

teaching note

Tourism Recovery in the Crisis Management Plans: Natural disasters

The case highlights need for speedy tourism recovery in the face of a natural disaster. Many locations depend highly on the tourism industry to support their economies and therefore cannot afford to have that sector closed or limited. The issue, for example, calls into question the lack of tourism recovery in the beginning of the disaster management plan from the leaders of New Orleans and how slow the economy is recovering, in contrast with the more devastating event in Thailand and how tourism recovery was the main factor in their disaster plan.

Glossary

Commodities – Raw material or primary product that can be bought and sold, such as food, water and utilities.

Cumulative Causation – The process where significant increases in the economic growth can lead to even further growth as more money circulates in the economy.

Domestic Tourism – Tourist travelling within their normal country of residence.

Honey-pot Sites – Tourist sites that are designed to accommodate large numbers of people so that the impact on the surrounding area is minimized.

Mass Tourism – Concentration of a large number of tourists in a specific location during a clearly defined season.

Responsible Tourism – Visiting a destination in such a way as to cause minimal negative impact on its environment and the culture of the host community.

Sustainable Tourism – Encourages continued investment and maintenance of local jobs, protects and enhances local customs, cultures as well as landscapes.

Tourism – Travel away from the home environment for business or pleasure.

Teaching Objectives

After analyzing this case study, students should be able to answer these questions:

- What are ways that areas that rely economically on tourism can better prepare for and bounce back from natural disasters?
- What can the communities, cities and states do to better prepare for and support the tourism recovery to enable a speedy recovery after a disaster or crisis?
- How can governments be prepared for a natural disaster to affect their economy?
- In natural disaster planning, where does the tourism portion become an integral part of the plan?

- How could an economy that was affected by a natural disaster have benefited from an increase in tourism soon after the event?
- If the student does not believe a tourism recovery plan could have helped the situation, what, if anything could have helped?

Outline for a Crisis Management Plan

Introduction: In the introduction, the plan should highlight the operating procedure of the company, its mission, philosophies and goals as well as objectives.

Crisis team / authors and contributors: In this section, all those who participated in the development of the plan should be acknowledged. The selection and contributions of the “right” people should be part of the credibility of the plan.

Crisis Goals & Objectives: In this segment the organization should make it very clear that guest and employee safety are the critical issues for the plan.

Practice: A rehearsal for a crisis should be conducted. Rehearsals will probably not be full scale, but it can be conducted departmentally and coordinated with upper management as well as crisis team members.

Stakeholders: All stakeholders in a potential crisis should be identified. For example, guests, employees, management and owners all have vested interests and should be part of the crisis notification system.

Notification: Notifying stakeholders is vital for communication and control of the crisis. This is part of the crisis communication plan in place.

Directory: A directory of crisis team members, local contacts and others should be part of the plan.

Communication Plan: Illustrates the goals and objectives of the hotel and name of the spokesperson that has been selected.

Security procedures: Details the how and the why of integrating standard security procedures into the crisis plan.

Protection of Assets: The protection of organizational assets is critical for the survival of the business. These should be noted and prioritized.

Emergency procedures: Include standard emergency procedures such fire exits, the location of fire equipment and other components should be part of the crisis plan.

Training: Highlight the training that employees and management will receive. There are also support materials for managing crises focusing on pre-crisis preparation, response to the crisis and communication to outsiders by management (NRA, 1987). These resources are also available through the American Hotel & Motel Association, the National Restaurant Association and other associations.

