managers

Report completed by:				Contact Details:		
Country:						
Date completed by:						
A: Proximity to Country:	1: No new reported cases anywhere in the Globe	2: Single new reported case anywhere in the Globe	3: Multiple reported case anywhere in the Globe	4: New reported case(s) in bordering Country (ies)	5: Reported case(s) in Country	
B: Number of known deaths within continent:	1: 0	2: 0-30	3: 0-100	4: 150+	5: 300+	
C: Human to Human Transmission:	1: None	2: Possible unconfirmed case	3: Multiple unconfirmed or isolated confirmed case	4: Multiple confirmed cases	5: Widespread confirmed cases	
CDC threat level:	http://www.cdc.gov/flu/pandemic/					
Swine Flu confirmed cases by country:	http://www.who.int/csr/disease/swineflu/en/					
[Insert Company] Threat Level:	Mean figure: (A+B+C/3)					
Recommended Action(s):	LVL 1	None to take: monitor every 3 weeks				
	LVL 2	None to take: monitor every 2 weeks				
	LVL 3	Begin review of contingency plans; monitor closely on a daily basis				
	LVL 4	Consider implementing some business continuity policies on a localized basis; monitor on a monitor closely on a daily basis				
	LVL 5	Recommend Invocation of Business Continuity Plans				

Source: Gartner

Identify Critical Roles

A pandemic strikes directly at your most valuable asset — your workers, and when an outbreak could last for months, you will need to plan for absenteeism. During your impact analysis, here's how to work with HR partners and the business to determine which roles are necessary for the organization to function.

To prepare for an avian flu outbreak in 2006, Goodyear outlined three steps to make sure it would have the right personnel available to continue operating. [7]

First, Goodyear tasked each business unit or region to identify roles that had:

- Functions that were directly linked to business priorities in that part of the world.

- Functions that were directly linked to mission-critical products in that location.

- Relationships with contractors and customers that the company needed to adhere to as long as possible.

- Functions related to potential "surge" activities, which might be created or increase in number or intensity if a pandemic occurred.

Next, the company placed each in one of three categories:

- Essential: Roles and functions which must be completed under all circumstances.

- Temporary Suspension: Roles and functions which may be suspended for a short time.

- Extended Suspension: Roles and functions which can be suspended for an extended period.

Then, Goodyear used this analysis to develop skill sets required for critical roles where the employee bench was shallow, thereby building operational resiliency in case of an outbreak.

Assess Third-Party Pandemic Preparedness and Response Plans

The new coronavirus is already putting pressure on supply chains as factories shut down in China. Bosch CEO Volkmar Demmer has said that his company, with two plants in Wuhan, will face supply chain disruptions "if this situation continues." [8] Analysts have also been examining the vulnerability of Apple, with its heavy dependence on Chinese manufacturing, and of the pharmaceutical industry. [9,10] Vetting your third-parties' pandemic preparedness and response plans will give you a chance to understand how you might be affected by their decisions and to improve vendor preparedness if a pandemic (global by definition) strikes your network.

Segment third parties by risk level, including pandemic-specific criteria, like proximity to the outbreak's origin along with the more usual factors like contract value and types of services provided.

Let the most critical third parties know that your team is willing and able to help test their plan and improve it if needed. When evaluating a plan, look for the following indicators (see Figure 3).

<p style="text-align:center">Figure 3. Indicators of Quality Third-Party Preparedness Plans</p>

Indicators of Quality Third Party Preparedness Plans

Lack of Variance Between Organization's and Third Party's Assumptions

- Does the third party build its preparedness plan around our requirements?
- Does the third party make accurate assumptions about the volume and location of the goods and services we need?

Realistic Recovery Actions and Timelines

- What assumptions does the third party make about its ability to execute its BCM plan in relation to meeting our recovery requirements?
- How detailed is the third party's pandemic preparedness plan for the goods and services we use?
- Has the third party performed pandemic planning exercises to validate the effectiveness of its plan?

Clear Escalation Criteria

- Does the crisis communication plan include timely customer notification to effectively respond to a potential disruption of goods and services provided to us?

Appropriate Handling of Past Pandemic Events

- Can the third party describe its response to an event in the past?
- What lessons or improvements did the third party take away from the experience?

Assessment of Own Critical Third Parties

- Does the third party conduct preparedness evaluations of its own critical third parties that are linked to the goods and services consumed by our organization (e.g. fourth-party risk)?

Source: Gartner

Checklist for Pandemic Preparations

This article hereafter highlights questions to ask during an outbreak, questions to ask once an outbreak becomes a pandemic and which actions you should perform regularly afterward to make sure you're prepared.

