

# Prologue

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## How HR Started Leading—First by Accident and Then by Design

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The following is a first-person account of how the Human Resources staff members of First Interstate Bancorp, First Interstate Bank of California, and First Interstate Bank Limited (since acquired by Wells Fargo) learned through their experiences with earthquakes, a building fire, and a civil disturbance to deal with crises and to lead their colleagues and employees through them.

### Introduction

Human Resources leaders are constantly on call to solve unexpected problems: the need for a sudden staff reduction, rumors in the marketplace about a hostile takeover bid, and new, secret plans for management and organization changes. We drop whatever we're working on and dive into the new issue at hand, responding to the needs of our colleagues. Once the problem is solved, we go back to the pressing day-to-day work that we love.

Then, in the middle of the night, the phone rings. The voice on the other end says that the headquarters building is on fire, and asks what HR should do. Or there is a risk that the river that runs through your city may flood. What are the chances of this happening, and

what are the possible consequences? Will your emergency preparedness plans be sufficient? Plans? What plans?

Or your CEO dies unexpectedly, and there is no succession plan. Or an ex-employee walks into the reception area with a gun, shoots and kills the staff there, and then walks into the Accounting Department and takes out a few others. What do you do in any of these scenarios?

You may have contingency plans for emergencies, but chances are the plans aren't as comprehensive as you need them to be. In October 2005 the Society for Human Resource Management published a survey on disaster preparedness.<sup>1</sup> Of the 314 organizations reporting, more than 75% said they had some form of disaster preparedness plan in place.

As for HR involvement, 18% of HR practitioners reporting said they were primarily responsible for the creation of the plans, and 31% participated equally in their creation; 29% stated they advised others; and 22% stated that they had no role. Where does your organization fall along this spectrum?

When it comes to a disaster of any kind and any magnitude, as a Human Resources practitioner—whether you are the Executive Vice President or the HR manager of a small company—you can't just *respond* to the call for action; you must help *lead* your leaders into action. This may be an unusual role that lies outside your comfort zone. However, it is our job to react to requests; in this case, we must be the leaders and initiators of action.

What follows is a true story of how our group of HR executives and subordinates responded to lead our organizations through a series of disasters and became very competent at it—first by accident and then by design.

It is a lesson that equipped us to deal with an earthquake, a building fire, two more earthquakes, a city-wide riot, and the 1993 bombing of the World Trade Center. Although you may never face an earthquake, you may be confronted with a fire, tornado, hurricane, riot, bombing, or some other disaster where you live or work.

## **Six Disasters in Seven Years**

### **A Wake-up Call**

In 1987 the Los Angeles area experienced a magnitude 5.9 earthquake. The top four Human Resources executives of then First

Interstate Bancorp were on the 6th floor of the 62-story First Interstate headquarters building. We were planning a huge reduction in the workforce, which in itself was a major transformation for our bank, when the building began to shake. Employees in the adjacent cafeteria started screaming and running for the stairs. It was very scary.

As a result, the City of Los Angeles mandated disaster planning, and First Interstate Bancorp set about developing its first emergency preparedness/business continuity plan. HR participated in a very passive way. We were team members assigned the task of planning what occupants of each floor in the building would do, establishing floor wardens and toe taggers, and arranging for emergency food and water; we knew that in the event of another quake, we could be in the building for up to seven days.

What HR *didn't* do was think through how employees might react; we did not link the trauma of what we had just been through with the essential elements that should form the foundation of the plan. We did not lead the effort—we just reacted.

About six months later, we participated in an earthquake drill to test the new business continuity plan; food and medical supplies were in place, and walkie-talkies and radios were operational. Wardens put on hard hats and vests, and all employees practiced where to go and what to do. The Emergency Operations Center (EOC) was activated. Everything worked: we were ready for the “Big One”!

Three weeks after this test, on a Wednesday evening, the “Big One” turned out to be a fire in the headquarters building. Many of the employees learned about the fire while watching the 11 o'clock news. Some were driving home from a downtown black-tie event and saw it firsthand. They pounced on their car telephones and started calling fellow employees.

It was incomprehensible to see flames shooting out of the 12th floor, where our bond and currency trading businesses were located. The business continuity plan went into effect immediately. While the fire was still raging, managers were setting up the Emergency Operations Center, and they had it ready by midnight; they began manning the phones and following the plan to the letter. We quickly found space at a nearby hotel and established a press center.

