

# MERCER

Human Resource Consulting



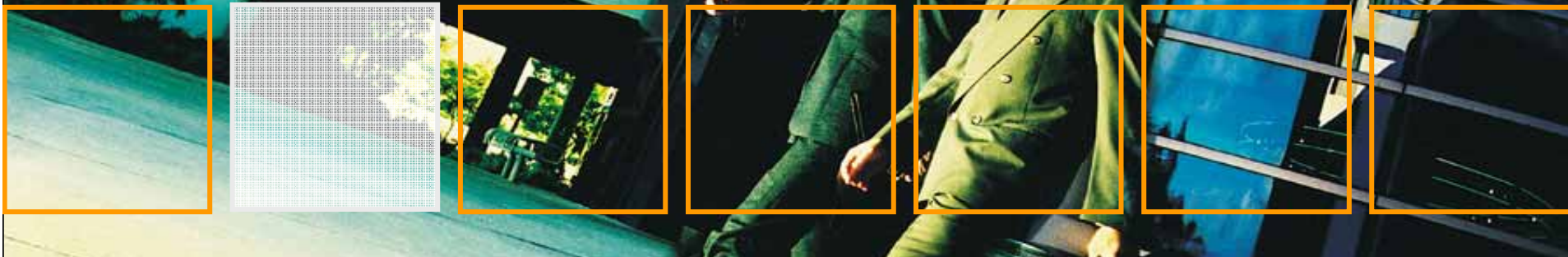
## Mercer Global HR Conference

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**MERCER**

Human Resource Consulting



December 2006

**Global pandemic**

Preparing for the workforce implications



## Today's speaker



Rosaline Chow Koo  
**Mercer**  
**Singapore**



## Flu pandemics in past century

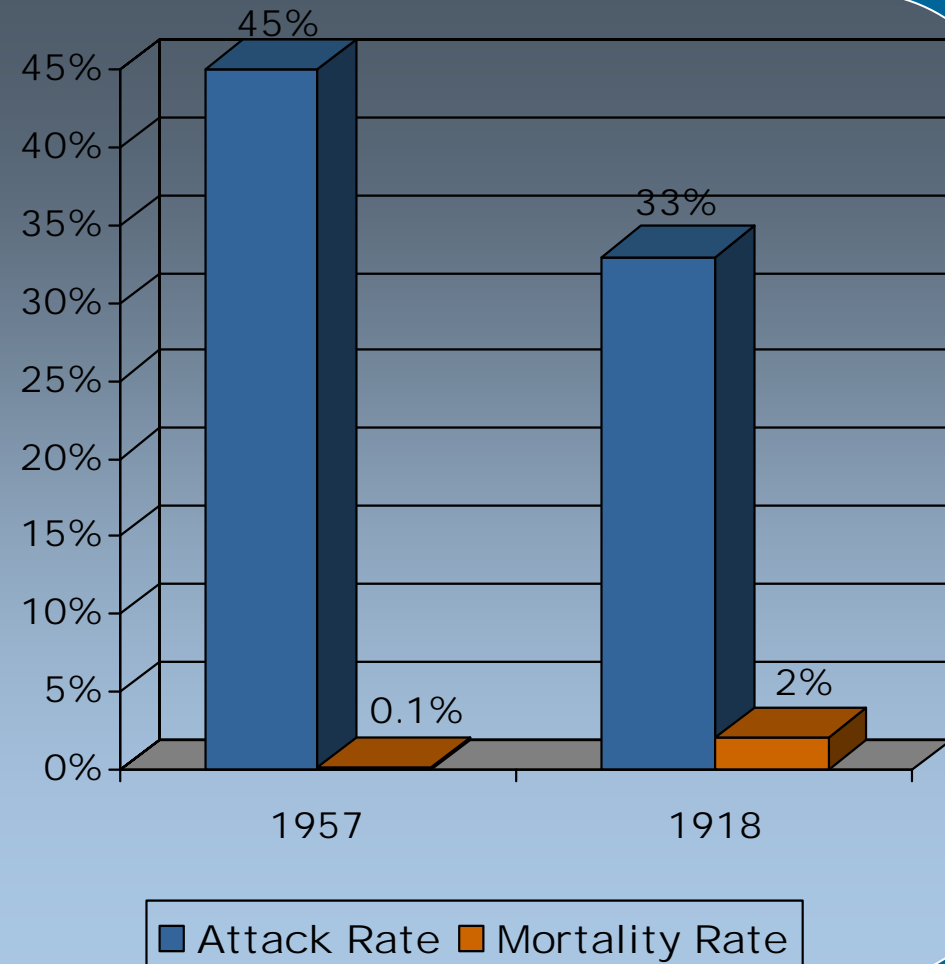
- 1918 -1919: 20-40 million deaths
- 1957 -1958: 2 million
- 1968 -1969: 1 million
- Avian Flu: Est. 2-350 million





# 1918 Flu—Worst disaster in history

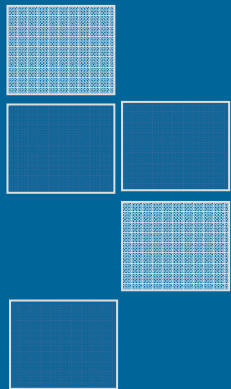
- **Ended in February 1920, lasted almost 2 years**
- **1918—Severe Pandemic**
  - 675,000 US deaths from Sept. 1918 to June 1919
  - Total US deaths from WWI, WWII, Korean War and Vietnam War is 423,000
- **1957—Moderate Pandemic**
  - 70,000 US deaths
- **1968—Mild Pandemic**
  - 34,000 US deaths





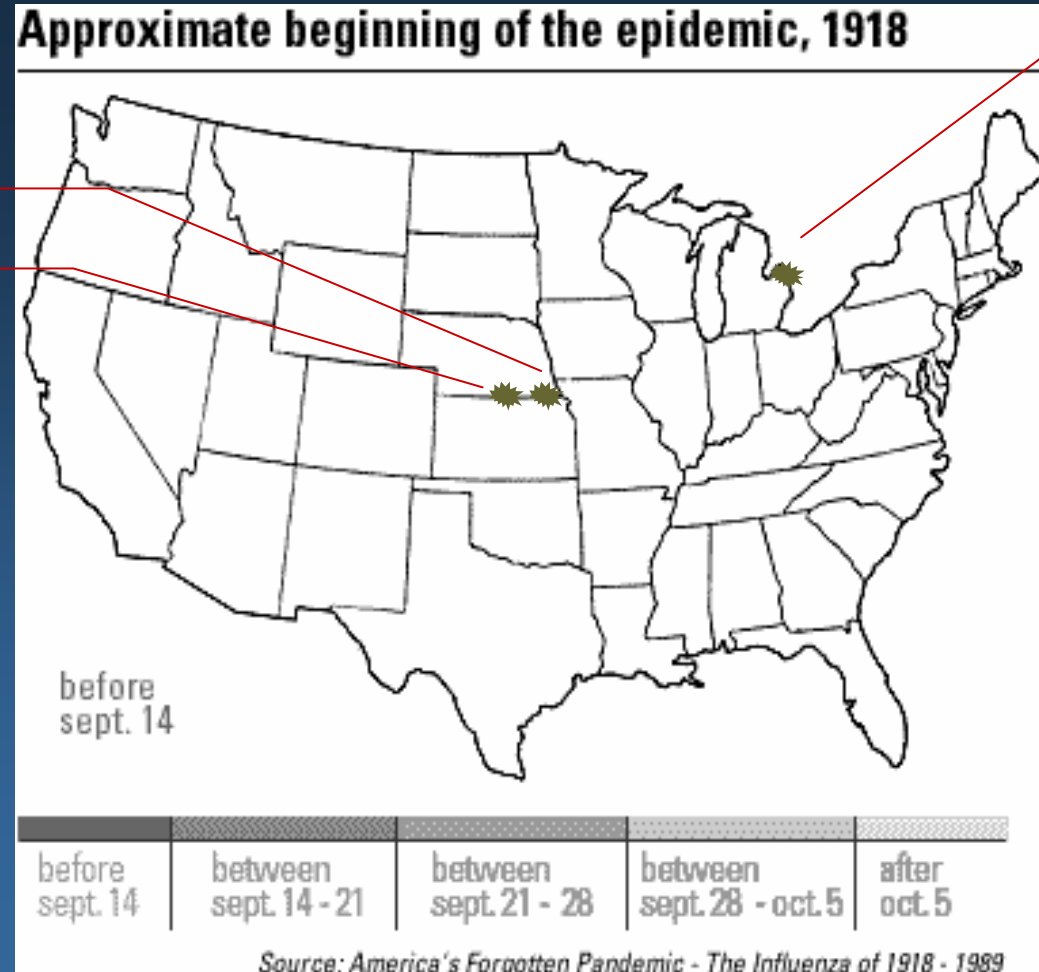
## Flus and waves

- Spring 1918: mild First Wave
- September 1918 (H1N1): lethal second wave, explosive
- Why “Spanish Flu?”
  - Did not censor news of epidemic, unlike countries involved in WWI
- 1957-58 (H2N2, Asian Flu)
  - First wave: June-July 1957, sporadic cases
  - Peak: September and October 1957
- 1968-69 (H3N2, Hong Kong Flu)
  - First wave: July 1968, sporadic cases
  - Local outbreaks: October 1968
  - Peak: December 1968-January 1969