Documentation: Standard operating procedures should note that all action in the crisis be documented and will later be fed back into the crisis review process. (Adapted from a review of Crisis Plans)

Crisis team and plan Factors

1. Identify the crisis specifically. Do not mix symptoms with the actual problems and determine the level of control.
2. Select a spokesperson carefully. Should this be the manager or owner? This decision should be made on a company- to-company basis. A rule of thumb is “what is the manager’s level of comfort” with that role? How personally involved is the manager with the business? A manager/owner’s personal credibility is at stake if it is a small independent operation and uses an outside consultant.
3. Establish communications with the media and other groups that are impacted by the crisis.
4. Record all information, where the information source is, when the information was collected and who and how the information was collected. A history of the business or the crisis may also be appropriate.
5. Remember not to offer medical, legal or counseling advice to interest groups. Know where the best resources are and bring in experts if necessary.
6. Regularly evaluate business status in the crisis-- resources, intensity of the crisis, publics to be served and other aspects of the crisis.
7. Be consistent. Know what you said, when you said it and the objectives of the organization throughout the crisis.
8. Deal with the crisis quickly. Speed in dealing with a crisis is paramount and delays could be disastrous.
9. Do not be a mudslinger. Placing blame and making insinuations does not remove your company or business from the crisis.
10. Identify people to rely on in the crisis, good advisors, family support, etc. These people should be identified prior to any crisis and will make the crisis easier to handle.
11. Control emotions. Crises are full of accusations, questions and responsibility assessment. Your stress level will be high and your ability to control your emotions will dramatically influence the managing of the crisis. Noting these factors, decision makers are poised to face a crisis and are prepared for action. Crisis plans also need to be human and operational: therefore the priorities of a crisis plan need to be structured to be:

People Oriented: Management’s first priority must be people. Victims of a crisis, clients, guests, business partners and employees should receive primary consideration. This means that the spokesperson for the business, perhaps the manager, needs to meet with people involved and discuss what has happened. This is not meant to infer guilt or confess to something the manager had little or no control over. No matter who is at fault, the organization is involved and an expression of empa-

thy and sympathy is important. It is important emotionally, as well as from a public perception standpoint. Legal advice might caution against managers/owners becoming personally involved. This decision should be made on a crisis-to-crisis basis. Additionally, guests, current and future, should be contacted by mail and/or telephone to notify them of what will be done to work through the crisis.

Aware of Interest Groups: Tourism decision makers in crisis are typically besieged by a number of stakeholder interest groups. Depending on the level and nature of the crisis, interest groups may mean media, insurance agents, lawyers and/or public agency inspectors, as well as employees and guests. All require attention and demand answers. Managers must know their responsibilities to each of these groups.

Concerned for Employees: Employees of a company in crisis are often faced with shock, sadness and questions. Employees will be concerned on any impact on salaries and benefits. Managers should meet with the staff and honestly explain any interruption of pay and their short as well as long-term futures with the company.

Accepting of Advice and Decision Making: Managers will receive advice and direction from many interested persons on how to best handle the situation and still protect themselves. However, a manager must balance his/her personal business and managerial talents with the emotional feelings of fear and anger. Often a manager in a crisis is threatened by the “Why me?” syndrome.

Be aware of Public Relations: Another action area is public image and relations. For example, in food safety crisis a catering business dumped \$45,000 of food product into the trash (O’Halloran, 1995). Some of these items were unopened and frozen product. Despite the fact that these products were not part of the original problem, the management team must consider that in a crisis, perception can easily become reality. The owner and president of the catering company realized that the success of his business was based on the trust that his clients had in him. Therefore, his decisions were made to solidify and maintain that trust.

Interested in Long Term Planning: In crisis management, one must also consider the day to day operation of business. The regular updating of the crisis plan and the constant monitoring of events will help a manager to know if the business can survive. In the wake of a crisis, a business may receive telephone calls from perspective clients asking for significant discounts if they give the company their business. Managers must decide if they are going to become discount operators.

Willing to Work with Officials and the Media: Decision Makers should work diligently with government officials to maintain operations. A manager should work to avoid an adversarial relationship with government agencies and look at the relationship(s) as a partnership. Additionally, once the business is poised to continue, an invitation for the press to visit the facility may be in order to assure the public that the company is ready for business. The spokesperson for the operation

should keep the media up to date and be available with current facts.

Be aware of Competitors: In conjunction with a crisis, business may boom for competitors. However, a crisis can impact a whole industry and support is often available through the local trade association. Managers must also be aware that their competitors may take advantage of a crisis to gain market share. Management decisions should consider these actions.

