

Employers remain ill-prepared for flu

Economic hit could top \$2-billion, expert says

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Until this spring, Scorpio Mining Corp., which runs its business in Canada, the U.S. and Mexico, focused its emergency planning on mining disruptions rather than pandemics.

That all changed in early May, when a Mexican presidential decree asked businesses to temporarily close to contain the swine flu outbreak. The Val-d'Or, Que.-based miner shut operations in a remote corner of the state of Sinaloa for six days and used that time to make a new contingency plan.

"We had plans if we had a cave-in or something like that, but I don't think we ever realized we could have a pandemic. Now, we have a plan," said spokesman Richard Kaiser, adding that the company has not had any incidences of swine flu.

Employers are scrambling to plan for a scenario that could see half their work force absent, supply chains disrupted and customers vanish.

That doesn't mean they're ready yet: 87 per cent of Canadian companies still don't have a contingency plan to deal with a situation like a pandemic, a Canadian Manufacturers & Exporters survey found in April.

Many managers mired in this recession are more preoccupied with immediate financial challenges than what they view as distant hypotheticals, CME spokesman Jeff Brownlee said of the survey result, which was based on 527 company responses in manufacturing and other sectors.

"It was not a surprise to us. Canadian businesses are facing a tsunami of challenges right now – the currency, financial meltdown, making payrolls – [swine flu] is just not right up front and centre because it's a 'what if.'"

Many employers have been lulled into a false sense of security because initial swine flu cases have been mild, said Diane Champagne, Mercer's Montreal-based national leader for health and productivity. She saw a torrent of requests for pandemic planning advice this spring, which have since tapered off this summer.

Large Canadian employers such as banks are generally prepared for a pandemic, says Mario Possamai, a Toronto-based consultant who specializes in critical incidents and was a senior adviser to the SARS Commission, which investigated Ontario's response to the 2003 outbreak of severe acute respiratory syndrome.

But small and medium-sized enterprises? Less so.

"I'm worried about them, that they may not be ready. A lot of the ones I've spoken with think it's overblown, and they think the media's hyped it," said Mr. Possamai, who has spent recent months evaluating companies' plans.

"My advice to them is that it may not be as severe as data may suggest, but preparing for this will help you prepare for a lot of other things, such as ice storms."

He suggests various steps companies should take, such as establishing a pandemic committee, putting procedures in place for telecommuting and video-conferencing, placing hand sanitizers at business entrances and displaying posters on good hygiene in the workplace.

As concerns about the severity of swine flu ebb and flow, some businesses are keeping their guard up. Toronto-Dominion Bank has several internal groups dedicated to keeping on top of the latest developments. These groups work under the direction of the bank's chief medical officer.

Transat A.T. Inc., Canada's largest tour holiday operator, has hired a doctor to regularly brief the company and has dedicated staff to monitor the outbreak. Its contingency plan predates the current flu outbreak, though Montreal-based spokesman Pierre Tessier says that plan is constantly tweaked.

"We're always trying to improve it and making adjustments."

How concerned should employers be at this point? The Public Health Agency of Canada suggests businesses should plan for one-third to half of their workers being absent for about two weeks at the height of a severe pandemic.

The price tag in lost productivity and business interruptions could exceed the \$2-billion hit the economy took thanks to SARS, says Amin Mawani, director of the Health Industry Management Program at the Schulich School of Business at York University.

He views pandemic planning as insurance: All companies buy fire insurance, even though the likelihood of a fire is 1.8 per cent for every 100,000 square feet of space, he says.

The likelihood of a pandemic is at least 8 per cent, according to the World Economic Forum.

"You won't find a single company without fire insurance, and yet here's another threat where there's an 8-per-cent chance your employees will be absent and disrupt profits.

"Most banks insist on fire insurance as a condition for a business loan. Maybe they should insist on a pandemic plan as well."