Mild first wave  
March 1918, Fort Riley, KS



Haskell  
Ft. Riley

Detroit/  
Ford



# Lethal second wave September 14-21, 1918

- **August**
  - Sierra Leone
  - Brest, France
  - Boston

## Approximate beginning of the epidemic, 1918

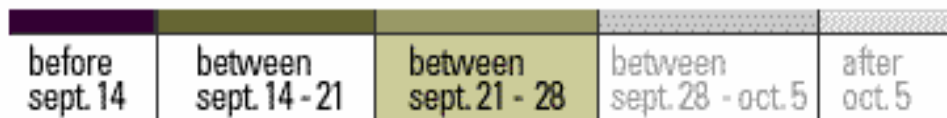
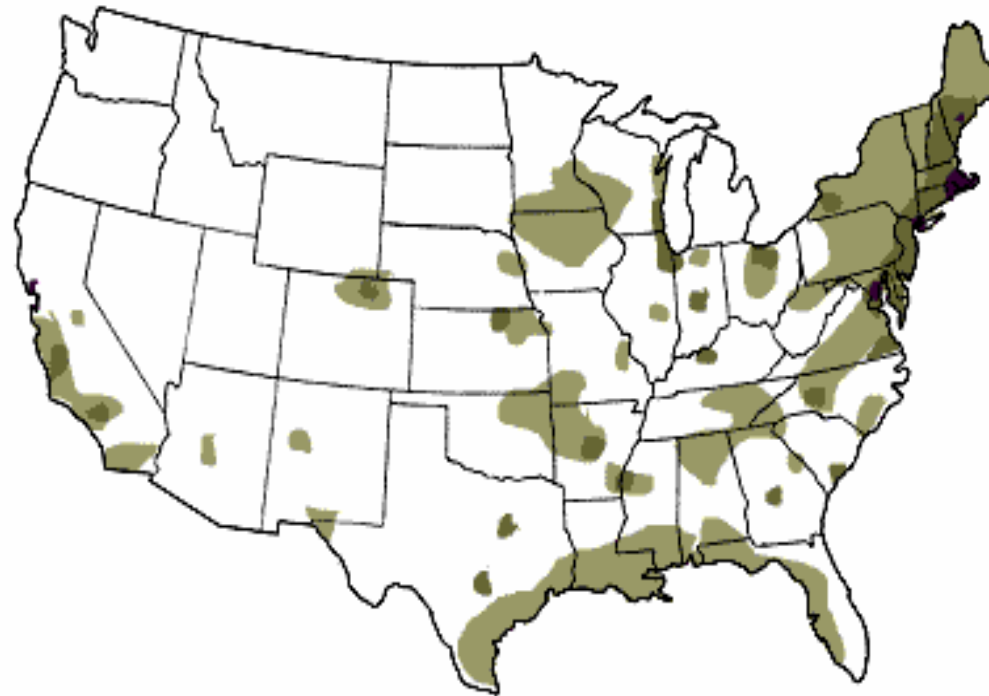