Summary

This discussion highlights the necessary factors to prepare for and evaluate situations likely to occur during a crisis. A manager will learn a great deal about his/her personal strengths as well as the strength of the business during this time. The company may continue to deal with pending lawsuits and government agencies. The media may also continue their scrutiny of the business. A crisis system that is an integral part of how that business is conducted must be developed (Sikich, 1996, p.7). Within that system the keys to successfully managing a crisis are communication, involvement and cash flow management. Involvement implies a critical role in the communication process as well as in all decisions made during the crisis. A business must keep the pressure on itself and its stakeholders to move forward.

Central to the crisis management process is communication. Most crises have a high potential for distortion, rumor, stress, lack of control and increased scrutiny by the external environment (Paterson, 1993, In Hickman & Crandall, 1997). Therefore, the selection of the spokesperson is very important to the success of the crisis plan. Managers/owners should not be afraid to speak up when discussing crisis issues with attorneys, insurance agents and media representatives. Some advisors would prefer to have a public relations specialist deal with the media. However, in the case of an independent business, where personal involvement helped to build the business, it may be the better business decision to have the owner/manager be the spokesperson. To decide who should act as spokesperson, the expertise of the individual and their communication skills should be considered.

By taking the lead role as crisis manager, a manager should not exclude outside support and advice. A manager should never deny an interview and should involve him/herself in the insurance claims and lawsuits with adjusters, clients, victims and lawyers. When crises are handled properly, the company emerges stronger and healthier than before (Fink, 1986).

Another important issue to deal with is cash flow. Potentially, the income for a lodging operation may be interrupted or halted for an unspecified amount of time. This in turn means that the business will be unable to pay its bills and may mean asking for delayed payment schedules from purveyors. Additionally, salaries and wages for employees may be affected. If other financial steps will help to ensure financial stability, such as reworking a mortgage or immediately

cutting overhead, these steps should be considered. Therefore, a manager's financial skills are even more important for the independent businessperson. A catering company president who suffered through a hepatitis-A outbreak during the Christmas holiday season noted that cash flow was one of the key reasons for their survival.

A crisis team can be aware of their duties, but need to have an organized way in which to attack a crisis. The following discussion offers such a model.

Crisis Decision Making Processes for Tourism/Hospitality Decision Makers

Pre-Crisis: Strategic Management & Information Systems

- 1) Select a crisis management team.
- 2) Select a spokesperson.
- 3) Develop a crisis plan.
- 4) Decide on crisis communication objectives.

Crisis Management

- 1) Crisis management team identifies the issue.
- 2) Collect facts and evidence, document observations and solicit input from experts, peers and employees.
 - What are the actual facts? Differentiate facts from opinions.
- 3) Decide on a course of action and analyze alternative results. Collect new facts.
 - What are the possible outcomes of the different decisions?
- 4) What role, if any, does a manager's individual experience in the work place play in the decision?
 - Weigh experiences in similar situations.
- 6) Evaluate the evidence: ask the right questions. Decide what criteria will be used to weigh the evidence.
 - Which pieces of evidence will be used to make a decision?
- 7) Reach a conclusion.

Post Crisis: Continued Research & Public Information Systems

- 1) Monitor the results of the judgment and the actual outcome.
 - This will enhance the experience factor for other judgment situations.
- 2) Review procedures and actions taken. Adjust the crisis plan.

(Adapted from O'Halloran, 1995, Hickman and Crandall, 1997).

Analysis

This case could be used to assess the students understanding and analysis of the following:

Economic Impact – Can the student trace the flow of spending associated with tourism in an area and how it can and will affect sales, taxes, incomes and jobs? Students should be able to use tools such as visitor spending surveys, secondary data from government statistics, different economic models and visitor bureau information (Frechtling,

1994). The students should also be able to see the costs associated with creating and sustaining the different tourist attractions from a government standpoint, i.e. maintenance, security, marketing, transportation (in some cases) and salaries.

