

A Reprint from *Tierra Grande*

**HUNDREDS OF THOUSANDS** of acres of Texas timber fell victim to Hurricane Rita's wrath. Decades-old trees such as this one near Kirbyville splintered in the high winds.

# Masters of Disasters

## Helping Businesses Weather the Storm

by Harold D. Hunt

Since 9-11, business interruptions and massive property destruction resulting from terrorism and other human-engineered disasters are no longer seen as far-fetched scenarios. And, in the wake of Hurricanes Katrina and Rita, businesses across the United States are learning what widespread damage can be produced by natural disasters.

For most firms, the focus of disaster management has shifted from a reactive to a proactive approach — that is, maintaining a constant state of readiness. Companies know they can no longer wait until a disaster strikes to act, but must actively plan to minimize business disruptions.

A host of options covering all aspects of disaster recovery and business continuity are available to companies looking to mitigate the risk of a disruption. Firms may choose to develop an in-house disaster plan, use consultants or both.

Three interrelated components of a business can be affected by a disaster. These components are people, physical struc-

tures or other physical assets, and the fundamental viability or continuity of the business. In today's fast-paced world, a firm's ability to quickly get its operation up and running during the disaster recovery process is as critical to business survival as repairing physical damage.

Two out of five companies that experience a catastrophic event or prolonged business outage never resume operations, according to the Gartner Group, a consulting firm providing research and analysis on the global technology industry. One out of three firms that do manage to come back go out of business within two years.

### Implementing 'Plan B'

Sustaining business operations during an unplanned event may require the use of alternate facilities in the form of either fixed or movable workspaces. Facilities may be owned by the firm, although few companies have the financial means to own



and maintain fully-equipped alternate recovery facilities.

Some businesses designate vacant company-owned space as warm or cold sites for disaster management purposes. Company growth may absorb this space, however. Also, in some cases the alternate facilities are located too close to the damaged businesses. During Hurricane Katrina, some businesses lost both their primary and alternate facilities to the widespread flooding.

As a result, business continuity firms — those specializing in providing alternate space, equipment and critical services — are emerging.

Alternate recovery facilities are generally categorized by three levels of readiness. “Hot sites” provide the computer, telecommunications and related infrastructure and equipment necessary to recover critical business functions or information systems. “Warm sites” may not include all computer and communications equipment but generally have all related infrastructure, such as Internet and communication hook-ups, in place. “Cold sites” are basically shells or back-up facilities ready for occupancy without equipment and infrastructure.



**MOBILE RECOVERY UNITS** at Rentsys in College Station stand ready for transport in a crisis (above). With computer equipment ( left), generators and satellite communications infrastructure (below), the self-contained units can be up and running within days of a disaster.



### Contracting Recovery Services

Sungard, IBM, HP, CompuCom and Rentsys all have business recovery divisions and either own or contract for fixed, alternate recovery facilities in Texas and other states. The facilities offer varying degrees of readiness, depending on client needs and contracted specifications. They are typically rented monthly by the “seat” or workstation and can be conducting

recovery operations within a few hours. On-site technical support staff are usually available to assist with hardware or office infrastructure needs.

Contract recovery facility services are generally initiated when a client formally declares a disaster. The definition of a disaster varies by client.

According to Tari Schreider, a recognized authority in the field of business continuity planning, "The event most likely to send a company to a hot site is loss of power, followed by hardware errors and fires." Schreider says nearly 50 percent of companies requiring a hot site spend less than 72 hours there.

Most recovery companies that lease "seats" within fixed alternate recovery facilities are hesitant to disclose the number of seats available because they are not reserved exclusively for particular clients. Leasing companies maintain that, thus far, none of their clients have been without a seat when one was required.

### Modular Versus Mobile Units

The alternate recovery facilities receiving the most attention today are the movable units that are either modular or mobile. Modular units are basically manufactured homes, while mobile units are custom-built tractor trailers.

Both types of units must be hauled by semi-truck tractors. Modular units require a permit and escort to be transported. Mobile units are no different than any other tractor trailer or large recreational vehicle. Local governments have been more accommodating to mobile units, which are not considered wide loads and have less chance of blocking highway traffic or breaking down in transit.

Movable units are not intended to compete with fixed hot site facilities in recovery time. One to two days are generally required for delivery of mobile recovery units, depending on location. Modular units may take up to three days to relocate.

Rentsys and Agility Recovery Solutions are major providers of movable recovery facilities, with Rentsys staging many of their mobile units out of College Station, Texas. Once onsite, movable facilities can be used as command centers, data or call centers, mobile banks, claims offices or other facilities.

Early on, mobile facilities were typically delivered to an alternate location predetermined by the client and equipped with a "hitching post" fitted out with wired power, telecommunications and computer hook-ups. Line-of-sight wireless connections have been used in some locations.

Satellite connections are emerging as the favored voice and data infrastructure for movable facilities. With the addition of on-board generators, mobile units have become self-contained and extremely flexible, enabling them to be located virtually anywhere. The most successful communications restorations after Hurricane Katrina were carried out using satellite communications.

Companies choosing remote sites for alternate recovery facilities should consider availability of food and lodging for personnel who will be working in the area. Housing was probably the most problematic factor for companies operating mobile alternative recovery facilities after Hurricane Katrina.

Business recovery companies also offer a number of other services, including consulting, assistance with in-house disaster testing, communications recovery, electronic vaulting and drop shipping. Electronic vaulting involves transferring data off-site to protect against computer failures, theft and other threats. Drop shipping provides immediate replacement of communications or computer technology in the event of a disaster. Backup data can then be quickly delivered to either fixed or movable recovery sites anywhere in the country.

Companies considering the services of a recovery firm need to consider what "deliverables" such a company can provide that cannot be handled in-house. Disasters may not be avoidable, but preparing for them can make a considerable difference in a firm's business continuity. ➔

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## Picking Up the Pieces

- Floods and fires are the most common natural disasters. Even before this year's hurricanes, property damage from flooding now exceeds \$2 billion annually, according to Floodsmart.gov.
- Leaving out the still-undetermined costs of Hurricanes Katrina and Rita, eight of the top ten natural disasters in the United States, ranked by FEMA relief costs, resulted from hurricanes and tropical storms.
- Between January 2000 and July 2004, 27 Texas counties reported hurricane or tropical storm damage, according to the University of South Carolina Hazards Research Lab. Total property damage exceeded \$340 million. Texas, with 600 miles of coastline, is especially vulnerable to damage from hurricanes.
- During the same period, the Hazards Research Lab reported that 149 Texas counties suffered a total of \$211 million in property damage from flooding. Property damage from wind and thunderstorms exceeded \$184 million and was reported by 235 Texas counties.
- The Texas Forest Service estimates that the value of timber damaged or affected by Hurricane Rita exceeds \$833 million. Damage was spread over more than 771,000 Texas acres.



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