Source: *America's Forgotten Pandemic - The Influenza of 1918 - 1989*



# Rapid spread September 21-28, 1918

## Approximate beginning of the epidemic, 1918

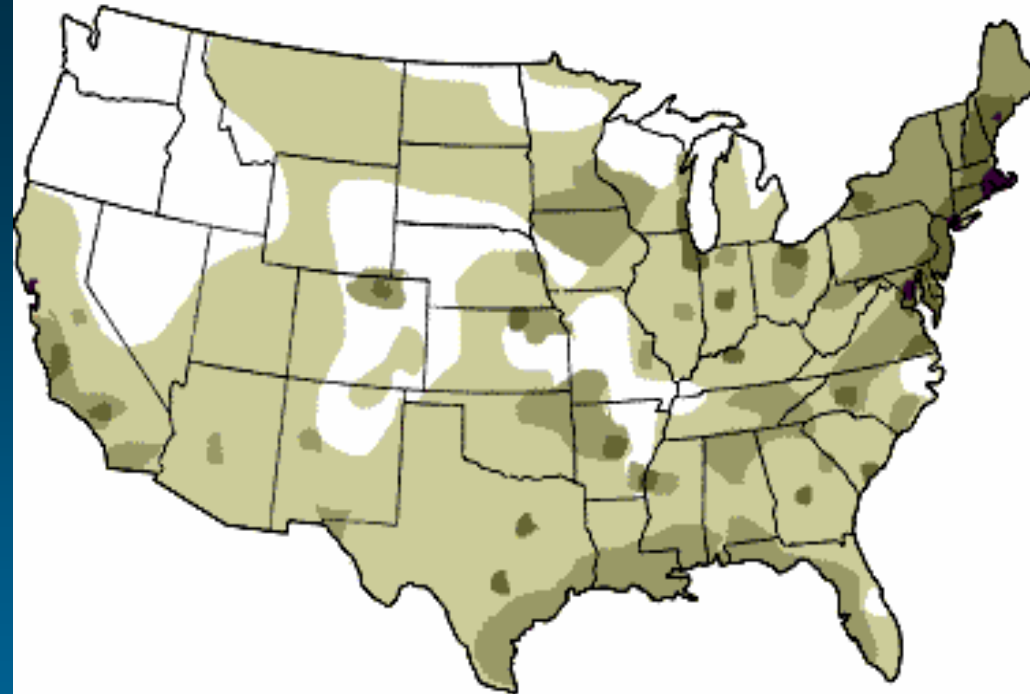


Source: *America's Forgotten Pandemic - The Influenza of 1918 - 1989*



# Three weeks into second wave September 28 – October 5, 1918

## Approximate beginning of the epidemic, 1918



before  
sept. 14

between  
sept. 14 - 21

between  
sept. 21 - 28

between  
sept. 28 - oct. 5

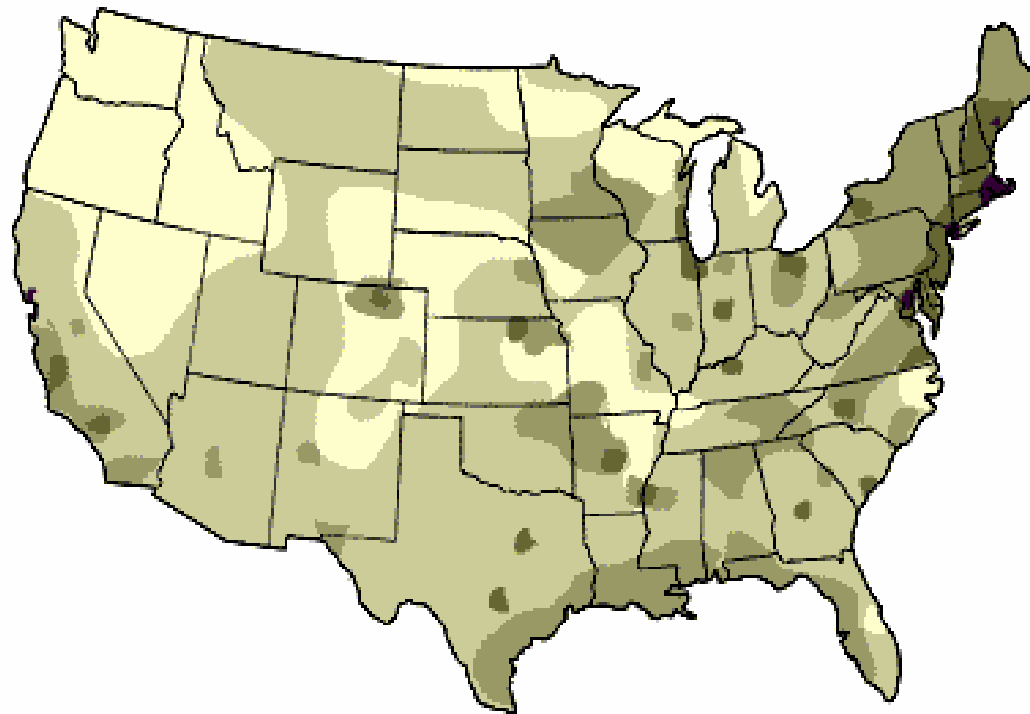
after  
oct. 5

Source: *America's Forgotten Pandemic - The Influenza of 1918 - 1989*



## Post October 5, 1918

### Approximate beginning of the epidemic, 1918



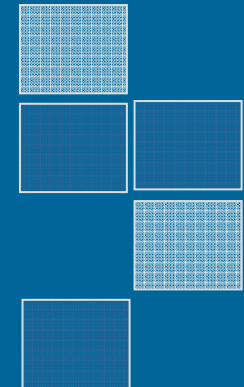
before sept. 14	between sept. 14 - 21	between sept. 21 - 28	between sept. 28 - oct. 5	after oct. 5
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Source: *America's Forgotten Pandemic - The Influenza of 1918 - 1989*



# WHO pandemic phases

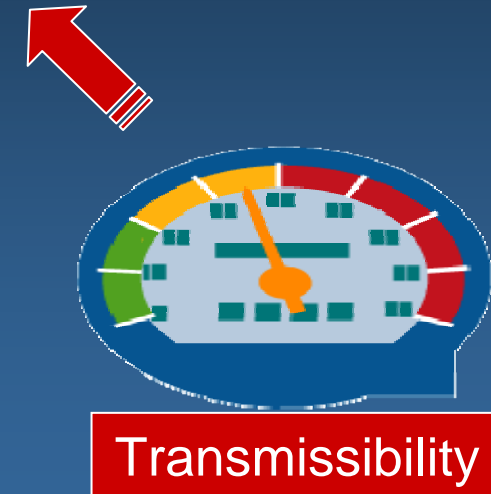
Inter-pandemic phase New virus in animals, no human cases	Low risk of human cases	1
	Higher risk of human cases	2
Pandemic alert New virus causes human cases	No or very limited human-to-human transmission	3
	Evidence of increased human-to-human transmission	4
	Evidence of significant human-to-human transmission	5
Pandemic	Efficient and sustained human-to-human transmission	6





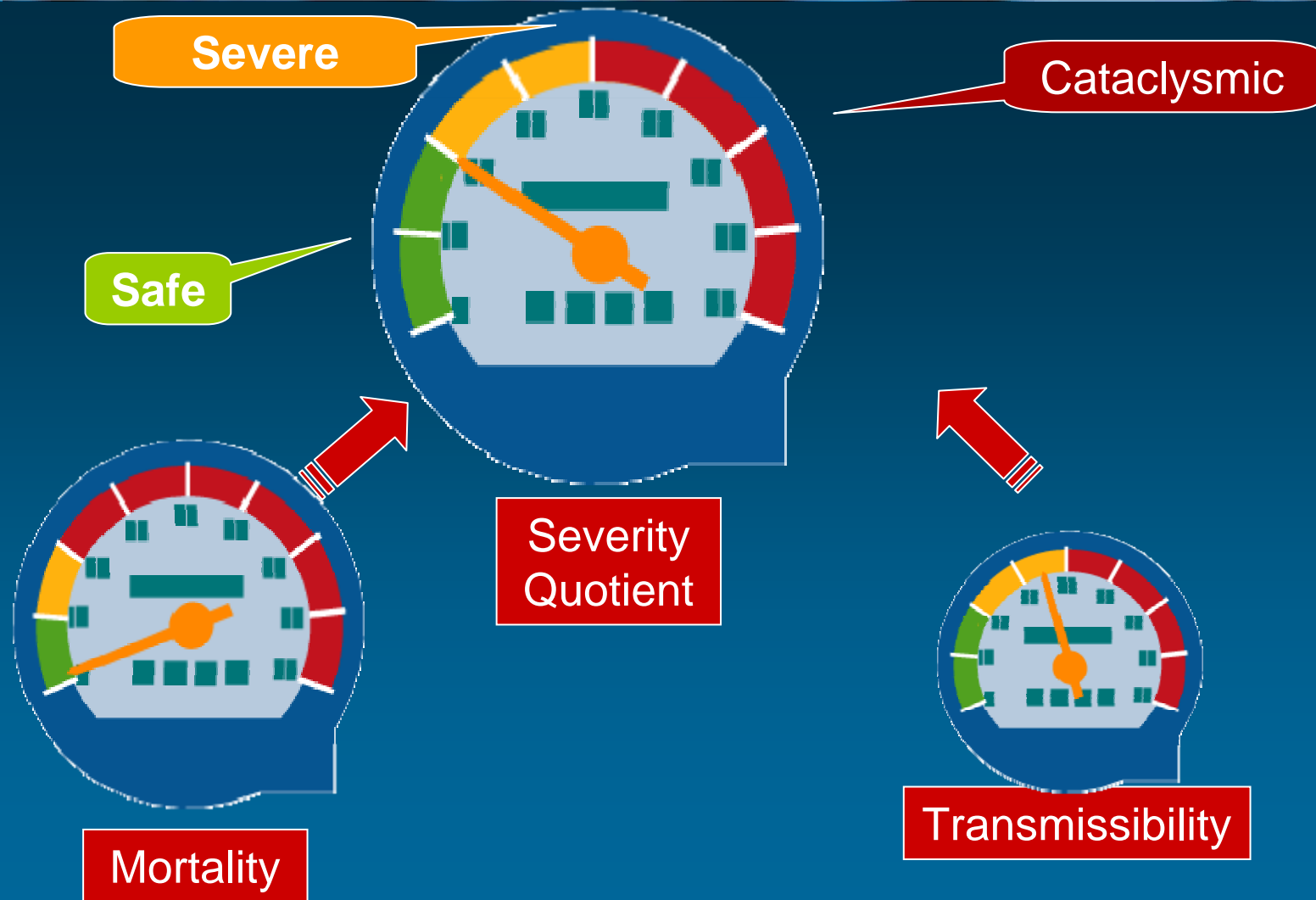
## Severity of pandemic is determined by the mortality rate and the transmissibility rate

- Transmissibility rate determines geographic area and duration
- Mortality rate times the transmissibility rate determines the number of deaths





Severity of pandemic is determined by the mortality rate and the transmissibility rate