Feasibility – With any case study where there is a call to action on a plan such as tourism recovery after a disaster, the ability for the students to make a reasonable plan that can be supported fiscally, socially and politically will be very important in their understanding of the issues involved in plan management.

Environmental Impact Assessment – Important to this type of plan, is the student's understanding the need for a well thought out plan that could be utilized no matter the situation. When disasters happen, many times the physical location is altered in such a way that the area is now something different. Are the recovery and marketing plans flexible enough to allow for a different type of tourist to visit the location if the event so alters the region that it attracts an altered following?

Teaching Plan

Location Analysis - Students should be able to research locations and their disaster plans to find out if there is a tourism recovery plan.

Economic Impact Analysis - Students should be able to research the effects of tourism on an economy. How does the increase and decrease of tourists to any area affect the economy of that area?

Disaster Recovery Plan - Students should be able to effectively create a tourism recovery plan for an area that is prone to natural disasters but relies on tourism for its economy.

Marketing Assignment - Analyze the student's ability to think about ways to market tourism to an area that was devastated by a natural disaster.

Recommended Assignment

- Create a call for action for a tourist driven area to have a disaster plan that is inclusive of a plan to regain tourism.
- Create a tourism recovery disaster plan for a tourist area.
- Create a marketing plan for an area that has been recently devastated by a natural disaster. Focus on the increase in tourism to the area.
- Write contrasting economic profiles for the same area with and without tourism dollars and expenditures and explain what you find.

Questions

Some questions the students should be able to answer after their case study.

- How much money do tourists spend in different areas? How does this vary depending on the demographics of the tourist and the location of their "vacation"?

- What portion of local business sales is due to tourism? How do the local business economy fluctuations affect the entire region's economy?
- How much income is generated for locals through tourism?
- How many jobs in the area are supported or enhanced through tourism?
- How much tax revenue is generated through tourism spending? What percentage is it for the area's economy?

Planning for a crisis can make the pain and fear of the often uncontrollable less formidable. Crisis systems should add value to a business by providing a way to do things properly or better (Sikich, 1996, p. 7). No plan or team will prevent these types of incidents from happening, but some thought as to how to lessen their impact may save a business. Included in this discussion is a crisis management checklist that can assist managers to better prepare for the unexpected. In response to the Tourism Consultant Charge suggested in the case the following, **Figure 1. Crisis Check List**, provides one example of actions and factors to be considered.

References

- Fink, S. (1986). *Crisis management: Planning for the inevitable*, Amacom, New York.
- Frechtling, Douglas (1994). *Assessing the economic impacts of travel and tourism*. *Travel, Tourism and Hospitality Research*, 2nd Ed. J.R. Brent Ritchie and Charles Goeldner (eds). New York: John Wiley and Sons Inc.
- O'Halloran, R. M. (1995). *Le Petit Gourmet catering: A crisis management case study*, *FIU Hospitality Review*, 13 (2) 5-14.
- Paterson, S. (1993). *Planning for disaster*, *Nursing Homes*, May, 18-21
- Hickman, J. & Crandall, W. (1997). *Business Horizons*, 40(4), 75-79.
- Sikich, G.W. (1996). *Emergency management planning handbook*, McGraw-Hill, Inc., New York.

Figure 1

Crisis Check List

Sample: CRISIS CHECKLIST		
	Completed	To Be Done
Crisis Plan written and reviewed by personnel		
Duties and responsibilities known		
Crisis Team Identified		
Owner		
Manager(s)		
Legal Counsel		
Staff Members		
Others		
Spokesperson Identified		
Local Media Representatives identified		
Crisis Notification Plan in place		
Communications Policies with media outlined		
Data gathering process detailed		
What Happened?		
Where?		
When?		
Number and Names?		
Damage and/or Injuries?		
Stakeholder interaction planned		
Guests		
Employees		
Others		
Criteria for public relations actions are in place.		
Preparation for providing assistance or aid in place.		
Government Support and/or Inspection agencies identified.		
Crisis Plan has been revisited in the last year.		

(O'Halloran, 1995)