

## Corporate Executives

**To:** Senior Management - three important pages to read

**From:** Life Safety Associates®

**Date:** June 12, 2005

**Re:** Disaster Management Solutions

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Please click this link for a brief flash presentation on [corporate disaster preparedness](#) - a solution by Life Safety Associates

### **Key Points - Justification Considerations**

**The Legal Side.... it's ugly, but, here it is;** Upper level management - fiduciary responsibilities, duties and liabilities are...

It's a chilling story.

Legally enforceable regulations clearly reflect recognition of the need for disaster preparedness. Further, they put the responsibility of protecting a business' assets squarely on the shoulders of senior management. By defining, planning, allocating, implementing, testing and maintaining adequate disaster preparedness the senior management staff may take comfort in their compliance with the regulations and the knowledge that their business assets (including employees) are adequately protected. They are less likely to be the subjects of penalties, civil law suits and/or criminal prosecution.



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### **The Law and how it may relate to you.**

Specifically, the "standard of care" is the concept by which the actions of officers and directors may be judged legally. In the legal publication "Corpus Juris Secundum" (CJS) the "standard of care" is defined as follows: "A director or officer is liable for the loss of corporate assets through his negligence, fraud, or abuse of trust." (CJS Corporations, Volume 19, section 491.) Further in the same section, CJS defines more clearly that "The directors and officers owe a duty to the corporation to be vigilant and to exercise ordinary or reasonable care and diligence and the utmost good faith and fidelity to conserve the corporate property; and, if a loss or depletion of assets results from a willful or fraudulent abuse of their trust, they are liable, provided such losses were the natural and necessary consequences of omissions on their part." (From The Foreign Corrupt Practice Act of 1977, an amendment to the Securities and Exchange Act of 1934.)

A quick review of some common threats to your business:

**Accident** - loss of power, transportation accident, chemical contamination, toxic fumes, etc.

**Terrorism** - National and International

**Natural** - earthquake

**Internal** - sabotage, theft, employee violence

These are a few of more than 35 different types of threats that can cause catastrophic business disruption, and more are coming.

In the arenas of emergencies, success favors the prepared.

Disaster preparedness is not just an insurance policy; it is a disciplined process that will allow an organization to make critical decisions and judgments during the relative peace and quite of normal day-to-day routines. Without this preparedness, decisions and judgments will have to be made during the chaos of a crisis. We can assure you decisions and judgments under crisis will differ from those under normal conditions.



In addition, when the event occurs, even with all the preplanning you must have the necessary provisions in hand and available. These provisions will not be available from outside sources.

**A Perspective** The NARA (National Archives and Records Administration) has stated that only 43% of businesses that suffer an incapacitating disaster ever resume operations. Of that 43%, only 29% are in business two years later. This is a wake-up call for the boardroom!

**Comment** A major factor in a successful plan is "The Human Side of Disaster Recovery" Your employees are the vital link to a quick, effective recovery. They therefore must be high on your priority list.

**Question** How many days can you afford to be down before you lose a customer you may never get back? If your answer is zero, then it will require a certain amount of investment capital for "The Human Side of Disaster Recovery" to insure your business is absolutely prepared.

**Bottom Line Caveat:** With the history of recent disasters it is expected that about 60%-65% of your employees will leave work and try to make their way home post a regional disaster such as an earthquake. The remaining 35%-40% will remain at work and will be your responsibility. That means water, food, shelter, hygiene, sanitation, medical care, communications, possibly rescue and the list goes on.

On average your disaster preparedness investment works out to about \$150 per employee for three days of disaster supplies. This includes storage containers with seismic shelves, lighting, and generators as well as virtually most everything necessary for your employees' well-being and safety. This of course leads to their ability to get your business back up and functional as quickly as possible. This is an investment in the future.

Life Safety Associates® provides a true turnkey solution to disaster preparedness. We have placed over 60 ARK's throughout the United States. ARK's are shipping containers of various sizes that hold all the necessary disaster equipment and supplies.

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