# From SAFE to CATAclysmic\*

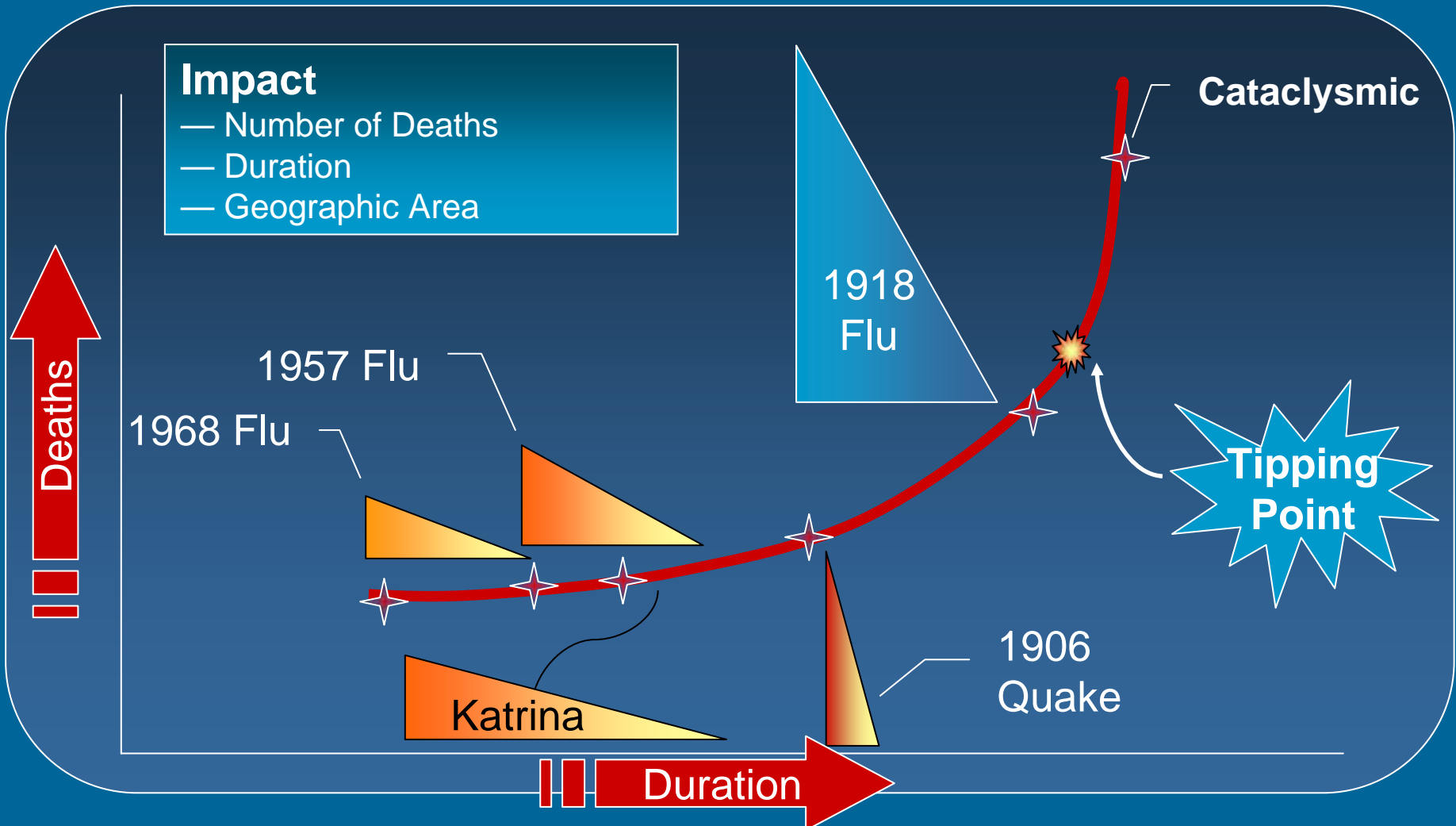
	<b>Typical Yr Safe</b>	<b>1957- 58 Moderate</b>	<b>1918 Severe</b>	<b>??? Cataclysmic</b>
<b>Clinically ill</b>	90 million	90 million	90 million	90 million
<b>Hospitalized</b>	226,000	865,000	10 million	25+ million
<b>Deaths</b>	36,000	200,000	2 million	10+ million

\*Numbers adjusted for 2005 population





# Understanding Disaster Impact





## Dramatic effect on economy

- High rates of absenteeism among firefighters, police, telephone, garbage
- Most needed occupations: morticians and coffin makers
  - Cold storage plants became morgues
- Great shortage of nurses (not much for doctors to do)
  - Vaccine developed and distributed to health workers
- For many: no jobs → no money → no food
  - Charity soup kitchens sprung up
  - Most organizations banded together to help the sick





## Pandemic potential

“All prerequisites for the start of a pandemic have been met save one.”

**Center of Disease Control**

“It is only a matter of time before an avian flu virus acquires the ability to be transmitted from human to human, sparking the outbreak of human pandemic influenza. We don’t know when this will happen. But we do know that it will happen.”

**World Health Organization**

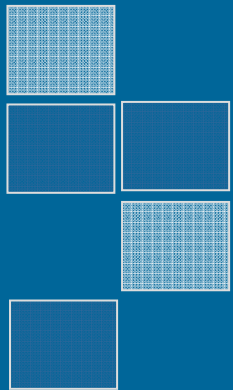




## Avian flu (H5N1)



- Wild birds spread virus to 50 countries
- 141 deaths, 241 infected people in 10 countries
  - Many deaths were previously healthy 15-40 year olds
- No human immunity to H5N1
- 21 days from appearance to full-blown pandemic
  - 3 months to reach all continents & occur in 2-3 waves
  - over 18 months
- Infection difficult to isolate:
  - 2 days before symptoms develop
  - Ill for 5-8 days
  - Still contagious for 7+ days after symptoms





## Learning from SARS

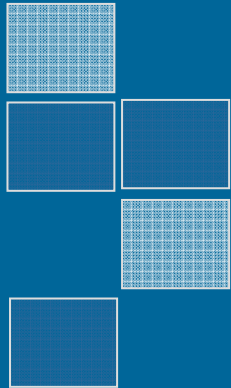
- Quarantines, ban of public gatherings
- Travel restrictions, border closures, flight cancellations
- Disruptions to retail, restaurants and tourism
- School closures
- Hospitals overwhelmed
- Run on protective gear
- Building access screening
- Expat & dependant relocation

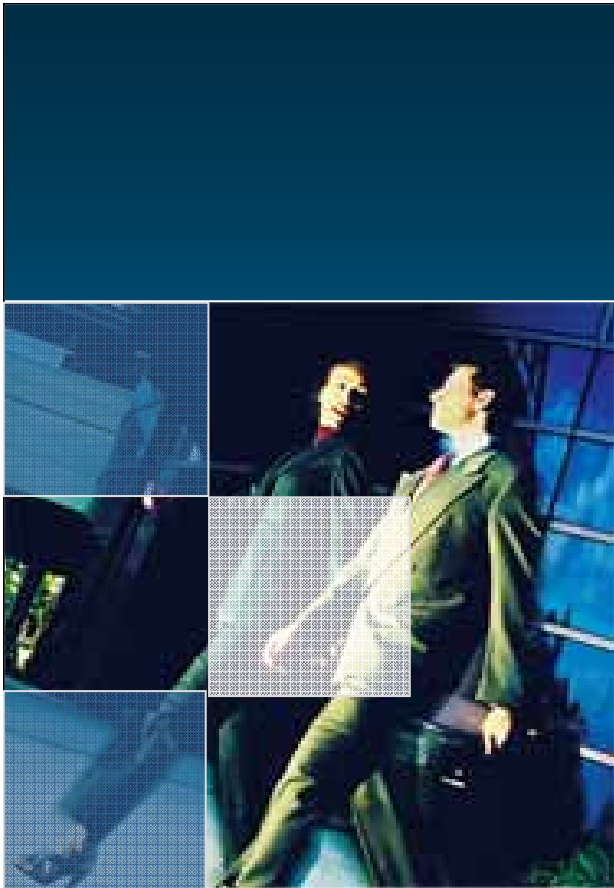




## Pandemic projected impacts

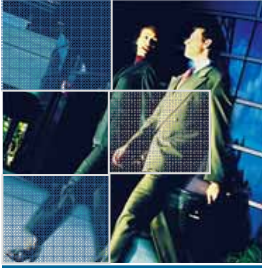
- Non-discriminatory
  - Impact any city, region, country, continent, any person, company, industry
- 2-350 million deaths (WHO) versus SARS where 800 people died
- \$800 billion in economic damages versus SARS loss of \$60 billion
- 50% mortality rate versus 15% during SARS
- Absenteeism rates of 25%-40% due to sickness, family care, fear of contagion, school closures, travel restrictions, quarantines





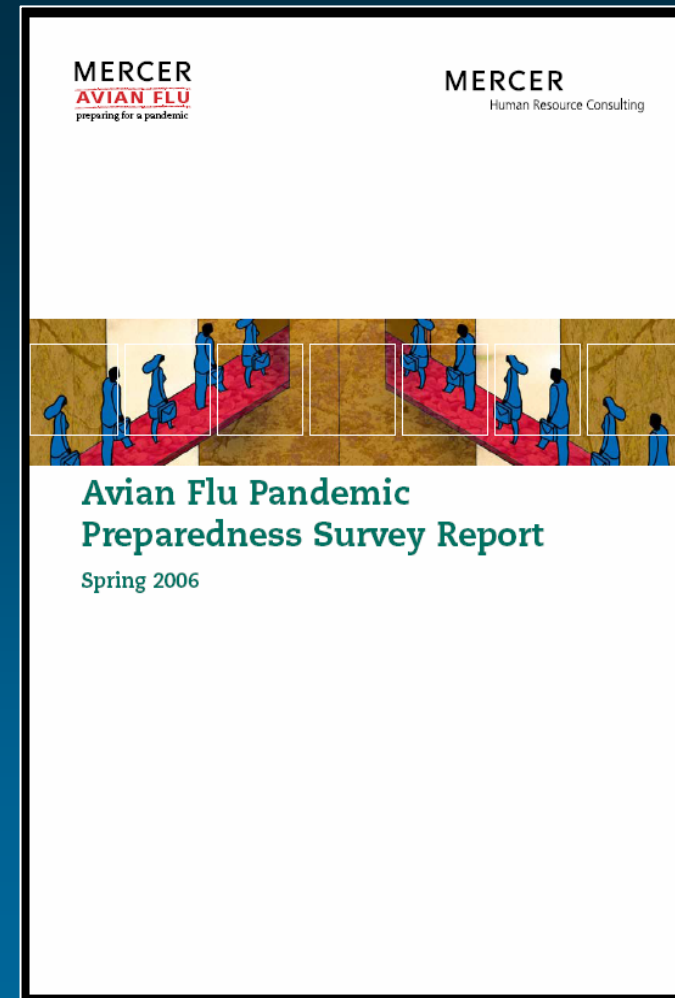
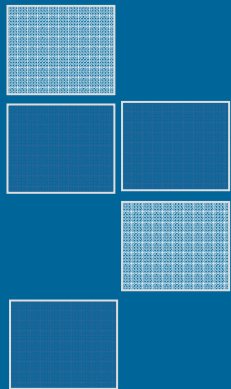
## Mercer Pandemic Preparedness Survey

