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Disaster Response

Leadership in Times of Crisis

By Michael Canic and Brett Reagan

When Hurricane Katrina struck the U.S. Gulf Coast, it had a devastating impact on many levels – human, material and economic. Like most companies, Point Eight Power had no contingency plan in place to deal with such an event. As the hurricane approached, almost all of the company's employees evacuated the New Orleans area. Then, as the hurricane struck, the company recognized the urgent need to develop and aggressively implement a Disaster Response Plan. Within 72 hours of landfall, such a plan had been developed and was being implemented. This plan was built upon "Five Pillars," which formed the basis of the company's emergency response efforts. Maritime executives everywhere are likely to find these "Five Pillars" valuable, especially in the midst of yet another hurricane season and the now omnipresent threat to homeland security from any number of unknown and unfriendly sources.

Five Pillars

1. **People First:** The first responsibility of leaders is to their people. Point Eight Power's primary objective was to account for its employees and their families. Were they alive? Unharmed? Safe? The company immediately began an intensive outreach effort. Moreover, as at least some employees were likely to need shelter, food, water, medicine and/or money, Point Eight Power established a needs-response protocol and began to coordinate a relief effort.

2. **Communication Is King:** In the absence of communication, rumor and misinformation flourish, and the company knew that a comprehensive and aggressive communications effort was critical. Nevertheless, there were formidable obstacles: Landlines and cell phones in southern Louisiana were inoperable; the company's

Web site was down; the status of its servers was unknown; its email system was not functional, and there was no Web mail alternative. However, through the efforts of Point Eight Power's information technology partner, it was possible to secure third parties to temporarily move its Web domain to new hosting, establish Web mail access and redirect its 1-800 number.

Executive Vice President and General Manager Brett Reagan then posted daily messages on the Web site, including a General Manager's update. Additionally, employees were urged to fill out an online template with contact and status information. There were also dedicated sections on the Web site for clients and suppliers; Point Eight Power wanted to reassure them that the company had not only survived but was aggressively implementing a disaster response plan and intended to meet all of its commitments.

It was soon clear that the company needed a physical presence outside Louisiana in order to establish a viable communications control center. After receiving numerous offers from both clients and strategic partners, Point Eight Power secured temporary office facilities in Houston. Almost immediately after, the company was able to convene daily team leadership meetings by phone. These seven-day-a-week meetings, each of which began with an update on how many employees had been located and their status, ensured that the leadership team stayed current and on task. A primary focus of these meetings was to develop and implement plans for direct contact with employees, clients, prospective clients and suppliers.

The leadership team soon realized that real-time contact with its employees would provide much-needed emotional support and allow the company to gather critical

information. Thus, regular employee phone meetings were established that dealt with employees' questions regarding the state of the facilities, the business, their employment and their pay.

Throughout this period, Point Eight Power also stayed in close contact with its parent company for its banking needs, insurance claims and legal advice.

3. **Gather Intelligence:** In the days immediately following the hurricane, uncertainty reigned; it was paramount that Point Eight Power gather intelligence on the situation. Did the facilities still exist? Were they accessible? Were the worksites safe and secure? Was the equipment in working condition? Was work in progress undamaged? The company decided to pursue a joint strategy: Organize a reconnaissance mission of its facilities and concurrently research and secure access to alternate production facilities.

Point Eight Power's explicit goal was to meet every one of its existing commitments and not miss a beat with its business development efforts. To accomplish this, the company needed to piece together the status of its current contracts, leads and proposals. Without access to its server and e-documents, Point Eight Power had to comprehensively engage employees, clients, prospective clients and suppliers in order to get the necessary information.

Intelligence was also required to ensure the controlled flow of money. What was the status of its bank's operations? Could deposits, payables, payroll and taxes all be processed? An unrelenting contact effort also helped the company ascertain the answers to these questions and make adjustments as necessary.

4. **Manage Morale:** For many, relief came in the form of finding loved ones or being found themselves. However, after these feelings of

relief subsided, the enormity and uncertainty of the recovery effort loomed large. Would Point Eight Power survive as a company? Would everyone get paid? Would layoffs be necessary? Morale was understandably fragile.

Everyone needed to see a light at the end of the tunnel. Consequently, a "vision" was developed, and the firm enlisted everyone in its efforts to achieve it: *A handful of success stories will emerge in the aftermath of Hurricane Katrina, a handful of companies who with focus, alignment and commitment will overcome the obstacles, survive and thrive. Point Eight Power will be one of those stories.*

Though this vision incited everyone to action, frequent management contact was also central to maintaining and improving morale. Managers conveyed positive but reality-grounded messages to employees. Point Eight Power had its managers almost over-communicate in order to continually provide focus, reassurance, support and recognition.

