

# ERM for pandemic flu

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No individual or organisation is immune to the effects of pandemic influenza which, **Booz Allen Hamilton** says, is the new challenge for enterprise risk management

**A**CCORDING TO THE EUROPEAN Centre for Disease Control and Prevention, the interim risk assessment for Europe is that the 2009 influenza A (H1N1) virus will continue to spread, but uncertainties remain about the potential probability, severity and consequences of a second wave. Should the pandemic behave like previous ones, cumulative clinical attack rates over the first major wave of infection in 2009-2010 could be in the range of 20 to 30 per cent.

In the US, health officials are voicing similar concerns: H1N1 could strike up to 40 per cent of Americans over the next two years. In a normal season, about 36,000 people die from flu and its complications, but because so many more people are expected to catch H1N1, experts have calculated that the number of deaths over two years could range from 90,000 to several hundred thousand. It is important to note that this estimate assumes a new vaccine and other prevention efforts would fail.

## SECOND WAVE SPECTRE

Clearly, the spectre of a second and more severe wave of influenza presents significant operational, workforce, and financial risks for enterprises. Rather than a one-time big event, pandemic influenza is likely to be a rising tide or prolonged risk incident, which will strain the resources and capabilities of even those enterprises that view themselves as prepared. Catastrophic events such as Hurricane Katrina serve as a constant reminder about the crucial need for assessing, managing and communicating risk at an enterprise-wide level, hence Enterprise Risk Management (ERM).

Surviving a virulent and prolonged pandemic assumes an enterprise is not only consistently assessing potential threats and the vulnerability of its critical assets, but is also routinely testing its risk-reduction strategies. ERM is characterised as a system of managing risk across an entire organisation. For example, pandemic flu represents a complexity of: Phases (planning, preparedness, response and recovery); people (governments, businesses, communities); and processes (public outreach, vaccine development, workforce preparedness, medical stockpiling). Connecting these

enterprises are other sub-enterprises, such as supply chain management, continuity planning and systems dynamics. Clearly, these overlap and each enterprise customises its own response strategies, while simultaneously receiving guidance and support from other entities, such as governments and partner organisations.

For 95 years, Booz Allen Hamilton has worked with public and private sector organisations to develop and implement ERM solutions for emergency and non-emergency situations. The following examples provide insights into best practices that can be leveraged in all facets of an enterprise.

Efficient use of available emergency preparedness resources is a top priority. Emergency planners and managers must evaluate the relative risks and benefits of resource allocation options and set spending priorities accordingly.

Risk ID is a Booz Allen methodology which helps leaders make resource decisions reflecting the potential impact of alternative enterprise-wide investments, including staff, technology, and infrastructure. When applied to pandemic influenza planning and response, Risk ID informs preparedness programme agendas by providing a consistent method for evaluating resource allocation and funding strategies across a diverse set of risks; and for measuring the progress and success of those programmes.

A successful pandemic ERM framework will require stakeholder participation as a crucial element for success, and organisations must ensure that both internal and external stakeholders are actively involved. Although



*Currently, 30mg capsules of antiviral medication are used to treat swine flu. Enterprise Risk Management must take into account the complex processes a possible second wave pandemic could bring, including medical stockpiling*

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organisational dynamics can inhibit such participation, the value of the following principles should be considered:

- Participation is easier to enforce when the enterprise organisation has some resource control over preparedness decisions and actions;
- The organisation must promote a clear value proposition by demonstrating how resources would be saved and shared, or more efficiently applied, or how information would be more widely shared;
- Drawing from risk management best practices within individual preparedness programmes establishes their contributions to the overall effort; and
- A working group format serves as a forum for programmes to provide input into the development of the ERM framework before it goes live.

Pandemic influenza differs fundamentally from other security threats, so somewhat novel strategies are required to address it. The way in which an outbreak progresses and is eventually recognised calls for an innovative blueprint for risk communication and preparedness. The following are characteristics of an effective risk communication plan:

- Supports and improves risk management;
- Ensures that given various scenarios, the flow of information among affected and involved parties will be efficient, timely and appropriate (including in conditions of semi-isolation);
- Increases the readiness of the public, national security systems, the media, emergency response personnel and public health officials in ways that minimise the loss of life and social disruption;
- Promotes trust in the leadership and the nation's ability to counter the outbreak; and
- Addresses the primary concerns and informational needs of varied populations.

Pandemic readiness and response is a complex endeavour with multiple perspectives and components. The type and extent of exposure, potential risks and possible actions that can be taken are highly variable based on how an outbreak might unfold, and the ERM best practices outlined in this article present a flexible, multi-component approach. **CRJ**

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