

Social Responsibility: The Right Thing to Do

Leaders involved in the recovery following Hurricanes Katrina and Rita discuss the often-ignored success stories that have followed these devastating storms

ON AUGUST 29, 2005, THE COSTLIEST AND one of the deadliest hurricanes in the history of the United States swept in from the Gulf of Mexico. Hurricane Katrina caused catastrophic damage along the coastlines of Louisiana, Mississippi, and Alabama, and flooded around 80 percent of the city of New Orleans. Then, less than a month later, Hurricane Rita wreaked havoc on the Louisiana and southern Texas coasts. Nearly a year after the storms, Katrina and Rita are estimated to have caused \$85 billion in damages, and to have taken more than 1,800 lives.

Although some emergency measures were put in place as the storms approached, their force far exceeded most expectations, and communities were turned on their heads. Tens of thousands of people were left homeless and jobless, vital supplies were cut off, and communications broke down across a vast region. The federal government stepped up to provide assistance for refugees and aid poured in from overseas, but some of the most laudable disaster relief efforts came from the business community, despite the damage many companies suffered at the hands of Katrina and Rita.

The following pages tell the story of heroic actions on the part of many local and national firms that contributed time, money, space, and expertise to help those who needed it across the hurricane-stricken region. These hurricanes proved, as much as any other catastrophe has done, that disasters can bring out the best in people and companies.

We start with the view of members of the business community in New Orleans.



THOMAS ORECK

Chief Executive Officer,
Oreck Corporation,
New Orleans

With headquarters in New Orleans, Oreck must have been severely impacted by Hurricane Katrina.

How did Oreck prepare for the storm?

Preparation and planning are essential;

without them, you have no chance of recovery. So, for instance, we moved our computer systems to Boulder, Colorado, and our call centers to Denver and Phoenix, and we moved our people and their families, as well. But needless to say, we did not anticipate that the storm would be so monstrous that it would take out both our Long Beach and New Orleans locations. With that said, we were able to empower and rely on our very good people to turn on what I call "aggressive improvisation." And to be frank, that's exactly what saved us. We never missed a payroll. We housed and fed our people. We had everything up and running in a Dallas operations center in five days. In Long Beach, Mississippi, we brought in trailer homes, shipped in food and water, and also brought in doctors and medical personnel and insurance specialists to help people make claims. We were able to do remarkable things, but we simply did the right thing. Our employees did amazing, heroic, almost impossible things and had the business operating in an incredibly short amount of time, considering the level of devastation they were dealing with. So I credit them entirely with saving the business.

You also made efforts to ensure smooth operations for your retail outlets across the country.

That's absolutely right. We had to deal with all of the people through the chain, because those stores are dependent upon the supply of products. They're exclusive stores, so if the supply stopped, they would be out of business. So, with the help of UPS, we moved our distribution to Atlanta.

Do enough companies make contributions to the general public in times of crisis, such as the aftermath of Hurricane Katrina?

Many companies do the right thing for their people, customers, and other stakeholders. Doing the right thing is reason enough for doing the right thing, but it's also good for business. Looking at what happened in New Orleans, there was a lot of bad press about what happened – and it was true – but I don't think there was enough coverage of the truly heroic things people did under those circumstances. ●



JIMMY D. FORE

President and General
Manager, Ernest N.
Morial Convention
Center, New Orleans

Could it have been possible for the convention center to prepare for the events surrounding Hurricane Katrina?

The building had improved, and continues to improve, upon its preparedness plan for hurricanes. We have two plans for what to do when we encounter a hurricane, but both plans include securing the building, testing our generators, backing up the computer network, and determining the number of employees that we will bring into the building and their roles during the impending storm. These tasks were done in preparation for Katrina. On the Sunday before the storm, 40 some employees across the different segments of our workforce – maintenance, public safety, food service, and management, to name a few – were housed with their families in the building and given food.

Once the convention center was designated as a shelter for the hurricane victims, we had other considerations to make. However, the building was never identified as a shelter. We never planned for food or water for anyone beyond the 30 to 40 employees that we housed there. We didn't plan for a medical or security staff, which are very important elements to consider when you become a shelter.

Once the convention center became a shelter, how challenging was it to communicate with your people inside?

In a major disaster, people often lose communication. All of our systems were down and we lost electricity, but we were able to run on emergency power until the storm passed. Once the storm passed, we began assessing the damage to the building and making temporary repairs. At that point, messages were being passed from person to person. Once we got our communications up and running, we were able to help the customers who had booked the

center understand the conditions and shift their events to other locations.

Was it frustrating to see all of the negative reports in the media about the city? And is the public now aware of the progress that has been made?

There were certainly frustrating times. We saw a lot of suffering and there was no way to help people. But we did the best we could, and we reopened the building on February 17, 2006. We were able to do that with all of the efforts of those involved. Even though some criticized our decision to have Mardi Gras, the point was to show that we are not down, and we are committed to coming back to what the city was in the past. Mardi Gras was an integral part of that, and so was the Zurich Classic PGA golf tournament. If those events did not happen, I think people would have decided to write New Orleans off for a great number of years.

