

# The Role of Businesses in Community Recovery



This brief is based on a Zurich Flood Resilience Alliance Post Event Review Capability (PERC) study analyzing the 2017 flooding in Houston following Hurricane Harvey. This document, and companion brief *Why Small Businesses Should Invest in Preparedness*, have been produced as summary pieces of key lessons learned regarding the role of businesses and business preparedness in protecting livelihoods and supporting community recovery following disaster events.

Businesses play a vital role in supporting community recovery following a disaster<sup>1</sup> and maintaining operations during an extreme event is fundamental to community resilience. Businesses that stay open or reopen quickly provide much needed services and employment, without which communities cannot recover.

For businesses that can, providing direct support to their community further deepens those benefits. Community outreach and support generate good press and community goodwill. Equally importantly, without a strong community, community-facing businesses in particular are at risk of failure. For these businesses, community support will ideally be an element of their business disaster preparedness and continuity planning.

<sup>1</sup> Harvard Business Review. November 23, 2016. "Small and Young Businesses Are Especially Vulnerable to Extreme Weather." Benjamin Collier.

## How Businesses Can Support Community Recovery

Community engagement and support builds social capital<sup>2</sup>, which contributes to both a quicker recovery and to overall community resilience. Prior to disaster events, coffee shops, restaurants, salons and other gathering places can support the development of community cohesion and key social ties; other businesses can foster strong social connections through community service days and engagement<sup>3</sup>. During and following a disaster, if they are able, businesses can provide key services to their community, such as those described in Box 1, that will ultimately contribute to community resilience and recovery. The usual services of small businesses are also essential for recovery. Without access to everyday services, many communities stall in recovery.

## Business Disaster Preparedness/Business Continuity

Many of the businesses that provided support to their communities in Houston were able to do so either because they were regional, national and global corporations — and thus able to compensate for the impact to a local office or warehouse — because they were largely unimpacted, and/or because they had prepared themselves for the impacts of a disaster. Taking preparedness actions such as those recommended by the Global Disaster Preparedness Center’s Business Preparedness

2 Aldrich defines social capital as (2012) “the networks and resources available to people through their connections to others.” Aldrich, D. P. (2012). Building resilience: Social capital in post-disaster recovery. University of Chicago Press.

3 Aldrich, D. P., & Meyer, M. A. (2015). Social capital and community resilience. *American Behavioral Scientist*, 59(2), 254-269.

### BOX 1

#### BUSINESS CONTRIBUTIONS TO COMMUNITY RESPONSE AND RECOVERY DURING AND FOLLOWING HURRICANE HARVEY<sup>4</sup>

- Gallery Furniture opened up their stores and provided shelters to evacuees
- Uber provided evacuees with rides free of charge
- Airbnb coordinated with their hosts in Houston to provide free temporary housing
- H-E-B (a major Texas-based grocery store chain) provided supplies, back-up power, and a home base for first responders
- The NYTimes, The Washington Post and The Chronicle suspended their paywalls
- Comcast created Wifi hotspots throughout Houston
- AT&T waived their data fees
- Data Foundry reserved hotel rooms for impacted employees, provided equipment, and gave unimpacted staff paid leave to help muck out homes.
- Restaurants across Houston provided evacuees and first responders with meals<sup>5</sup>.

4 Houston Chronicle. “Why some companies rally to help in a disaster.” September 4, 2017. Jennifer Latson.

5 Eater Houston. August 29, 2017. “Houston Restaurants Mobilize To Feed Relief Workers, Victims In Harvey’s Aftermath.” Amy McCarthy.

*A local coffee shop owner in the neighborhood of Bellaire in Houston noted the importance of planning for an extended recovery in the months following Hurricane Harvey. Though his coffee shop was not impacted by the flooding, even several months after Hurricane Harvey business had not returned to normal, in part because of the number of homes in the area that remained uninhabitable.*

Initiative and the American Red Cross Ready Rating<sup>6</sup> program enables businesses to give back to their community and supports their employees during the recovery, thereby contributing to the strength of community ties and furthering people's motivation to return to their community after a disaster. Additionally, by staying open and continuing to employ and pay staff, businesses support their employees, some of whom may themselves be facing added financial burdens from the impacts of the disaster.

For community-facing businesses, planning for disasters should include recognizing and addressing how community impacts and/or a loss or disruption of business will impact business success, especially when recovery can take months or years.

Businesses that are prepared and able to continue to offer services despite the circumstances have the opportunity to garner good publicity and boost their brand reputation. Doing so can maintain or increase their customer base and foster customer loyalty as they become known for their reliability. Staying in business during a disaster also bolsters the local economy as the community recovers, which in turn boosts the business.

“*These types of goodwill gestures are ways to create a halo around the company's brand by associating it with positive activities. [This] is a relatively inexpensive but highly visible way to show that [a business] is connected to the community within which it operates. In academic terms, we can call it local corporate social responsibility. Most people are going to remember such good deeds long after the disaster is over and see the company in a positive light, as a member of their community.*”<sup>7</sup>

- Noted by Utpal Dholakia, a marketing professor at the University of Rice -

<sup>6</sup> Links to both of these resources can be found on the back of this brief.

