

## *A model of organizational recovery*

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### **ABSTRACT**

*Organizational recovery refers to the process of recuperating from the disruption caused by a traumatic event. It is a flexible process based on planning that aids in recovering from disasters while minimizing lost revenues, addressing the welfare of employees, and providing a model of recovery for the business community. This article reviews community models, and focuses on selected primary pre-incident and event variables that affect recovery, as well as a model of organizational recovery that can improve the survivability of organizations.*

### **INTRODUCTION**

While serving as Director of FEMA, James L. Witt noted that when organizations are faced with workplace disruption, “more than 30 percent of small businesses do not reopen.”<sup>1</sup> Larger organizations may not survive either. Those that remain viable owe their survival to either the inherent strengths of the organization or to the process of organizational recovery that was already in place.

Rudy Giuliani, former Mayor of New York City, said that the events of 9/11 “gave us a chance to see the world as it really is. We are safer now because we faced reality. . . . We are not risk-free and will be attacked again.”<sup>2</sup> He suggested relentless anticipation and preparation to keep organizations going following an event.

Organizational recovery is a process of recuperating from disruption caused by a traumatic event. It is a flexible process based on planning, which aids in recovering from disasters, while minimizing lost revenues, addressing the welfare of employees, and providing a model of recovery for the business community.

The disruptive event might be large or small, caused by nature or initiated by human beings.

Whether an earthquake, terrorist attack, industrial accident, or workplace violence incident, recovery depends on three main factors—the pre-incident status of the organization and the community it resides in, incident characteristics, and recovery efforts within the organization and its affected community.

### *Review of community models*

In the literature on community response to disaster, J.T. Mitchell<sup>3</sup> and others have discussed the phases that occur surrounding an event. The first phase focuses on awareness of the potential for different disasters that can occur. This is followed by basic disaster planning to reduce the damage that may be caused by one of these disasters. The next phase addresses what happens when a disaster is about to occur (i.e., becoming aware that a hurricane is about to strike the area.) This is followed by initial actions to limit loss of life and damage to property. This is then followed by what Mitchell calls the impact phase, which occurs when the disaster happens. There is then a phase of shock and action, as people are galvanized into action to protect lives and property.

### *Pre-incident variables*

The state of the organization prior to the incident is a good predictor of the organization’s ability to recover. Pre-incident variables that can affect an organization’s ability to cope with workplace trauma include:

- organizational climate;
- economic stability of the organization;
- perceptions of the organization by the surrounding community;

- previous traumatic incidents in the organization;
- previous trauma experience of its employees; and
- the degree to which the organization has engaged in pre-incident planning.

Pre-incident variables can be viewed as stressors and organizational challenges, as well as strengths and resources. Organizations that are stressed and barely able to keep afloat prior to an event may have a difficult time surviving even a modest disruption. If the organizational climate is one characterized by conflict, hostility, and a lack of cooperation, management may have difficulty pulling the workforce together to work on the recovery process. However, like individuals, organizations can become stronger and even function better as a result of a traumatic incident.

Financially stressed organizations may have a difficult time surviving the economic setbacks that can accompany a traumatic event, especially if revenue streams are compromised. As with individuals, prior organizational trauma may increase susceptibility to new incidents. Also, like individuals, organizations may become more adaptable because of learning that took place during previous experiences. *Pre-incident management continuity planning provides the structure and tools to facilitate organizational recovery.*

#### *Incident variables*

Incident variables can impact an organization's recovery in much the same manner that traumatic experience has an impact on an individual's adjustment, especially when terror and horror are part of the experience. When significant traumatic stressors are present, individuals will have a more difficult time resolving the trauma. This can affect their ability to help in the larger recovery effort.

A feeling of helplessness accompanying terror and horror can exacerbate post-traumatic stress reactions. This can lead to a longer and more difficult recovery and impede an individual's ability to participate in the organization's post-incident recovery efforts.

A human-initiated incident is a significant prognostic indicator. Human-initiated trauma often produces more anger and guilt (in those affected) than trauma resulting from natural disaster. Mistrust or anger towards management occurs when employees feel that management should have taken steps to prevent the occurrence. Loss of life is an extremely challenging variable. Trauma and grief issues need to be addressed but in a specific order, with trauma preceding grief.<sup>4</sup>

Community and organizational perceptions of a traumatic incident are another variable. If the organization is viewed as unsafe—which is what happened after the 1993 shooting at the Pettit & Martin law firm in San Francisco—current and potential clients, not to mention employees, don't want to be there.

Other perceptions by the public and customers can disrupt businesses. Employees have security issues that need to be addressed to avoid significant turnover, increased utilization of medical resources, absenteeism, or "presenteeism" (the phenomenon of employees showing up to work when they are too distracted, tired, or ill to be productive). Perceived safety at work is positively correlated to recovery from traumatic experience and ultimately affects organizational recovery.