Twenty-four hours later, the bank's Trust Division had been relocated, and the traders from the 12th floor were on planes to the bank's New York, London, and Tokyo offices. Trading is a 24-hour-a-day operation, and it can't stop, so this aspect of the business was in relatively good shape.

But Thursday morning there was confusion among the employees who worked in the headquarters building, who did not know what to do or where to go. *If* these instructions had been included in the business continuity plan, they had not been well communicated. We had not planned for a total building evacuation; we did not have a master list of telephone numbers for the 13,000 employees in several California subsidiaries, or even the 3,000 affected by the fire. We were able, however to re-create a telephone directory almost overnight, and within two days we had an employee master list.

It may seem incredible in the 21st century that these lists did not exist, but in 1988 First Interstate had no enterprise software system. And your own human resources/payroll systems may not have this capability even now.

By Friday, office equipment had been ordered. By Saturday, emergency space planning had been completed and all employees notified where to report on Monday morning. An all-hands meeting took place on Saturday. There were more questions than answers, but we all muddled through; employees were clearly relieved to learn of the enormous planning effort taking place.

On Monday morning all affected employees reported to new offices, cubicles, and conference rooms. In many cases, one cubicle had been assigned to as many as six people. Some employees were sitting on the floor with nothing to do because their work papers, files, calendars, daybooks, computers, and printers were in the building, and we could not get to them.

A new culture developed immediately. Banks tend to be rule bound, protocol is paramount, and status is determined by the size and location of one's office. With the fire, the rule book was thrown out. The CEO of the bank was put in a tiny office. A special language was created: we had an "EOC," "guests," and "hosts." The hosts provided coffee and donuts. Pizzas appeared, a strong camaraderie emerged, and there was incredible cooperation. It was a bit like summer camp: new friends, new places, improvisation, and excitement.

## HR Steps Up

Two days later we were still cramped and crowded. People were beginning to feel anger and frustration from not being able to do their jobs properly. Summer camp was over! Everyone realized that we would not get back into the building for a long, long time, and the situation had become more than our employees could bear. They were not only angry and frustrated; they were also frightened, irritable, distressed, and sad, and they could not concentrate.

The standard response by Human Resources had been to seek permission to take action, so we went to the CEOs of the three affected business units. They gave us free rein; they said we should do whatever was right for our employees and not worry about putting together the usual detailed business case to justify our actions.<sup>2</sup> So that is what we did. The CEOs' commitment to the employees allowed us to balance the potential conflict between protecting the corporate interests in medical, insurance, and legal matters and caring for our people.

Within days of the fire, we had assembled a group of HR staff to determine what support was needed from HR, public affairs, communications, and security. Soon we had a plan and were moving quickly from ideas to action.

We did not wait to be asked for help; we became innovative and freed ourselves from the bureaucratic culture within which we normally functioned. The HR staffs from the three entities joined together, highly motivated to create and deliver programs as quickly as possible. The previous method of working together had been to use committees—endlessly—and avoid decision making, if possible by bucking a decision up to a higher authority. The staffs now felt empowered to act, and they did.

## Dealing with Trauma

Employees expressed anger, apprehension, frustration, and grief over what had occurred. They felt that their trust had been violated because all of the procedures they had learned to follow in case of a fire seemed to have failed. For example, we had been trained to use the fire stairways because they would be smoke free. But the air system, which was designed to blow smoke out of the stairways, had not worked during the fire. Even though only four employees were in the building that night, the continuing refrain was "If we'd been at work, we'd have died." Logic suggests that

if they had been at work, they would have used the fire extinguishers and quickly put the fire out, but logic does not prevail in the midst of trauma.

A sense of futility was also expressed. A typical remark was “How can I produce my usual quality of work when I have no tools, no files, no computer database, no calendar, and no phone directory? I can’t keep this up!” At this time, laptop computers were not readily available and people were not accustomed to telecommuting; we did not have e-mail, cell phones (other than car phones), or other now common electronic devices. (However, even if your organization has the latest technology, there’s no guarantee that employees will have the devices with them when disaster strikes or that the technology will work as planned.)

Because we worked for a bank, we knew the value of trauma counseling and had offered it in the branches where robberies had occurred. We knew that psychological trauma was now present to varying degrees, depending on how the individual work unit was affected. Clearly, those few employees who were in the building during the fire needed special counseling to deal with their deep personal concerns. However, other groups needed counseling with different emphases:

- The trauma was magnified if a person was already suffering from some other high-impact event such as a divorce or death; we had to make special efforts immediately to deal with such complications.
- Employees working outside the downtown area had to learn to make allowances for those who had been displaced. This tendency was operative in all of the other disasters we had encountered. Watch for it if your business has multiple locations. Those not directly affected do not understand what their fellow employees are going through and may chide or tease, or, at the other extreme, be overly solicitous.
- Employees in downtown locations who were now sharing their spaces with guest employees could become resentful of those who had invaded their space.
- Employees who were displaced by the fire were feeling violated by the failure of the fire suppression systems in the building.