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## Survey participation

- 2006 global survey
  - 450 companies
  - 38 countries
  - 26 industries
- 75% of respondents from the US, Singapore, Canada, China, Hong Kong, Australia and England
- Top 6 industries = 60% of participants – manufacturing, finance, computer services, professional services, insurance and education





## Survey findings

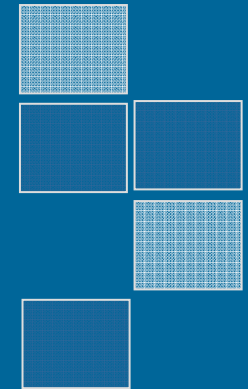
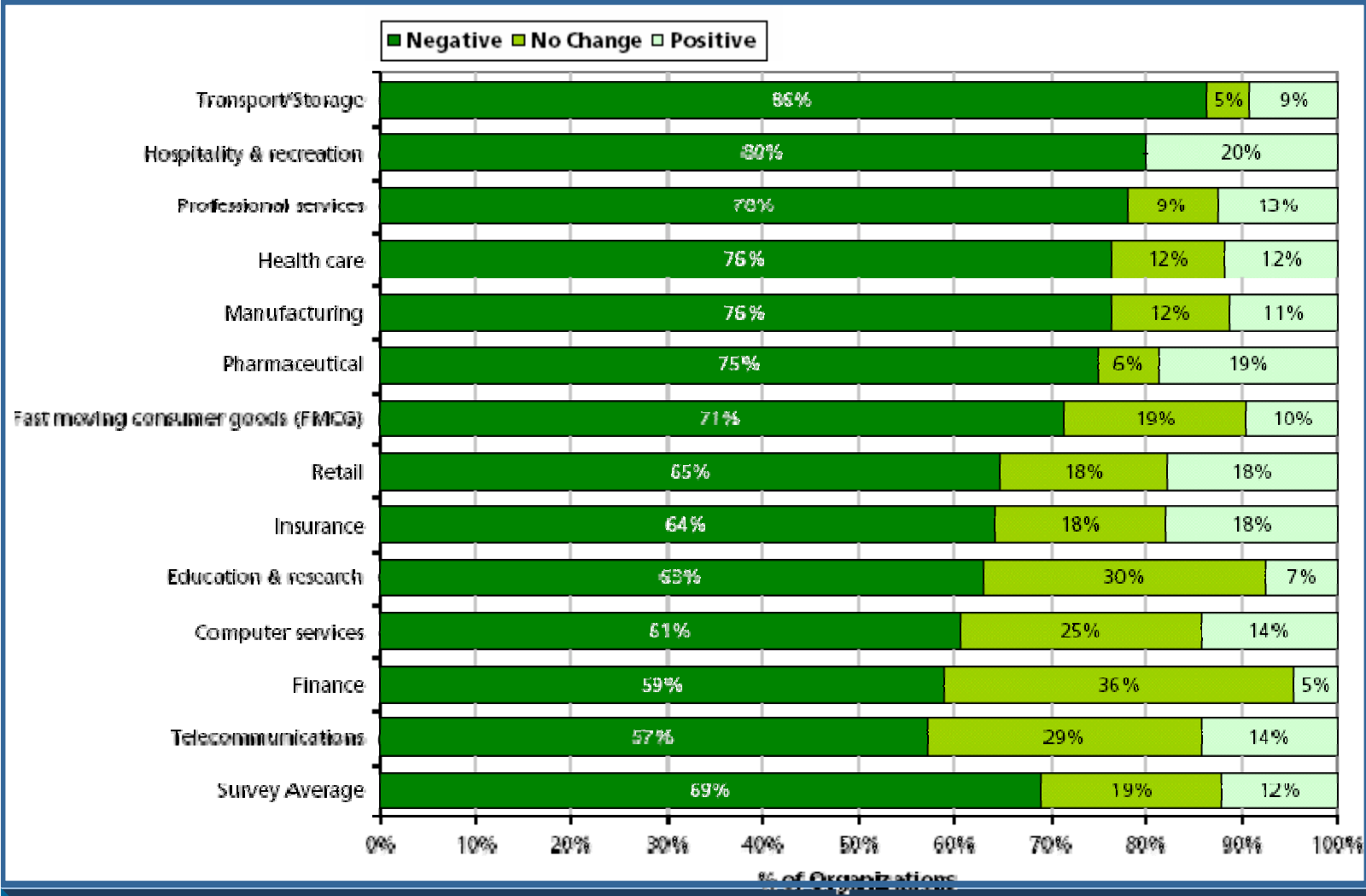
- Gap between concern and actual implementation:
  - 90% forecast productivity impact from absenteeism
  - 47% have a BCP plan
  - 17% have budgeted for pandemic preparedness
- Asian companies are better prepared versus Europe & US
  - 25% in Asia versus 12% in Europe and 7% in the US
- Singapore least pessimistic about financial impact

Region	Negative	Positive
US	80%	9%
Europe	69%	8%
Singapore	56%	22%
HK	80%	9%

**69% expect negative impact on profitability**



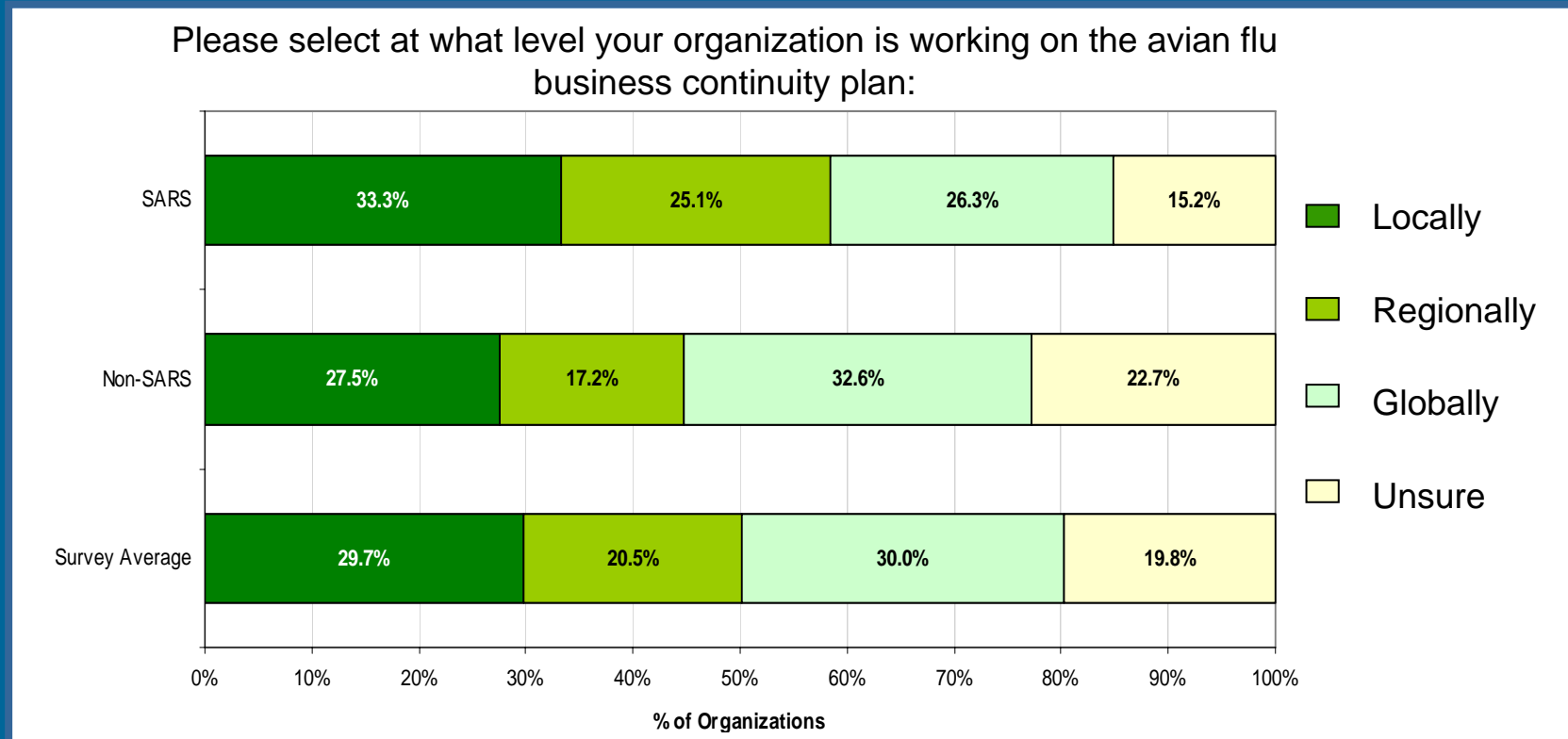
# Impact on revenue?





