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Leveraging Your Recovery Partner for a Post-Disaster Competitive Advantage



In today's complex and highly competitive business environment, companies must explore innovative ways to leverage resources. The organizations that understand this and possess the innate ability to strategically design their disaster recovery approach as a competitive advantage can significantly impact the short- and long-term success of the business.

A solid disaster recovery strategy can have a substantial bearing on a company's ability to recover quickly following an area-wide disaster and reduce the amount of business interruption suffered. Forward-thinking companies understand this concept and have been leveraging their strategic partners to influence the company's ability to compete or even survive following a disaster.

Yet some companies still approach disaster recovery decisions as an afterthought during a crisis and seek out the lowest cost provider or the one claiming to have the fastest response times. This limited approach can lead to poor decisions that negatively impact a company's future and become a very difficult and costly mistake to correct.

When You Commoditize, You Lose Strategic Value

Strictly commoditizing your disaster recovery provider's services undercuts the strategic value of the partnership, and the quality of services provided will suffer. The fact is, how well you integrate your vendor partners into your organization directly impacts the value they will be able to provide.

Having a strong relationship with your disaster recovery provider includes knowing who you are working with and having regular communication. Collaborating on recovery strategy early and working with your disaster recovery partner to streamline processes will benefit everyone involved. Plus, it will make your company more competitive and resilient. Even reviewing decision making processes with your provider can strengthen results by improving recovery and reducing downtime.

As evidenced in the wake of the 2017 hurricane season with the back-to-back-back storms of Harvey, Irma and Maria, disasters can affect multiple regions at once. In such circumstances, disaster recovery providers may reach capacity quickly and will prioritize partnerships with trusted clients over those who view them as "just another vendor," which can leave companies scrambling for help or waiting weeks for recovery efforts to begin.

"The 2017 storms forced risk managers to get more cozy with disaster recovery providers," said Joseph Poliafico, director of global insurance and risk management for Interstate Restoration. "Organizations had to go back to the drawing board on disaster recovery plans because their plans were tested and proven inadequate. They hadn't communicated their priorities or requirements to their providers ahead of the storms or they didn't have a specific plan for the scenario that played which left their locations in multiple regions exposed. You have to think about what happens when all locations are affected, and you need to be having those discussions *before* a disaster hits."

Create Stakeholder Alignment for a Better Outcome

Your disaster recovery provider and other key vendors cannot be leveraged as strategic partners without a shared understanding of your organization's processes and expectations. Discussions about disaster recovery need to take place before a disaster ever occurs. Some of the biggest challenges risk managers face when it comes to getting a plan up and running are more internal than external.

Risk managers often want to satisfy all internal stakeholders first, and then move to external stakeholders. At times, there is more consideration given to what a supervisor or owner thinks about a disaster recovery plan than there is to the organization's ability to implement the plan in a time of crisis.

However, the best way for risk managers to get all key stakeholders on board to support the recovery partnership is to get them involved early and often in the process.



"Ignoring stakeholder alignment can be the downfall to even the best conceived disaster plans," Poliafico said. "Your stakeholders need to be aligned at every step-from partner selection to plan creation to plan execution to plan refinement. Getting and keeping stakeholders aligned throughout the entire disaster life cycle is hard work, but to be successful it must be done."

Involve Strategic Partners Early and Often

A business's response in a time of crisis should be something that is at the forefront of conversation throughout an organization. At the end of the day, it affects everyone.

"If your company has 50 employees, that's 50 families depending on your company's livelihood," Poliafico said. "How can you get your business up and running as fast as possible? A plan can't just sit on a bookshelf in a risk manager's office. It must involve all levels of an organization as well as your recovery provider. Use your provider's knowledge and expertise to your advantage."

Hold regular meetings with your organization's disaster recovery partner and work together with them to outline a plan tailored to your organization's need. Get an understanding of how they will respond to a widespread disaster. Discuss the successes and failures they have seen, use them as resources to help refine your program so that results are more predictable. And always communicate the plan.

"This should be going out to presidents, owners, operations, everyone," Poliafico said.

The Biggest Mistakes that Undermine Your Recovery Advantage

Identifying the service providers that can help you recover and restore operations after a crisis is one of the key elements of a good disaster recovery plan. However, the biggest mistake risk managers make when choosing a disaster recovery partner is ignoring the competitive advantages their restoration provider could provide and instead becoming too fixated on the wrong outcome drivers.

"I've had situations where I've needed disaster recovery or someone to come in and clean up," Poliafico said. "The biggest problem is that you don't think it through—you only look at how quickly someone can come out to the job site. But you're usually making that call in a time of crisis and you may not be bringing the right people into the mix. They might have inadequate staffing or personnel, or they may not have enough equipment or the right equipment."

In these instances, businesses are left scrambling to supplement their restoration efforts. Sure, response time matters, but quality of service and quantity of resources is even more important.

Another common mistake risk managers make is focusing on short-term cost reductions with disaster recovery providers, which can prove dangerous. Such low-cost providers may be low cost because they are trying to gain your business, but ultimately, they cannot deliver on promises or fail to meet expectations.

"Lining up a low-cost provider won't ensure they're going to be able to respond or do quality work–two considerations especially critical during an area-wide disaster," Poliafico said. "You have to look at their resources available, who their key subcontractors are, who they have to draw from on an employee basis, if they operate outside the region in which you are located, and so on. Other areas of the country need to respond sometimes. If you only focus on cost, you have to think of it in a much larger sense such as the total cost of recovery. Cost as just another line item on a sheet tells a misleading story."

The total cost of recovery considers all costs that a disaster recovery plan and execution will incur. This includes costs to the organization (insurance deductible, business interruption, etc.) as well as costs to the service provider (mobilization, equipment, personnel, etc.). Once all these costs are taken into consideration, the true story begins to take shape and strategic plans can be made.

Key questions for organizations to consider:

1. Who are our key providers?
2. How are we including them in our disaster planning?
3. How can we collaborate more strategically with our provider?
4. How can our provider help get us back up and running before our competition?
5. Have we communicated who our providers are to the greater organization?

A company's disaster recovery strategy deserves the attention and resources of company leaders who recognize the impact on their organization's short- and long-term success. As with any strategy, it not only requires comprehensive planning and thorough execution, but also continuous measurement, evaluation and review. As you persistently search for ways to leverage resources to generate competitive advantages, do not overlook your disaster recovery partnership as a fundamental, if not critical, key to your competitive edge. But waiting until a disaster strikes to make such critical decisions could prove fatal for your business.

To discover how some of the best companies are leveraging disaster recovery to stay ahead of the competition in post-hurricane recovery, download our free ebook.

About Interstate Restoration

Founded in 1998, Interstate Restoration is an emergency response and general restoration contractor committed to transforming the restoration industry. Through its groundbreaking portfolio approach that combines close partnerships, exceptional customer service, proven processes and transparent communication, Interstate regularly identifies ways to streamline property restoration. And, with more than 50 locations in the U.S. and Canada and an extensive partner network, Interstate has the resources and mobility to provide turnkey services anywhere throughout the Americas and Caribbean.