- Staff support groups responsible for responding to the crisis and taking action had to rise above their own emotional reactions. (This is discussed in Chapter 1.)
- The senior leadership team responsible for directing the action had to make moment-by-moment decisions with no frame of reference. We all had to learn to operate in new and different ways. This helped us to become more effective change agents and leaders.

Within days we had hired a number of trauma counselors to begin a comprehensive program of debriefing all affected work units. Group sessions were mandatory and were supplemented by individual counseling through our Employee Assistance Program and outside referrals as deemed necessary. Face-to-face meetings were held in which employees learned to deal with their feelings.

### **The Counseling Programs**

An Employee Assistance Program (EAP), which is a type of behavioral health management program, is used to help employees manage difficult personal or professional issues that may be hindering their ability to perform. The trauma brought on by a disaster can cause or exacerbate individual problems.

Throughout this book, we refer to EAPs and trauma counseling. Chapter 8 explains the use of EAPs.

This step was seen as an absolutely critical piece of the recovery program. Not only was it an effort to reach out and assuage the anger, sadness, fear, and frustration felt by employees, but it also allowed the EAP staff to identify potential workers' compensation problems and take action to seek immediate help for those people who needed it. The confidential debriefing sessions also helped us develop a blueprint for action.

### **Communications and Training**

The HR staff recognized a need to develop communication vehicles that would be honest, direct, and timely, explaining what was known and when it was known. A special publication, *Briefing*, was published twice a week and contained news of fire inspections and

cleaning, instructions to staff, and honest answers to the questions employees were asking.

Because supervisors needed help in coping with lowered productivity as well as high stress levels and their manifestations—for example, fatigue, absenteeism, and anger—a special manual was prepared for them, and the HR staff implemented small-group meetings to teach them about the process. (Excerpts from this manual are provided in Chapter 6.)

An ad hoc “policy committee” was established in the month after the fire to develop policy statements; these were subsequently printed and distributed to all affected employees. (Policy updates are covered in Chapter 3.)

Helping employees to feel acknowledged and appreciated was deemed important. Managers applied less pressure toward achieving business standards, and employees were encouraged to have picnics and “casual” days. Many managers gave each of their employees a “mental health” day, saying, “Just take a day off; it won’t count against your vacation.”

An “employee morale committee” was established to plan employee events, and this gave management the opportunity to thank employees for putting up with so many inconveniences—cramped quarters, lack of personal space, no tools. A picnic was planned for June; there the CEOs of the affected organizations, aided by other senior executives and staff members, cooked hamburgers in an effort to provide some fun and relaxation and encourage a change in the employees’ mindset. The theme was “Meeting the Challenge, Thanks to You,” and the activity was greatly appreciated by all who attended.

Lines of communication also had to be opened up to customers. The bank’s main branch in Los Angeles was closed for the four months it took to restore the building to its original beauty and also improve its functionality. Branch employees contacted their customers and made arrangements for their business to be transacted at other First Interstate branches in the downtown area.

A carefully prepared advertising campaign, emphasizing safety and customer service, was used to educate the public about the building’s recovery and the branch’s return to business. We took great care to keep our emphasis between customer service and employee welfare in balance.

## Reentry

For some time after the fire there was uncertainty regarding the structural integrity of the building, although the building's steel passed the most stringent stress-tolerance tests. The building's safety remained the key issue for employees as plans were made in August to return to the site in September, four months after the fire.

The staff planned a program around many of the safety concerns that had surfaced early on. Just after Labor Day, detailed reentry plans were in place, and the CEO and other senior holding-company executives became the first group to move back into the building. It was an impressive event: the branch held a grand re-opening, where "Welcome Home" banners greeted returning tenants, employees, and clients.

But there was more to the reentry than just a festive homecoming. The fear experienced by some employees resurfaced. The same questions of safety and security were raised all over again. Along with the festivities, a special orientation program was provided to educate employees about the building and why it was safe to reenter. Meetings were held for every group of employees just before they were scheduled to move back into the building.

