

**BEFORE THE AD HOC SUBCOMMITTEE ON STATE, LOCAL, AND  
PRIVATE SECTOR PREPAREDNESS AND INTEGRATION  
OF THE UNITED STATES SENATE**

**“The Next Big Disaster: Is the Private Sector Prepared?”**

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Thank you, Chairman Pryor, Ranking Member Ensign, and members of the subcommittee, it's a pleasure to be here with you today.

I appreciate this opportunity to discuss our current national preparedness efforts, and to share some of the lessons learned and ideas that have surfaced in our work to promote preparedness and community resilience.

For the past ten years, the Business Civic Leadership Center (BCLC), a 501c3 affiliate of the US Chamber of Commerce, has been working with companies to improve the way disasters are managed in the United States and around the world. After the terrorist attacks on 9/11, the Southeast Asian tsunami in 2004, Hurricane Katrina in 2005, the Southern California wildfires, Midwest flooding, Hurricanes Ike and Gustav, and other disasters over the past ten years, we have witnessed companies and chambers of commerce step up to assist disaster-impacted communities time and time again.

In response to these disasters, BCLC has developed a number of capabilities, including:

- (a) The Corporate Aid Tracker
- (b) A helpline for businesses and chambers of commerce to learn how to get help or give help
- (c) Coordination Systems – provide situation reports to the business community
- (d) Technical Assistance and Damage Assessment Teams
- (e) Programs designed to provide support systems for businesses as they recover, and to help people identify available jobs in disaster impacted areas

We have memorandums of understanding with FEMA and the Small Business Administration, and close working relationships with many of the leading voluntary organizations active in disaster response including NVOAD, the American Red Cross, and the Salvation Army.

BCLC's Disaster Assistance and Recovery program is supported by some of the leading companies in the country including Office Depot, UPS, FedEx, IBM, Microsoft, Allstate, Abbott, Lockheed Martin, and Walt Disney, and many others as a public service.

## **Why Does It Matter If the Private Sector Is Prepared?**

First of all, the costs of disasters are escalating. Secondly, no single entity or agency can solve every problem that disasters cause, and third, preparedness delivers many business benefits.

Without preparedness, the opportunity for a community to come back to prior strength is almost zero. Community restoration is nearly impossible without assistance to small businesses. Small businesses are the primary agent for job creation in the United States, and jobs are one of the primary reasons that people choose to live where they do.

## **Issues That Should Be Addressed Before the Next Big Disaster**

BCLC's experiences over the past decade have uncovered a number of issues that should be addressed going forward. These include:

- (1) Business Preparedness and Capital Access
- (2) Infrastructure Upgrades
- (3) Mutual Assistance, and
- (4) Improved Information and Coordination

## **Strategies for Consideration**

In light of these experiences, we believe the country needs to move away from an ad hoc reactive approach to disasters that rewards urgent needs and punishes prudent investment, and move toward a pro-active strategy that invests in continuously improving our infrastructure, community design, and business resilience through the following strategies:

- (1) We need to do a much better job of mapping and benchmarking who is doing what, where, and how.**

Companies are constantly asking us about the competencies of various nonprofits, and exactly what geographies they are covering. Companies also want to know what development agencies are funding, what other companies are doing, and how all of this plays into what the political authorities want to do. Local and state chambers want to know what municipalities and states in other parts of the country are doing.

This is why BCLC commissioned a report to identify the "Top Ten Policies that States Need to Recover from Disasters." With the help of Daniel Alesch, Professor Emeritus at the University of Wisconsin Green-Bay, we determined that the policies are as follows:

1. Reduce exposure to extreme events
2. Reduce vulnerability to extreme events
3. Build resistance and resiliency into the community
4. Create and maintain capable, effective emergency response systems
5. Establish systems to protect people in harm's way
6. Ensure the availability of adequate capital for rebuilding and recovery
7. Develop disaster recovery strategies and plans in concert with local governments and the private sector

8. Provide for the continuity of local government operations following a disaster
9. Repair or rebuild infrastructure and accelerate programmed infrastructure projects in affected areas
10. Work with local government and the private sector to facilitate economic recovery

**(2) We need to invest in continuous infrastructure design improvement and system integration.**

Disasters magnify everything. New Orleans had serious dysfunctions before Katrina, just as we know that Detroit does now. We know that southern Florida has issues that make some of its population particularly vulnerable if a hurricane were to strike.