5. Honor the Heroic Efforts: Crisis provides the opportunity for heroism. Employees witnessed many such examples at Point Eight Power, and it was important for overall morale to recognize and honor these efforts.

One such effort was that of Dave Motto, Point Eight Power's Production Manager, who realized the importance of monitoring the facility in real time. Dave decided to ride out the hurricane at the facility, enabling him to react to events that would otherwise have proven devastating for the company. For example, he discovered that the large bay doors to the facility had blown off their tracks. Reacting quickly, he backed up service trucks against the doors, which prevented them from breaking away and avoided a huge inflow of water that could have critically damaged the facility.

David Doell, the Facilities Manager, was also a hero in Point Eight Power's time of need. He spent many long hours securing the servers, without which the firm's estimating, engineering and accounting functions would have been severely impacted. Furthermore, his efforts in relocating this equipment allowed the temporary Houston operations to quickly go live with minimal disruption.

While many employees performed selfless acts for the company, a large number also reached out to those outside the Point Eight Power family. These employees focused on the less fortunate members of the community and provided shelter, food and support for them in various ways.

Six weeks after the hurricane, there was

no shortage of heroic efforts to honor, and the company decided to hold an all-employee appreciation party. This gathering signified that their collective efforts had succeeded in guiding Point Eight Power through the first recovery phase. Additionally, employees who voluntarily reported for work in the weeks immediately following the hurricane received full pay and compensatory vacation time. Those whose efforts were truly exceptional received travel vacation accommodations for themselves and their spouses.

Outcomes

Within two weeks of Katrina, Point Eight Power verified the safety of the areas surrounding its New Orleans facility and obtained access passes for employees. A contingent of volunteers returned to work; following cleanup and repair activities, and with standby power generators available, production operations were quickly resumed. To help this core team be self-sustaining, the company dispatched a support van filled with food, water, cookware, sleeping bags and DVDs from Houston.

Client relationships were effectively preserved. Almost all of Point Eight Power's commitments were met. For the few that were not, the company pre-negotiated modest schedule adjustments. Several customers expressed amazement at the speed of Point Eight Power's recovery. Supplier relationships were similarly preserved.

Within three weeks, Point Eight Power had located all but one of its slightly more than 100 employees. Thankfully, all were unharmed, but many suffered damage to their homes and possessions, and two lost everything. The company's employees pulled together, however, and provided shelter, food and clothing to those employees in need.

Point Eight Power was effectively up and running while many other companies were just beginning to assess their situation.

Lessons

Of the many lessons Point Eight Power learned, a handful stood out:

1. Invest in Contingency Planning: Although very few hurricanes have made landfall with Katrina's force, it is clear in retrospect that even skeletal contingency planning could have mitigated Point Eight Power's difficulties.

2. Respond Quickly and Aggressively: It would have been easy to spend days wondering what had actually happened and

what to do. The "Five Pillars" gave Point Eight Power a template for action; its leadership team provided the impetus.

3. Anticipate the Emotional "Roller Coaster": The first two months after Katrina produced a number of highs and lows. From the severity of the hurricane (low) to locating its people (high) to realizing the extent of the destruction (low) to the successful initial response (high), the roller coaster of emotions was stressful for all. Point Eight Power is now exploring support mechanisms to deal with the longer-term effects of post-traumatic stress.

4. Stay Strong to Be Strong: In times of crisis, a leader carries many burdens, conscious or not. Point Eight Power believed that a focal mantra would help Brett Reagan deal with these burdens: "Stay strong to be strong." To be strong for others, a leader must stay strong both physically and emotionally. To stay physically strong demanded a regimen of sleep, nutrition and exercise. To stay emotionally strong required scheduled downtime to recover and reconnect with family.

5. Don't Prematurely Declare Victory: The recovery process is still in its infancy. New Orleans and the surrounding areas require a massive reconstruction effort. Point Eight Power made it through the first phase of recovery, but management recognizes that there is still much more work ahead.

Dealing with this crisis made Point Eight Power hold a mirror to itself. Though the company poorly anticipated the ordeal, it has responded well to date. Point Eight Power, unlike many companies affected by Katrina, is still in the game.

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