In the event of toxic exposure, employees and customers may experience another type of post-traumatic stress reaction, undermining trust in the organization and authorities. This scenario needs to be specifically addressed. Health concerns afflict not just those exposed but also the "worried well."

This partial list of incident variables should be viewed in context with the pre-incident variables. Once an incident has occurred, the organization must resolve a number of challenges to fully recover. The stages of organizational recovery follow (the specific stages and process of recovery will vary, depending on pre-incident and incident variables).

### **STAGES OF ORGANIZATIONAL RECOVERY**

#### *Pre-disaster phase*

Pre-disaster planning involves ways to reduce the damage caused by a disaster, then creating a strategy for the immediate aftermath. In previous models, planning did not focus on ways in which an organization will get back online following an event or on ways

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to deal with the injury, death, or incapacitation of key personnel. The model presented here addresses these aspects of disaster planning.

#### *Post-incident phase*

**Crisis.** Timeline: first 24 to 48 hours. Challenges include rescue of personnel, first aid, welfare of staff, and preserving information, technology, and other resources essential to the organization. Reassuring key vendors, customers, and financial partners is also critical to this phase.

This first phase of recovery following a disaster is the crisis phase. It often begins during the event and involves activities to mitigate damage and to preserve life and property. Such rescue operations are the focus of most organizations during planning and may include ways to evacuate buildings, as well as track who has escaped, who is injured and needs aid, and who is missing or dead. Contact information, including family of staff, is vital for recovery in this phase. Having seamless plans and drills for the safety of employees is crucial.

Crisis phase planning must include immediate aid for those onsite, as well as backup methods for communication in case the phone system is out. In addition to first aid, training should focus on supportive and direct communication skills. Without being unrealistic, it is critical to let key personnel know as soon as possible that the situation is being managed and that the business will be back on its feet. It is also critical to communicate the importance of the ability to meet business obligations, thereby reducing losses.

An emergency response team should be available during the crisis phase. Bringing in outside response teams has several advantages. It gives employees a sense of being taken care of, which is critical after a traumatic event. It also helps them feel that they can be open about their experience, because they are talking confidentially to people from outside the company. And because these teams are from the outside, they will not have been traumatized to the same degree as those onsite, and will therefore be more effective. This is important because even trained professionals who are used to dealing with trauma can be affected by a serious incident. Emergency response teams will provide psychological assistance as well as crisis management

consultation that will enable management to stay focused on the essential tasks of the business.

Psychological issues include shock, dissociative reactions (feeling as though the situation is unreal or being unaware of what is going on), anxiety reactions and panic. Normal reactions include stress, hypervigilance, and startle reactions.<sup>5</sup> Management strategies for addressing those having such reactions include firm supportive direction, moving individuals to a safe location if they are in shock or unaware, and arranging for professional psychological assistance.

**Assessment.** Timeline: 24 hours to one week post-incident. Challenges include identifying what was damaged, what is functional, which personnel are unaccounted for or injured, which deadlines will be missed, and what is being communicated. How bad is the situation? Assessment can continue for up to a month (as information becomes available) and may continue throughout the recovery process.

Although initiated to some extent during the first 24 hours, the post-incident assessment phase cannot realistically begin until the safety of employees has been taken care of and until the event has ended. Only when management is no longer operating in the survival mode that characterizes the crisis phase can they begin a detailed assessment.

It is useful to have a plan for assessing the status of the business, its employees, deadlines that are coming up, customer and vendor contractual agreements, inventory, and production capabilities. This assessment can take up to several months, depending upon the type of business and the extent of damage to the business as well as to the infrastructure of the community in which the business operates.

During the assessment phase, the executive team should be asking critical questions such as: What are our core functions? What core functions can we fulfill? Which ones should be our priority? Defining discrete core functions is part of the planning process that will enable a business to be more nimble. For a business involved in the production of goods, an extended plant shutdown might require a focus on rebuilding. The goal would be to improve production technology so as to minimize the potential for damage from future disasters. This business may also focus on preserving its

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customer base by shipping inventory that is on hand, identifying inventory from competitors or others in the same market, and working with customers to address issues they are facing due to a shortage of products.

A key part of the assessment phase is determining what management and staff resources are lacking. In every organization there are key personnel who have specific knowledge of engineering design, production, customer relations, planning, finance, and HR. Without these individuals, the organization will face significant challenges in recovering and in restoring profitability. Business continuity planning will aid in this assessment and will minimize the disruption to the organization that the loss of key individuals would entail. Pre-incident planning will enable a business to assess which assets might be unavailable and to minimize the impact of that loss by identifying and utilizing alternative resources within the company.

Assessment must also address which additional resources within and outside the organization are available, i.e., government assistance, insurance, or money owed to the company from customers. Assessment is not a static process; it will change over time.