Questions to Ask When Reports Reveal the Risk of an Outbreak

Information and Communication Concerns

- What is the nature of the disease? How is it transmitted?

- What are its symptoms, and what healthcare precautions are appropriate?

- Do employees know what to do and who to contact if they are infected or may have been exposed to the virus?

- How will the company communicate with its employees if they are not at work?

- At what point do managers need to communicate to upper management that there is a potential problem?

- How will potential problems be communicated to employees and clients? Can you use the name of the employee when communicating to staff?

- Have call centers been set up to maintain contact with third parties, clients and employees?

Human Resource/Benefit Concerns

- What is the company's position if an employee wants to work at home?

- What happens if an infected employee comes to work?

- What if a non-native employee wants to be temporarily transferred to another region? What about his or her family?

- Is the company prepared to provide family death support, paid time off to attend co-worker funeral, over the limit on vacation time, etc.?

Operational Concerns

- Can the company operate with 25% or greater absenteeism?

- Can the company have employees work remotely?

- Can the company increase flexibility and accommodation for liberal leave and compensation?

- Will the company monitor or even restrict travel to high-risk regions?

- What infrastructure support is needed to support a shift to an at-home workforce?

- How does the company know that supply resources are not contaminated?

- How will clients be assured that products are not contaminated?

- Will there be disruption to the company's supply chains?

- What are the procedures to decontaminate the facility and its heating, ventilation, air-conditioning systems, electronic equipment and soft materials (blankets, curtains, etc.)?

- What assurances need to be provided to the facility staff so that they are safe at work?

- At what point does the company prohibit staff from traveling to certain geographic areas?

- How will traveling employees be brought home, particularly if they are sick?

- Are there escalation procedures to get additional resources?

- Are employees cross-trained and able to perform multiple duties if the flu causes high absenteeism?

- Is there a trained crisis management team that includes on-call staff?

- Do the team members know what is expected of them? Are the correct personnel management and others designated to participate on the team?

External Communication Concerns

- Are executives capable of delivering the right messages?

- Have press releases been prepared that can be adapted to fit the situation?

- Are mechanisms in place for managing external communications?

- What if the current means of communication fail?

- Are there trained spokespeople for dealing with the media and other stakeholders?

Questions to Ask During a Declared Pandemic:

- Is the crisis management team operating effectively? Does it have the necessary and readily available resources to support its activities?

- Where will the team and its support resources stay if they have to travel or relocate to a different facility?

- Has the team initially identified and monitored changes of the recovery time objectives for each of the critical business processes that may be interrupted?

- Have pandemic-specific strategies been developed for each process? Does the organization understand how these plans will be put into action?

- Have the strategies been integrated in an effective manner or prioritized, particularly if multiple facilities and regions are affected?

- Have supply chain dependencies and alternative channels been identified and secured in case of disruption? What happens if the backup fails?

- Are there alternative premises and facilities within and outside of an affected region that can be used?

- Are transport links likely to be sufficient to get people and resources to the alternate sites?

Activities to Perform on a Regular Basis:

- Educate employees on the nature of pandemic risk and the potential means by which it could directly affect the following:

  - Operations

  - Resources

  - Reputation

  - Financial health

- Review existing corporate preparedness plans, procedures and policies, including:

  - Business continuity plans

  - Risk management controls

  - Human resource policies

  - Communication capabilities

  - Critical third parties

  - Potential sales impact

- Review, update and test all existing plans based on the threat posed by any pandemic.

- Consider establishing escalation trigger points based on warning levels issued by WHO, CDC, etc.

- Maintain contact with governments, international agencies and industry groups about the availability of new guidance.

- Tell employees what to do and who to inform if they identify a suspected infection among their colleagues.

- Define responsibilities within the organization for pandemic planning and tracking the development of potential threats.

- Reexamine the supply chain and assess what additional risks exist to the continuation of service from third parties through operations to customers.

- Share pandemic preparedness and response plans with key third parties and service providers to increase transparency of responses and align activities.

- Review or develop employee health procedures to minimize the potential for transmission of infectious diseases to other workers.

- Evaluate current employee healthcare plans to ensure adequate coverage in the event of prolonged absence from work.

- Consider building capacity for telecommuting.

- Develop a plan to educate staff about possible consequences and preparation steps being taken by the company.

- Test operations pandemic response plans regularly. Consider running a rehearsal using various outbreak scenarios.

- Train senior managers in crisis management skills and/or give them access to crisis management resources.

- Check whether facilities can support clean operating environments (e.g., filtration of air conditioning systems).

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