# Survey findings

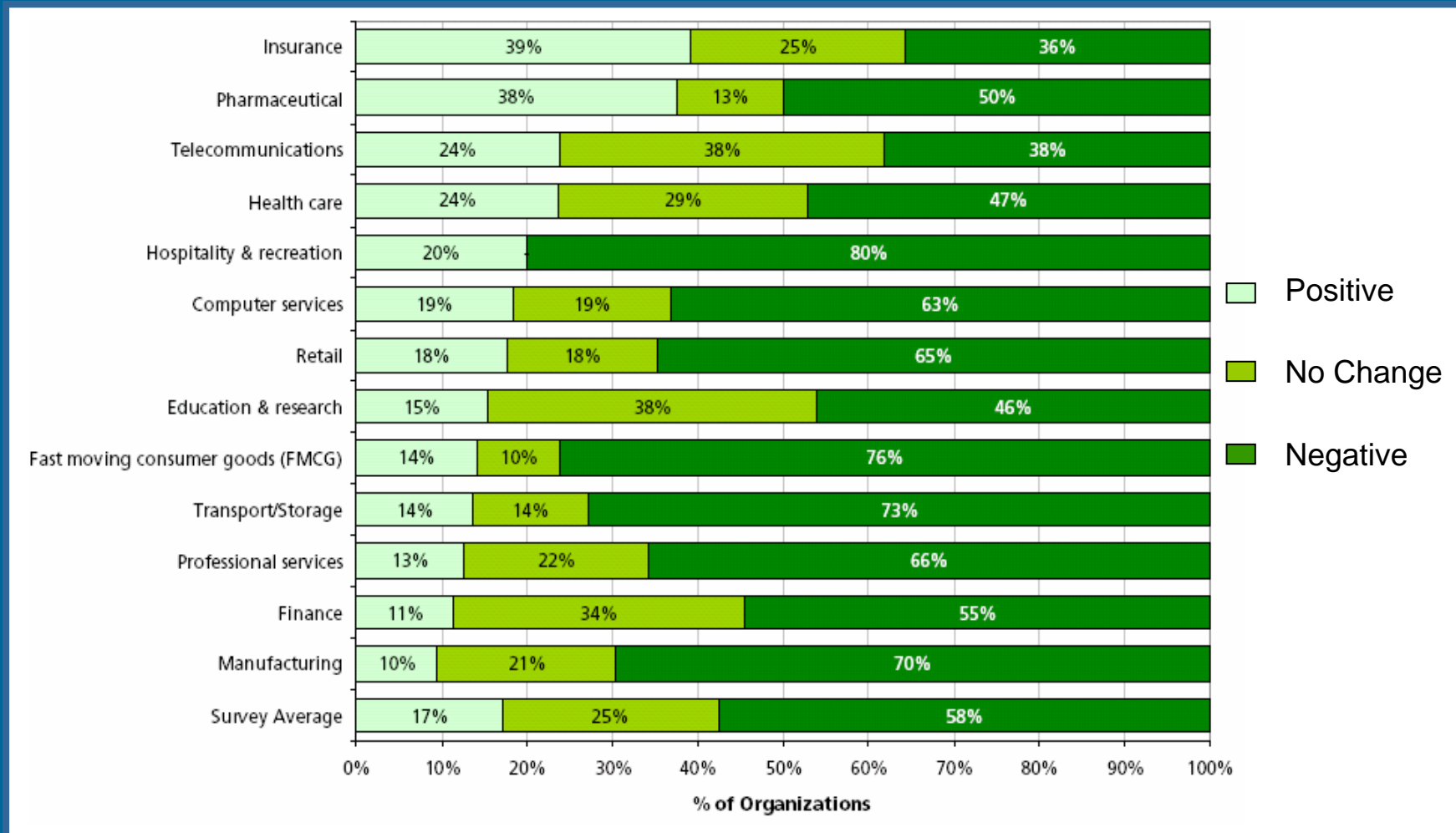
- SARS-affected respondents most likely to take lead in planning

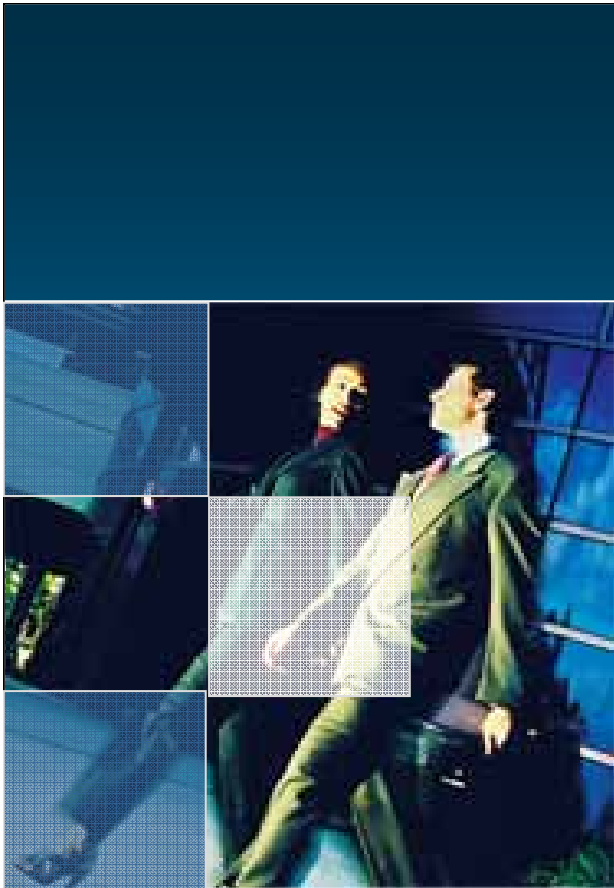


- IT, pharmaceuticals, hospitality, manufacturing most prepared
- Professional services, retail and finance are behind



# Impact on customer demand?





## Preparation strategies

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Optimal risk strategy: awareness, prevention, preparation

## Global risk awareness & prevention

- Inter-governmental agencies
- Health organizations
- Industry associations



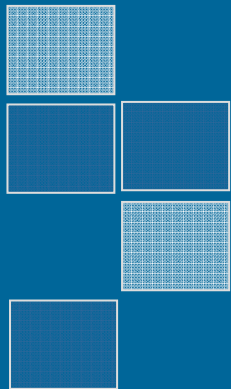
## Risk strategies for corporations





# Assumptions

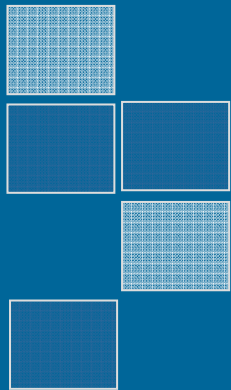
- When preparing for a pandemic, employers should focus on a severe pandemic
- Mild pandemic
  - minimal business disruption – similar to a bad flu season
  - opportunity to mitigate risk is low
- Cataclysmic pandemic
  - impossible to plan
  - societal breakdown
  - focus on safeguarding assets