At these orientation meetings a panel of experts, including the building's architect and structural engineer, a safety expert, a representative of building security, and a moderator from HR, informed the groups in great detail about the structural integrity of the building. The HR staff went on hard-hat tours beforehand to become knowledgeable about the structure and the testing, and HR or EAP staff were stationed on each floor as people reported back to the tower.

Booklets about the building and its safety provisions were sent to each employee's home. A videotape about the building was produced, an open house was held so that families could come and see for themselves, and a special issue of *Briefing* was published.

Trauma counselors were available for anxious employees. A policy was put in place for those who could not bring themselves to return to the building. The HR staff were highly visible during those first few weeks back to help people deal with whatever issues were troubling them. Ultimately, we returned to our regular rhythm of work.

## The Earth Moved—Again

About a year after we had moved back into the building, San Francisco suffered a massive, magnitude 7.1 earthquake. Buildings burned, people were killed, and houses and freeways crumbled.

Because of the lessons learned from the Whittier Narrows quake, First Interstate's Emergency Operations Center was up and running in a matter of minutes. The bank's branches in the Bay Area were inspected as soon as possible. Using a telephone tree, managers called employees that night and told them what to do the following day. (A sample telephone tree is included in the Resources section on page 144.) People were to report for work or stay home as instructed. We thought all the bases had been covered.

Within a day, however, we found out that several employees were missing. No answer at home, no information from the emergency contacts in the files. We called the morgues and hospitals until these employees remembered to alert us that they were alive and safe.

We realized immediately we needed to give the most basic of instructions and provide a more complete listing of emergency contacts; we also gained a stronger awareness that it is critical to have *everyone* check in. First Interstate then issued booklets to all employees giving explicit instructions—by branch or office location—on what to do, whom to call, and where to go in case of any type of emergency.

We set up counseling sessions for employees who needed help, and assisted employees who found themselves permanently or temporarily homeless. We also worked with affected supervisors and managers to help them understand why some employees were having difficulty concentrating: they simply had not been prepared for the emotional shock.

It is crucial for managers to understand that individuals recover from traumatic events on their own timelines and in their own ways. As a result of the previous earthquake and the building fire, we had learned to make generous use of purchased guidebooks for employees and managers on dealing with stress, and we offered group and individual trauma counseling.

Slowly, our lives returned to normal. But when the wind blew strongly and the building swayed, people on the top floors became nervous, and our now well-trained supervisors and managers would move immediately to calm them.

Consequently, in 1994, when the devastating, magnitude 6.7 Northridge quake occurred in the Los Angeles Basin, we knew what to do. Even though there was severe damage, with freeways collapsing and businesses interrupted, our managers swung quickly into action, reassuring employees and offering counseling. We were back to business in a very short time.

## **A Riot Breaks Out**

Rodney King was clocked at 100 miles per hour as he was chased by the Los Angeles police in March 1991. After he was stopped, a private citizen videotaped the police brutally beating him for about six minutes. As a result of 56 baton blows and six kicks, he sustained 11 skull fractures plus brain and kidney damage. The trial of the police officers began in March 1992, and in April an all-white jury convened in a white suburb found the officers not guilty.

The verdict immediately led to a riot. It began in South Central Los Angeles, a predominantly African-American neighborhood, spread quickly throughout the city into other ethnic neighborhoods, and then extended to other cities in the LA basin.

Employees at First Interstate Bank were working at their offices throughout the basin when the riots broke out, and many became anxious to get home as quickly as possible. Some lived in the areas affected, and many of those who lived elsewhere would have to drive through the mobs, fires, and crowded streets to reach their homes.

It was a harrowing experience. After making certain that everyone else had left the building, the HR staff went home. By now we were experts at crisis response, so we ramped up the Employee Assistance Program, began a program of trauma counseling, and set about helping affected employees to cope. Despite all the support we were able to muster for them, employees remained afraid. Their work was hampered, use of sick leave soared, and it was generally difficult for all concerned. Finally, the riots were contained, the fires were put out, and life returned to what we had come to know as normal.

Although we had not created a specific plan for a civil disturbance, we had our business continuity plan and consequently had the EOC up and running. It seemed that no matter how good we became at disaster planning, there was always some event that had not been considered, and riots were the latest.

When a second trial of the police officers was announced, we prepared for Act II and Corporate Security quickly developed a civil disturbance plan. The officers were found guilty, and there were no further riots.