BCLC has organized enough scenario workshops that it has become pretty clear that almost every part of the country has its vulnerabilities and needs critical infrastructure systems upgrades. Other countries have them too. China, Japan, and Germany are increasingly investing in infrastructure systems – broadband, water, sewage, transportation, energy and the like as integrated elements of their future development. Is there any doubt that this will make them safer and more resilient in the long-term and contribute to their future prosperity?

While this approach would be helpful across the country, there are six regions where better design and systems integration would be particularly helpful in light of recent events and disaster probabilities:

- (1) The Gulf Coast
- (2) Southern Florida
- (3) Southern California and the desert Southwest
- (4) The flood zone from Fargo to St. Louis
- (5) The New Madrid fault line
- (6) The Great Lakes

**(3) We need to strengthen our Mutual Assistance Network capabilities.**

No one agency or sector can develop, implement, or address community economic vulnerability on their own. When organizations and individuals enhance their level of readiness, they are then able to work strategically to address the systems-wide issues that will also have serious impacts to their lives and viability.

Such an approach begins with building the public-private partnership as a group of stakeholders in key municipalities and linking them together. This will help communities support areas that have been primarily impacted, help secondarily impacted communities manage diasporas, and create support systems across the country to help relieve the stresses and sudden burdens.

**We need to explore ways to reward disaster preparedness, including increased capital access.**

If one of the core issues for business preparedness is cost, and one of the core issues for business recovery is capital, could there be a way to link the two so that businesses are incentivized to prepare before a disaster, and therefore reduce their capital requirements after a disaster?

One intriguing idea that has been surfaced by a number of local chambers is to create an emergency loan guarantee program that small businesses can pre-qualify for by implementing various preparedness steps such as those outlined in the Institute for Building and Housing Safety's tool kit for small businesses. In essence, if businesses invested in such things as disaster-proofing their plant, property, and equipment, maintaining their records in a remote location, investing in adequate insurance, and developing employee assistance procedures, they would be guaranteed an emergency line of credit through their existing bank.

**If we want businesses to contribute their core competencies we need to set up technical assistance systems now.**

I would be a millionaire if I had \$10 for every time government agencies and NGOs asked companies for cash and not products or services. And companies respond to this appeal, according to BCLC records. On average, 75% of their contributions to disasters are cash.

But the truth is that this approach leaves on the table some of the most valuable contributions that companies can make. Logistics companies are experts at moving goods from point A to point B. If CNN is reporting that medical supplies are bottlenecked at the airport and not reaching the field, why not ask UPS or FedEx to donate a logistics team for a week or two to sort out the traffic problems? If the airport is damaged, why not ask one of the 53 airport engineering firms in the U.S. to send a team of volunteers to study how to fix it as effectively as possible?

Companies tell us that they often get involved in humanitarian issues because their employees want them to. If we had a "BusinessCorps" similar in concept to the Peace Corps or Americorps, to deploy employees to solve problems within their competencies, it could go a long way toward addressing design, training, and technical assistance challenges. Groups like SCORE, Executives without Borders, and others are moving down this path. We need to strengthen this functionality to accelerate recovery, but it cannot happen in the midst of a crisis.

## **The Future**

Resiliency should be a part of a broader framework of planning for the competitiveness of a region. Thinking and planning ahead to make communities sustainable, resilient, and competitive in a 21<sup>st</sup> century marketplace is the key to controlling our own destiny when it comes to disasters.

Our goal in the future, should not just be to mitigate the impact of a future catastrophe, but to build up the capacity of the community, and by extension, the businesses in that community to flourish. This means companies are moving from enterprise continuity to community resilience, from silos to systems, and from local participation to regional engagement.

But disaster preparedness and community resilience are not just up to the business community. They depend on how well all of our institutions are able to work together. Our success will

depend on how well we adapt – and continue to adapt -- not just as individuals or organizations, or institutions, but as a society.

Thank you