

More than a Fire Drill

*Planning for the
worst may be the best
thing a co-op can do*





Organic Valley's distinctive headquarters building seen shortly after a fire in 2013 and following repairs. The disaster motivated management to fast track development of a business continuity and risk management plan. Photos by Clovis Siemon, courtesy Organic Valley



By Donna Abernathy

Editor's note: Abernathy is a Tennessee-based freelance journalist and communications consultant with decades of experience working for, and with, cooperatives.



It's like getting punched in the gut."

Though it's been more than four years since it happened, Mark Pfeiffer can't forget how it felt to look at the pile of burned rubble that had been Organic Valley Cooperative's headquarters.

"Watching the life's work of our founding farmers burn" elicited powerful emotions, says Pfeiffer, who was facilities manager for the La Farge, Wis.-based organic cooperative when the intense fire destroyed two-thirds of the main office and displaced nearly 250 employees in May 2013

Thanks to a well-rehearsed evacuation plan, all employees and visitors safely exited Organic Valley's building that day. But, as Pfeiffer and his co-workers would soon realize, effectively handling a crisis requires far more than fire drills.

"You just never think it's going to happen to you," says Pfeiffer, admitting that the cooperative was not adequately prepared to handle the crisis. "Sometimes hubris can be your worst enemy."

Disasters happen, and cooperatives are not immune, says veteran cooperative communications consultant Lani Jordan. More than a quarter of all U.S. small businesses experience a significant crisis in any given year, she says, citing a 2014 Risk Advisory Services survey conducted by KPMG, an international accounting and business services firm.

Crises come in all sizes and descriptions. Though a fire or natural disaster is most often the first thing that comes to mind, a crisis is any out-of-the-ordinary event that has the potential of damaging your organization, says Jordan.

"It's not *if* a crisis will occur at your

cooperative, but rather *when* it will occur and how you will respond when it does,” she says.

Whether as a result of a gut-wrenching experience or following a “be prepared” philosophy, many cooperative leaders and managers agree with Jordan. They’re placing a higher priority on crisis preparedness. In the event of an emergency, they aim to be ready — and they’re advising other member-owned businesses to do the same.

Rethinking priorities

As he watched his workplace burn, Pfeiffer couldn’t help but think about the notes in a folder still on his desk. Organic Valley’s board had asked the executive team to begin developing a business continuity and risk-management plan only six months earlier, and Pfeiffer had just begun the research.

In early 2013, Organic Valley employees had been in no particular hurry to put a plan in place. Indeed, they expected to spend five years developing a plan while tending to other, higher-priority tasks for the fast-growing cooperative.

Then the fire erupted.

“It was an eye-opening experience,” says Pfeiffer, whose work priorities were quickly reordered as the business resiliency project was fast-tracked. Organic Valley employees began developing a comprehensive plan while the cooperative’s headquarters was being rebuilt.

“As a food business, it was a given that we had a plan for issues like [product] recalls,” Pfeiffer says. “But the fire forced us to look through our business and become aware of all our potential risks and to identify how to mitigate them.”

In only two years, an aggressive strategic plan for risk management was completed and implemented. The plan identifies the top three risks for every department in the cooperative and the processes for addressing potential crisis

situations. It also included adding a fulltime business resiliency manager to the management team.

The emergency plan “was the one good thing that came out of the fire,” says Pfeiffer, who is now the director of employee services for the 2,000-member cooperative that employs more than 900 people. “Our board and executive team have 100-percent confidence in our risk awareness and preparedness now.”

The new plan was put to the test when Organic Valley employees found themselves in the midst of another crisis

work together to handle the situation,” says Pfeiffer.

Crisis planning ‘not an option’

Sheryl Meshke is aware that some cooperative leaders question whether resources should be allocated to develop a crisis plan. She’s heard the grumbling of those who regard the plan as “an expensive dust collector.” The co-president and CEO of Associated Milk Producers Inc. (AMPI), New Ulm, Minn., has a different viewpoint.