# Preparing for a severe pandemic

- Assumptions
  - transmissibility rate is 30%
  - mortality rate is 1% to 2%
  - sporadic social breakdown
- Possible to mitigate the effect through detailed planning and execution
- Main goal is to support the continuation of key business activities
- Preparation is beneficial even if there is no pandemic





# Crisis leadership

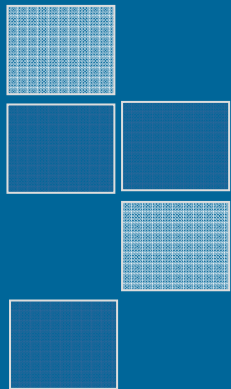
- Crisis leadership team
  - Multi-disciplinary
  - Dispersed geographically
  - Decision-making power
  - C-level should chair the group
- Executive team is likely to suffer similar attrition rate
  - Normal decision-making process disrupted
  - Pre-established chain of command
  - Awareness among staff who may have to make decisions





# Workforce planning

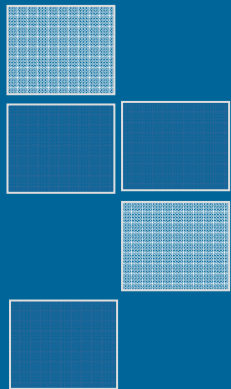
- Critical jobs with shortage or over-supply
- Skill inventory & cross-training
- Employee database
- Alternative transport
- Remote access, conferencing, flex hours
- Back-up site or alternative region
- Split locations, split shifts, increase spacing, ghost shifts
- Meals





# Employee communication

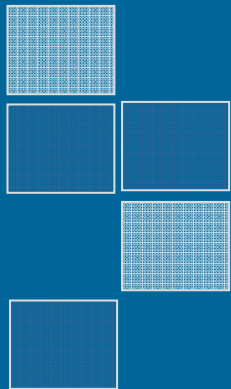
- Multiple sources of information
  - Rumors spread faster than the virus
  - Emotionally charged media, resulting in fear & panic
  - Failure to communicate - unaware of the situation or unprepared to act





# Employee communication

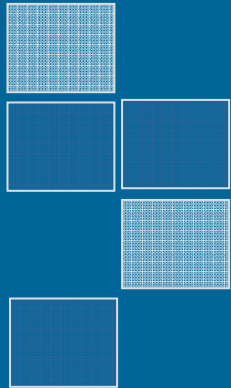
- Prevent panic, protect employee health and continue critical business functions
  - Accurate & timely information
  - Avian flu awareness program
  - Organization's ability to manage the threat
  - Multiple channels (intranet, posters, email, meetings)
  - Changes in the level of the pandemic threat
  - Personal hygiene care & precautions
  - Pandemic response plan policies & procedures





# Quarantine policy

- Virus may be brought to the workplace
  - Ill should not report to work
  - Leave policies
  - Questionnaire or temporary scan
- Focus
  - Isolation of infected individuals
  - Contact tracing
  - Transport to quarantine or medical facilities
  - Isolation period & doctor's certificate
  - Employee handbooks
- Emphasis during communications
  - Symptoms
  - Actions that employees should take





# Travel policies

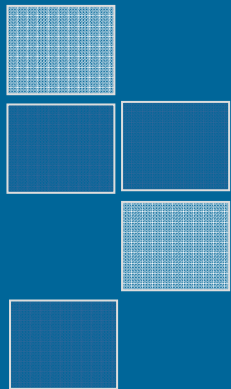
- Travel restrictions
- Expatriate evacuation
- Medical insurance
- Medical assistance
- Post-trip policies
- Overseas assignments





# Protect your employees

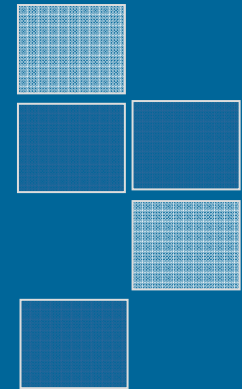
- Cleaning protocols
  - Office
  - Air-conditioning
  - Phones, keyboards, doorknobs, access buttons
  - Common areas
- Personal protective equipment
- Employee benefit programs
- Employee assistance programs





## Tamiflu distribution

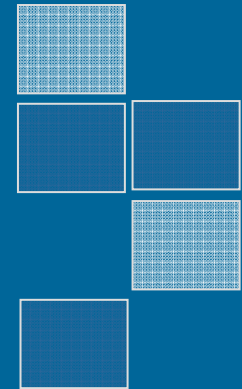
- Tamiflu (oseltamivir) is a systematic treatment for the most common strains of influenza available by prescription only
- Attacks the influenza virus and is thought to work by stopping it from spreading inside the body rather than masking the symptoms
- Thought to be effective in treating the current strain of H5N1 virus
- Available in tablet form for adults and liquid suspension for children





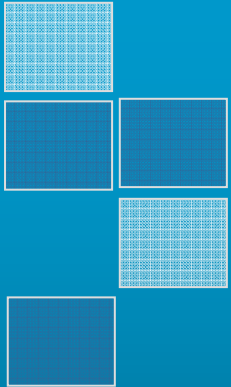
# Tamiflu distribution

- Whether to stockpile Tamiflu to employees raises many medical, legal and ethical issues
- CDC urges private organizations and individuals NOT to stockpile Tamiflu
- Some corporations have decided to stockpile and distribute Tamiflu to employees and, in certain instances, their families





# IT infrastructure



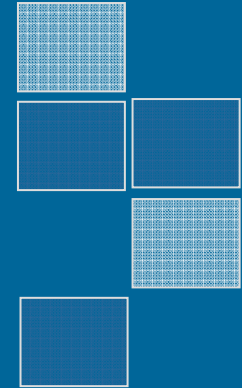
- Broadband
- Security access
- Online transactions
- 100% direct deposit of payrolls
- Video conferencing, back-up ISPs & email





# Review compensation and pay practices

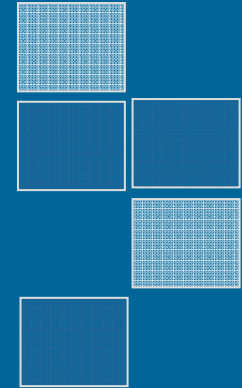
- Are current compensation and pay practices adequate during a pandemic?
- Issues to consider:
  - Should employees receive a premium for temporary reassignment or hazardous duties?
  - How will bonuses and performance-based pay be calculated if typical goal cannot be achieved?
  - How will sales commission and other incentives be calculated if sales force is idle?