Psychological issues in this phase can include stress, tension, difficulty sleeping, fatigue, difficulty in concentrating and making decisions, anxiety, anger, and guilt. Conflict between individuals and departments may arise. Management strategies for working with staff having these reactions include suggesting that they get additional rest, drink and eat appropriately, and engage in coping. Psychological interventions from qualified professionals are a necessity.

**Planning.** Timeline: 48 hours to one month post-incident. Challenges include identifying what we can do, what we should do, and which business functions to preserve going forward. Plans should be developed along timelines: one-, two-, three-, seven-, 14-, and 30-day time frames. Plans should alleviate future disasters and address problems or technology that can be upgraded or enhanced during rebuilding.

This planning phase is usually initiated during the assessment phase and focuses on an ultimate goal of recovery along with intermediate goals. This is a flexible process that should be based on estimates of what can be accomplished during specific time frames.

Ways to mitigate against future disasters and problems should be a primary consideration. Planning will be ongoing during the recovery and will be updated as conditions change or as resources become available. Keep in mind that a full recovery may take an extended period of time. The business may be operational and profitable before it has achieved full recovery. A successful recovery process will be flexible; rigidity may reduce effectiveness. Unexpected complications frequently accompany a disaster.

Psychological issues during this phase include additional signs of fatigue, sleep disturbance, increase in drinking, anger, and stress symptoms. Management strategies include making certain that staff members are getting rest, that they are taking care of their own personal losses, and that there is assistance for them, physically as well as psychologically. Increased communication from the executive team and throughout the organization will help reassure everyone. Organizations should provide outlets for worry or fear as well as organizational activities to maintain morale and effectiveness.

Public information will coincide with all of these phases. Communication and information are key components in the recovery process. The organization needs effective internal communications to maintain morale and to effectuate recovery. Effective external communications will help the organization preserve public confidence, gain support, and maintain market share. This area has three major issues.

Internal communication is clearly the first responsibility. This is best done through pre-event planning and communication arrangements after a disaster. It is essential to maintain communication among the executive team, key managers, and staff at every level. This will allow for a more effective recovery process and reduce the spread of rumor or inference.

The next responsibility is to mount an effective public information program that stresses that the company is in recovery and will be back in business. Such a program needs to address the rumors and misinformation that run rampant after a disaster, and also needs to be proactive in dispensing accurate information with open channels to the community.

Technology can play a vital role during and after a

disaster. Video cameras and cell phones with video capability are capable of displaying damaging video material and information. It will be damning if a company denies that something occurred only to have videos of the denied event start airing on news stations. Inviting people to share information and videos that will be used in rescue and recovery is the optimal approach in this area. It also allows individuals to feel involved—less helpless in light of the incident and valuable because of their contribution. Rather than issuing denials, ask for assistance in investigating the event. These issues are especially salient in industrial accident cases where executives tend to deny culpability.

#### *Re-building phase*

**Implementation.** Timeline: immediately to one month post-incident, but possibly years, depending on the amount of damage and the availability of resources. Organizational continuity can include outsourcing specific operations, rebuilding facilities, and realignment of operations. The implementation aspect of rebuilding requires taking action on those plans that have been developed. It should also reflect the assessment as well as new information as it becomes available, i.e., a company damaged by flooding discovers new information about flood plains, which leads to rebuilding on higher land.

Psychological issues occurring one to three months after a major incident tend to be more challenging and are also frequently overlooked. Exasperation, anger, and impatience with a slow recovery can emerge. Child and spousal abuse may increase; depression may increase significantly. Suicide rates following major incidents such as earthquakes and hurricanes can double.<sup>5</sup> Management strategies can include focusing on highly stressed people who may begin to believe that being stressed is a way of life, which actually reduces coping efforts. Staff members may find themselves becoming fatigued, ill, and short-tempered. These signs point to the need for a post-trauma program for all employees.

#### *Ongoing recovery phase*

**Planning for a full recovery** means going beyond the evacuation of a building and preserving data. It may take communities years to rebuild and recover from a major disaster. Organizations need to incorporate this long-term process into their planning and come up with supportive processes that keep managers and employees engaged and future-oriented, such as marking accomplishments with celebrations or acknowledging the ongoing hard work of recovery. Preserving momentum in a recovery process is critical. Attention should be particularly paid to staff who have lost family members or homes—these are risk factors for developing post-traumatic reactions and those affected need extra support.

**Reorganization** can be a byproduct of organizational recovery. This may be a good time for the executive team to contemplate a new business model. Involving employees at every level helps avoid the experience of re-injury. If a reorganization is experienced as another disaster, it could be very traumatic and engender negativity. Long-term morale issues are best addressed by bringing in outside facilitators to work with the remaining organizational issues.

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