“It’s really not an option; it’s our responsibility,” Meshke says about why



Dixie Electric Membership Corporation’s crisis plan was put to the test when the Louisiana co-op’s service territory received 30 inches of rain in three days, resulting in catastrophic flooding in August 2016. Photo by Billy Gibson, courtesy Association of Louisiana Electric Cooperatives

in July. Severe flooding in the Midwest threatened one of the cooperative’s facilities, forcing an emergency evacuation of personnel, equipment and inventory. Pfeiffer and his co-workers were ready.

“This time we were organized. We had a plan, everybody had a responsibility, and we were able to

she and Donn DeVelder, AMPI’s other co-president and CEO, are committed to maintaining a well-crafted crisis plan. “We have too much at stake, and so do our partners.”

You can never be too prepared for a crisis, Meshke has learned during her nearly 30-year career at AMPI. Having a workable, updated crisis plan is as much a part of risk management as is investing in good insurance or conducting safety training for employees, she reasons.

“Being prepared illustrates immense respect for your partners in the business — employees, owners, the community,” Meshke says.

Co-ops aiding hurricane victims

Hurricanes Harvey and Irma have caused historic levels of damage in southeast Texas, Florida, other states and U.S. territories, and across a large swathe of the Caribbean. When this magazine was heading to press in early September, estimates of damage and death tolls were climbing daily. It will not be a matter of weeks or even months, but rather of years for all the damage to be repaired.

As always in such disasters, the nation's cooperatives have been deeply involved in the relief efforts, including help from many electric cooperatives that have sent staff and equipment to help restore power to hard-hit areas. USDA has also been directing staff and resources to offer aid (visit www.usda.gov to learn more about these efforts).

CoBank has announced that it is committing more than \$350,000 to support efforts for hurricane recovery. Its contributions are being made in partnership with its customers, employees and other Farm Credit institutions that will support a number of organizations involved in the humanitarian response to the hurricanes. These include the American Red Cross, Texas Farm Bureau Foundation, Texas Electric Cooperatives Harvey Disaster Relief Fund and the Farm Credit System Employee Relief Fund.

"It is difficult to grasp the full scope of damage caused by these two devastating hurricanes," Tom Halverson, CoBank president and CEO, said in announcing the effort. "The impact of these disasters will be felt for a long time, but CoBank is committed to supporting our customers, our colleagues and our Farm Credit partners as they begin the process of recovery."

The Cooperative Development Foundation (CDF) is raising funds to assist cooperative businesses damaged by the hurricanes, including damaged buildings, lost business and wages, and loss of inventory.

"CDF has a long history of providing needed and timely assistance to cooperatives impacted by natural disasters," says Rich Laroche, board chair of CDF. "Helping cooperatives recover from damage inflicted by Hurricane Harvey demonstrates the 6th and 7th Cooperative Principles — cooperation among cooperatives and concern for community." For more information about CDF's Disaster Recovery fund, visit: cdf.coop/hurricane-harvey.

CDF has also partnered with the National Rural Electric Cooperative Association (NRECA) to raise funds specifically for rural electric cooperatives and workers impacted by Hurricane Harvey. For more information on that fund, visit: cdf.coop/nreca.

AMPI employs 1,250 people who work at 10 Upper Midwest dairy manufacturing plants and the corporate office. The cooperative routinely tests its crisis management plan to ensure all employees know their role in an emergency situation.

Having a workable crisis plan is important for employee morale, adds Sarah Schmidt, AMPI's communications director. "Just knowing there's a plan in place that you can execute is so helpful," she says. "Assurance is what preparedness provides for everyone involved in a crisis situation."

The time and resources AMPI invests in crisis planning have been worth it, both Meshke and Schmidt say. The plan has been used for a variety of

crisis situations, including when fires shut down AMPI plants during the peak dairy product sales season in 2004 and again in 2014. On each occasion, AMPI employees — from plant workers to the communications team — demonstrated their readiness in the face of disaster. Their quick, professional response garnered the appreciation of members as well as the respect of customers, emergency responders, industry peers, the media and others.