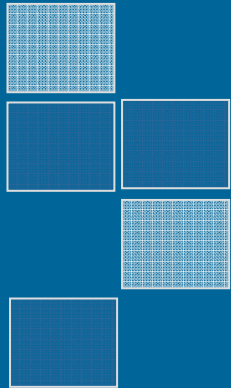
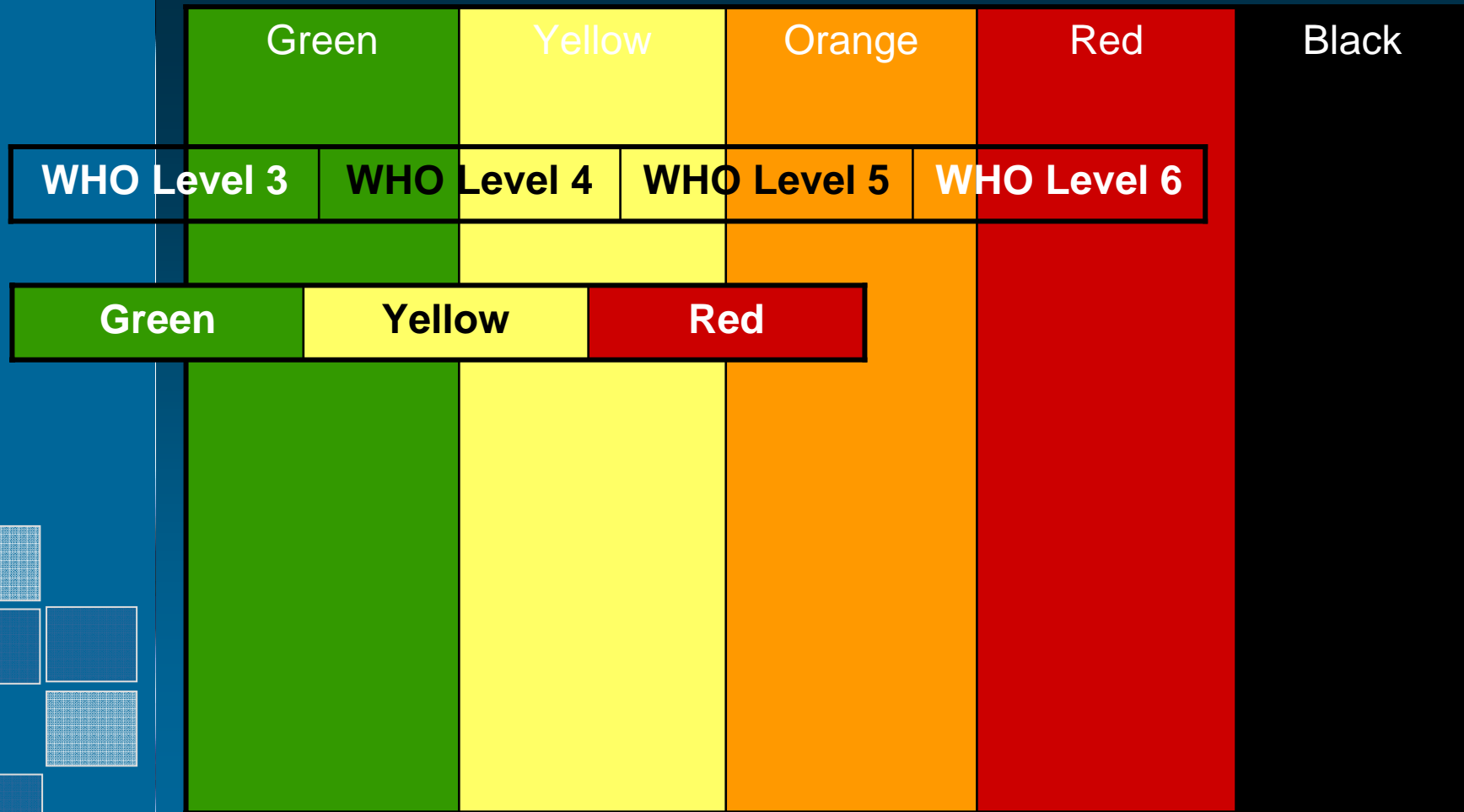
# Review benefit programs

- Benefit programs should be reviewed including:
  - Healthcare coverage
  - Short- and long-term disability insurance
  - Life insurance
- The steps would include:
  - Defining your organizations' benefit philosophy
  - Identifying your current benefit package
  - Conducting a gap analysis
  - Implementing solutions to covered identified gaps



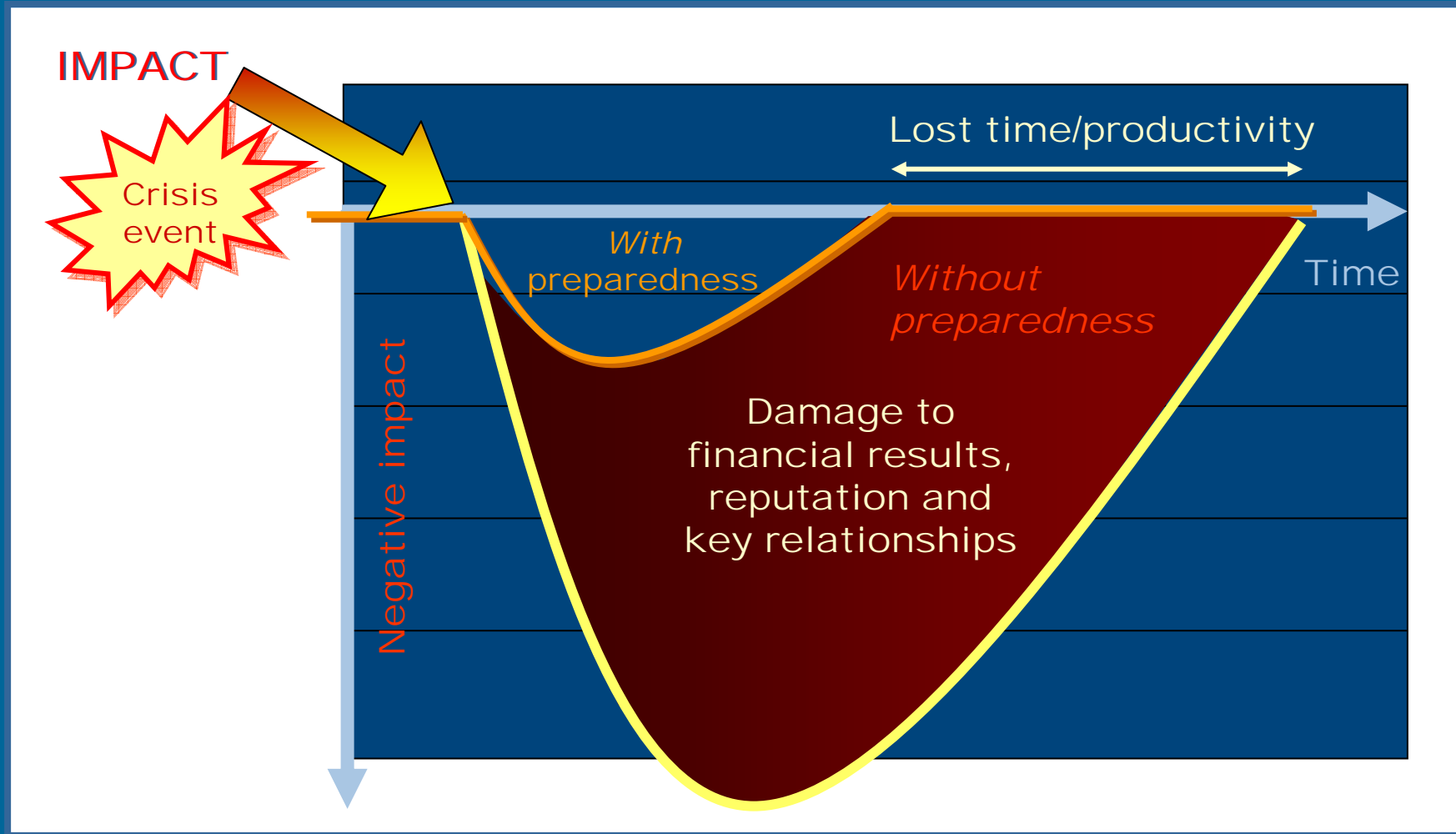


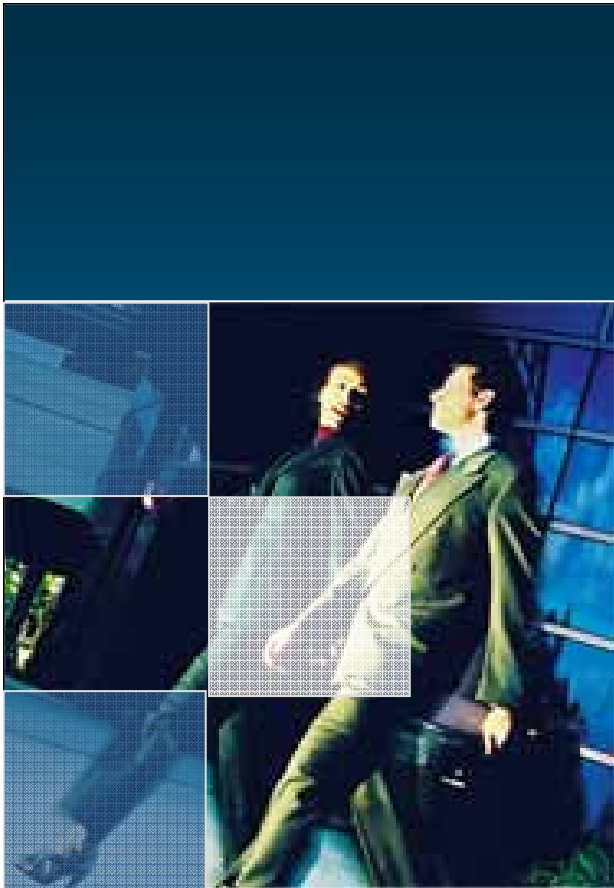
# Triggers and actions





# Gain competitive advantage with a speedy recovery





## Questions

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