<sup>7</sup> Houston Chronicle. “Why some companies rally to help in a disaster.” September 4, 2017. Jennifer Latson

## Community Hubs

For businesses whose preparedness helps them avoid or minimize damages during a disaster, this preparedness also gives them the time and capacity post-disaster to focus externally and provide key services to their community. One of the simplest and strongest actions seen post-Harvey was businesses acting as community hubs, providing space for community members to gather and/or attend meetings about the recovery. Doing so strengthens the social fabric of the community while also furthering the business's importance to the community.

While a coffee shop, for example, may already be a gathering place prior to an event, often businesses emerge as community hubs during an event because they are able and prepared to provide support while other businesses, who may have not been as prepared, are unable to. The experiences of Addington Coffee Co-Op<sup>8</sup> following the Christchurch earthquake, Alphabet Wine Company<sup>9</sup> following Hurricane Sandy, and H-E-B during Hurricane Harvey illustrate this.

8 VOA News. September 27, 2017. "Coffee Shops with a Taste for Good Help Rebuild Post-earthquake New Zealand." Reuters.

9 Forbes. Nov 1, 2012. How One Local Business Survived (and Thrived) Through Hurricane Sandy. Seth Porges.

Because power remained on at the Addington Coffee Co-Op following the Christchurch earthquake in 2011, the coffee shop was able to continue to provide coffee to their community and became a community gathering place. An additional benefit of their power remaining on included being able to provide electricity to customers needing power for personal medical equipment.

Even though it had suffered flooding, Alphabet Wine Company, in New York City, became a de facto community hub in the days following Hurricane Sandy. As the owner describes it,

*"First thing on Tuesday, Alphabet City Wine Co. became a command center of sorts (it was still open and doing business by candlelight). Neighbors and business owners were congregating and making plans. Chefs were coordinating neighborhood cookouts to feed locals for free. Groups are gathered around a battery-powered radio listening to updates from 1010 WINS. An upstairs neighbor came in with two large Tupperware containers filled with food, cooked by his aunt on the Upper West Side to feed people downtown. Strangers offered up dry clothing to those who were soaking wet."*<sup>10</sup>

H-E-B, a Texas based Grocery chain, has a Disaster Response Unit, which includes mobile kitchens, a mobile pharmacy and a business center. During Hurricane Harvey they utilized their DRU to supply shelters with meals and water. They have also equipped their stores with gas-powered generators for back-up power so that they can operate their gas station pumps during power outages. Though the electricity didn't go out during Hurricane Harvey, they are prepared for that eventuality. Importantly, because they had food, water and electricity during the hurricane they became a meeting spot for first responders to congregate and eat.

10 Forbes. Nov 1, 2012. How One Local Business Survived (and Thrived) Through Hurricane Sandy. Seth Porges.



Photo: Brigitte Mellott

## Philanthropy

Another way businesses can support community recovery is through philanthropy and charitable giving. In the weeks and months following Hurricane Harvey, businesses and individuals around Houston stepped forward to support their communities, raising over \$350 million of recovery funding<sup>11</sup>.

The impact of such philanthropy can be magnified if the funds are spent within the local communities. For example, using recovery funding to buy reconstruction supplies for local homes from a local hardware store rather than from a national chain can further strengthen the community economy by keeping profits local and encouraging further giving as businesses directly profit from the recovery phase.

Businesses can also provide philanthropic support by mobilizing employees to support one another and the broader community. The restaurant industry in Houston raised funds to help impacted employees with their recovery. Other businesses, such as Data Foundry, supported impacted staff by granting paid leave to employees to help muck-out their fellow employees' flooded homes. Data Foundry also covered the cost of hotel rooms for impacted staff members and provided paid time off, giving them the time they needed to sort out paperwork and begin the long process of recovery.

These financial and in-kind efforts on the part of large and small businesses and philanthropic organizations illustrate the importance of the broad range of actions in that contribute to building community resilience. However, these charitable and philanthropic efforts only existed because of the preparedness of these organizations prior to the disaster. Their preparedness enabled them to support their employees and their community.

<sup>11</sup> Business Insider. Charities have raised over \$350 million for Hurricane Harvey relief — and now have to decide where it all goes. September 14, 2017. Nomaan Merchant, Associated Press.



HURRICANE HARVEY / 8-29-17  
BUFFALO BAYOU AND WHITE OAK BAYOU  
COUNTY JAIL COMPLEX LOOKING WEST



## Conclusion

As disasters increase and a changing climate places communities and businesses increasingly at risk, businesses have the opportunity to take a leading role in supporting community recovery. Business owners who take actions to prepare themselves

for disaster are better positioned to both minimize their own impacts and be well positioned to support their communities post-event. While many businesses might not recognize their value to the community, they are integral to the community fabric. During and following a disaster, this role becomes even more important.

For further information on business disaster preparedness, please visit:

**Global Disaster Preparedness Center's Business Preparedness Initiative**  
<https://www.preparecenter.org/activities/business-preparedness-initiative>

**American Red Cross Ready Rating Program**  
<https://www.readyrating.org/The-Red-Cross-Ready-Rating-Program>

The Zurich Flood Resilience Alliance PERC provides research and independent reviews of large flood events. It seeks to answer questions related to aspects of flood resilience, flood risk management and catastrophe intervention. It looks at what has worked well (identifying best practice) and opportunities for further improvements. Prepared by ISET-International, the Zurich Insurance Group, and the American Red Cross Global Disaster Preparedness Center (GDPC), this publication is intended solely for informational purposes. All information has been compiled from reliable and credible sources; however, the opinions expressed are those of the Zurich Insurance Group, the GDPC and ISET-International. — December 2018