Stay in touch

David Latona, manager of member and public relations for Dixie Electric Membership Corporation (DEMCO), knows firsthand the importance of both internal and external communications during times of crisis. The cooperative

serves more than 100,000 members in seven parishes in southern Louisiana, so he's no stranger to storms and the havoc they can wreak on an electrical-distribution system and the lives of those who depend on it.

Though it may seem counter-productive, conducting frequent meetings with co-workers is essential to successfully executing a crisis plan, Latona emphasizes.

"Set aside time before [when possible], during and after an emergency to digest what is going to happen, what is happening and what just happened," he says. "We found that a time set aside for our group to discuss what we are each doing gives us an opportunity to understand the big picture, and each member can feel

Co-ops of all sizes need a crisis plan

Spending years in the cooperative communications trenches has taught Lani Jordan this important lesson: “You can’t ignore the need for a crisis plan.”

Before opening her own communications business, Jordan spent three decades as the corporate communications director for CHS Inc., the nation’s largest cooperative. Her responsibilities included leading crisis response for the \$45-billion business as well as for many of its 1,100 farmer-owned member cooperatives.

Whether it’s the nation’s biggest cooperative or the smallest, all co-ops need to be prepared to address a crisis event, she says. Jordan believes concerns about the potential cost of developing a crisis plan may deter some cooperatives from developing one.

“You can’t afford not to have at least a basic plan,” the respected crisis advisor says. Jordan describes a basic plan as one that outlines the processes a cooperative will use in a crisis situation and identifies the employees responsible for executing them. It also includes a provision for regular practice.

“At least annually, you need to walk through a hypothetical crisis scenario to make sure everything in your plan still works. Find the holes in it and revise,” she says, adding that a crisis plan must address both physical concerns — employee safety and the protection of assets — and how you will communicate with stakeholders.

“A good crisis plan absolutely must include a solid communications plan,” agrees Sheryl Meshke, co-CEO of the AMPI dairy co-op. The AMPI plan puts a high priority on communications. Meshke views communications as vital for protecting the cooperative’s reputation during a crisis.

Even if your cooperative is physically managing a crisis well, failing to communicate what you are doing with members, employees and other stakeholders is risky business, Jordan cautions. “You’ve left a big hole [in managing your crisis], and created the potential for making things worse.”

confident they have the support of the team.”

Latona and the DEMCO team activated their crisis plan when the co-op’s service area was hit with the worst flood ever recorded there. Over 30 inches of rain — nearly 7 million gallons of water — fell during a three-day period in August 2016.

A reported 160,000 structures in the co-op’s service territory were damaged by floodwaters. Among them was a DEMCO district office. To make matters worse, 50 employees, about one-quarter of the co-op’s workforce, were among the thousands forced from their homes by high water.

Latona’s external crisis communications plan called for primarily using social media to keep members informed during the emergency. At least once an hour, he shared power restoration information with the 10,000 members who follow the co-op on Facebook. Members were encouraged to use the platform’s direct

messaging option as a means to ask questions or express concerns.

Once an hour, the communicator also made it a priority to personally answer emails and social media messages. It was time well spent, Latona says.

“We don’t have empirical data, but the anecdotal [evidence] is almost overwhelmingly positive,” he says, explaining how direct communication helped to protect DEMCO’s good reputation among members. “It was certainly worth our time to respond to those that reached out to us. We even replied to members who were messaging us to say ‘good job.’”

An added benefit of Latona’s efforts was fewer calls to the DEMCO office. “We love personal contact, but our call center can better serve members when they are not flooded with calls.”

Minding the gaps in Tornado Alley

A near miss prompted management

at Cullman Electric Cooperative to take a closer look at its emergency response plan, revealing gaps in the co-op’s ability to protect employees and information in the South’s infamous Tornado Alley.