We went on with our lives until October 3, 1995, when the O.J. Simpson verdict was due. We were ready. The civil disturbance plan was in effect, and we all knew what to do in case he was found guilty. Again, we were glued to the TV—this time in our workplace—fascinated not just as human beings but as HR leaders, ready to spring into action if need be.

## **A Man-made Disaster**

In 1993 a bomb went off in one of the World Trade Center's underground garages. At this time I was Senior Vice President and Region Head of HR for Standard Chartered Bank (SCB), based in Los Angeles. SCB had a gold trading function located in the World Trade Center. The HR Director there worked with the Managing Director to ensure that all employees were evacuated safely. Their actions were successful, and the employees were able to return to work in a few days. We called the HR Director immediately to arrange for trauma counseling for all, and we were told, "We don't need that California stuff: We're New Yorkers!" She was serious; we trusted her judgment, and no counseling was utilized.

Because of this experience, on September 11, 2001, when the SCB employees located in 7 World Trade Center—across the street from the Twin Towers—felt the ground shake, they knew in their hearts what had happened. They walked down 47 flights of stairs to the ground floor, and then, following their business continuity plan, either went home or walked to the Hudson River Ferry. There they had the ash washed off their clothing. A core group of employees, still dripping wet, went to work in the EOC in New Jersey, a true tribute to strength of character and good planning.

## **Lessons Learned**

By the end of this seven-year period, I as an HR leader and my colleagues had dramatically changed our behavior. We had become leaders in the face of disaster. We were the drivers behind the development and implementation of disaster-related employee policies,

working as full partners with the emergency planners. We did not wait to be asked, nor did we ask for permission or forgiveness. Senior leaders and middle managers expected us to swing into action in response to any crisis that occurred. We would stabilize the situation and ensure the safety, security, and well-being of our employees. Employees knew we were there for them. In hindsight, it was an epiphany for all: we had developed and applied critical new skills that were invaluable to the bank and its employees.

The lessons we learned can be condensed into the following list:

1. Step up to a leadership role in anticipating the human issues you might face in the event of a catastrophe; you can't wait to be asked. You must insert yourself into the business continuity planning process even if you have not been invited or allowed to participate in the past. You can be an invaluable partner to the senior leadership team and line managers.

Think through now how you can step in if executives and managers crumble in the face of disaster. What skills and resources do you have or do you need to develop in order to be the calming agent? (See Chapter 1 for a discussion of this topic.) It's your job to reassure and to keep people on track. Your self-control will have a calming influence, and employees at all levels will look to you for reassurance and a plan of action.

2. Be a champion for business continuity planning, and be involved in reviewing it regularly. (See Chapter 2 for details.)
  - a. Make sure the plan addresses the human components of a crisis, including what provisions must be made for the care of employees near and far.
  - b. Make sure the plan incorporates a variety of scenarios and that you practice them using either tabletop, virtual, or live-action enactments.
  - c. Prepare a telephone tree or similar scheme for contacting employees. All managers should keep a list at home of their employees' home telephone and cell phone numbers, and their home and second-home addresses.
  - d. Have a plan in place for creating an ad hoc telephone directory once employees have been relocated.
  - e. Develop a space plan for any type of disaster. To the extent possible, know in advance where and when employees will

report to work and where alternative work sites will be. Scout out rentable space, and maintain a list of furniture and office equipment suppliers.

3. Develop contingent HR policies. It will save an enormous amount of time if you and the senior team can agree before a catastrophe on how you wish to care for your employees: what you are willing to pay for and not pay for, what you can give them, what to reimburse them for, and the like. (See Chapter 3 for sample policies.)
4. Over-communicate. Answer questions about safety frankly, promptly, and often. Be aware of what communication vehicles you have or can develop quickly, as well as what staff are available for getting a variety of messages to employees quickly.
5. Know what employee assistance resources are available and how they can be implemented to head off potential trauma-related problems. For example, as described in Chapter 8:
  - a. Be acutely sensitive to human trauma, and go overboard with help rather than ignoring potential personal problems.
  - b. Understand how the event may have affected employees' families. Plan for extra assistance or trauma counseling for severe cases.
6. Make symbolic efforts to build and preserve credibility. For example, in the case of a work site that has undergone a significant amount of damage, move your most senior managers back to the site first. That not only makes a statement about safety, but indicates that they believe they are not at risk. Employees may or may not yet believe that all is okay, and this is a first step to soothe their anxieties.
7. Healing is slow process; not everyone will be on the same page at a given stage. Patience is helpful, and a strong yet understanding approach by managers will go a long way toward getting their people back on track.