Four tornadoes hit the co-op’s service area on April 27, 2011, wrecking its electricity transmission and distribution system. The most powerful twister, rated an EF4, passed within two miles of the headquarters in Cullman, Ala.

In the storm’s aftermath, the co-op’s management team evaluated its response to the natural disaster. The team also pondered what would have happened if the tornado had hit the main office. There was no doubt that the co-op’s information technology infrastructure was vulnerable.

“We realized that our IT [information technology] infrastructure would likely have been destroyed,” says Brian Lacy, the co-op’s manager of communications and external affairs.

“We would have been dead in the

water if our computer infrastructure had been destroyed,” adds Cullman CEO Grady Smith.

The introspection also revealed that the office’s only “safe space” was the vault. The space was insufficient to accommodate all employees or visitors who might be inside the building during an emergency.

In response to both concerns, the cooperative invested in constructing an above-ground, reinforced concrete bunker. It houses the co-op’s information technology infrastructure and provides an adequate-sized storm shelter. The structure can withstand a direct hit from an EF5 tornado.

‘Road test’ the plan

Tornadoes, cyber terrorism, ice storms and a host of other potential disasters are often on Jay Gill’s mind. Each year, he spends time plotting how to use such disasters to give the employees of Carroll EMC a hard time — at least for a few hours.

Gill, vice president of communications for the Carrollton, Ga., electric co-op, creates havoc — of the mock kind — to help his co-workers prepare for crisis situations. Whether a cooperative distributes electricity, sells farm supplies, markets grain, or processes milk, there are benefits to “road testing” a crisis plan, he believes. Carroll EMC’s annual Disaster Day allows employees to do just that.

The day provides an immersive, hands-on experience that exceeds the industry’s minimum emergency preparedness requirements. The cooperative’s management supports the exercise, believing it helps ensure exceptional employee performance in crisis situations.

The electric cooperative closes its offices for an entire day each May so that most of its 140 employees can participate in the emergency response

drill. The date of the exercise is announced at the beginning of the year and all employees are expected to be in attendance.

“It’s important to incorporate all employees in the day ... because everyone plays a role during a disaster,” says Tim Martin, CEO of Carroll EMC.

During the drill, employees put their normal jobs on hold and instead focus on their assigned crisis roles. Accountants set aside number crunching to make plans for feeding and housing mutual aid crews.



Leaders of Cullman Electric Cooperative (CEC) began rethinking their emergency readiness after a near miss by this deadly, EF-4 tornado in April 2011. Photo by Brian Lacy, courtesy CEC

Engineers become “bird dogs” who guide crews to areas requiring repairs.

During its 2017 drill, Carroll EMC incorporated several team-building activities to further enhance employees’ crisis response capabilities. “You have an opportunity to get to know

employees that you wouldn’t normally interact with on a day-to-day basis,” says Kelly Hester, the co-op’s communications and corporate events coordinator.

The training also focused on employee wellness, teaching strategies for mental and physical endurance during a crisis period. This is a frequently overlooked element of crisis preparation, Hester says.

“When you’re in the midst of a crisis, managing your stress is vital to staying calm and focused on the tasks at hand,” she notes.

Managing crises may never be completely stress free, but Organic Valley’s Pfeiffer is confident that his cooperative is now well prepared to handle a disaster. Looking back, he realizes there was a lot of luck involved in recovering from the headquarters fire quickly.

“We were 10 feet from this going a whole other way,” he says, explaining that the co-op’s data system — the nerve center of its operation — was in a small section of the building that received only smoke and water damage. Saving that section allowed the cooperative to reestablish communications with customers and never miss a product shipment.

Pfeiffer is no longer relying on luck for business survival. While it was once just another item on a long “to-do” list, crisis planning is now something he’s passionate about. He has this message for those who are procrastinating over the development of a plan to protect their cooperative business.

“Don’t ever think that some risk will not impact you. If you’re not planning for those risks, then you’re accepting them. If you accept them, then you are opening up your cooperative to a disaster that could end your business.” Is that a risk you’re willing to take? ■