How has employee moral been during the recovery efforts?

The one thing I can tell you about this building is we have loyal employees. A vast number of our employees have been here for more than 10 years. They're committed, and they have been committed. At this point, we have about 250 employees back, out of 400, and by the end of the year, I suspect we'll have better than 300. Our employees are keeping in touch with us regularly, and we're keeping in touch with them. I think that will help grow this building and the spirit of the employees. ●

But the business community did not just look after its own people after the hurricanes hit. Seeing local government officials struggle with the enormity of the task at hand, many corporations stepped in with assistance for public-sector relief efforts, in various shapes and forms. Much of this valuable help was ignored in media reports from the disaster zone, but as Mayor Guy Goodson testifies, it made all the difference.



GUY GOODSON

Mayor of Beaumont, Office of the Mayor, Beaumont, Texas

Part of the role of a mayor is dealing with uncertainty and the unexpected. After Hurricane Rita left Beaumont without power, how did you handle it? How quickly did you need to respond?

I'd only been mayor four months when the storm hit, but I had been a council member for a long time. And we had what I knew to be a practiced, tried, and what I believed would be a successful, emergency management plan. But you never know how it will actually work until you get into the midst of a crisis. The wind-storm that resulted from the hurricane



The Zurich Classic signals that the swing is back in New Orleans.

downed over 18,000 utility poles. There was no power coming off our power supplier's grid or from Louisiana or western Texas. We were completely without transmission and distribution power, so getting power back up was of tremendous importance. We had to take the extraordinary steps and call for a mandatory evacuation that we kept in place for three weeks. We only let people come back in to secure their property and then leave. ExxonMobil was able to work with our energy supplier to provide a great deal of power quickly. People worked hand in hand, and we were very proud of both our energy supplier and our corporate partners, who basically said, "It's important that we get this whole community up, not just our particular business operation."

How did your corporate partners effectively address the needs of your community?

As an example, I have been insured by Farmers for a number of years and have a good friend who's an agent. I also have a good working relationship with the management of both the local and regional offices. In a small to medium-sized community, you can create those relationships with people. Right after the storm made landfall – before our power company or our major corporate people could in any manner get their electric supplies back up – we had to have short-term interim power needs. It was difficult because the demand from Hurricane Katrina was so high. A lot of resources were tied up, frozen, or already being used. So a small community like ours was potentially in a situation of real peril.

Farmers came in to do two things. First, for our individual citizens and policyholders, they brought in almost 300 agents who did a wonderful job of assessing exterior properties before our property owners even came back. So they only

had to get consent to enter and finish appraisals. They really got several weeks' jump on a very desperate situation, which was good for the company and for the policyholders, who could come back and start working on things much more quickly. But they also did something more extraordinary. The president of the company, the head of the Texas operation, and a whole team of people came to Beaumont and walked into our emergency operation center and asked, "What do you need?" And I said, "Well, our needs almost exceed my ability to explain them." And they said, "Here's \$100,000. Use it as you see fit." Almost before we shook hands I said, "Would you find me two two-megawatt generators to light up my civic center for emergency workers and my city hall?" And they were able to do that too.

The continuity of government was the main thing I was worried about after the natural disaster. If you have continuity of government, people see that and gain comfort from it. They get the sense their material things will be taken care of. The help we received from Farmers, Exxon Mobil, and other corporate partners was critical not only to the recovery, but the timing of the recovery. Every community ultimately recovers from a disaster, but you're really on your own as a community for the first three to five days after a disaster. How successful you are in getting your community back on track during that critical window of time can change everything. We really would not have been able to do it without our corporate partners.

Does the public have a good understanding of just how much the corporate community contributed to the recovery efforts?

No. I don't want to discredit my friends in the media, but they're in the business of looking at the difficult sides.

They rarely talk about the times when prices for insurance coverage or gas go down; they talk about when they go up. So the media's focus is to be critical. But we have been blessed as a community to have excellent corporate partners in southeast Texas. We're an industrial community, and we don't believe the message gets out enough. We know that people in our community and in the surrounding region have a good sense of what our corporate partners did for us. But as far as that message getting out to the mainstream goes, it's not very likely, just as it's unlikely that the general public is aware of the amount of damage my community sustained as a result of Hurricane Rita. So we're just really privileged that we do have a great relationship with so many corporate people, and they stepped up, in many cases, without even being asked. That's when you really appreciate it – when you don't have to pick up the phone and call your corporate partner for help. These efforts were initiated totally and unilaterally by those corporate partners. ●

In addition to local government efforts to restore normalcy to stricken cities, many charities were working around the clock to provide housing, food, and water to the victims of the hurricanes, and assisting in any number of other ways. Much of the funding behind these activities came from corporate donations, which are estimated to have reached more than \$1 billion in total.

While some companies provided much-needed funds to charities and other nonprofit organizations, others provided a more personal type of support, in the form of volunteers or visits from executives.



MICHAEL H. RODRIGUE
Chairman of the Board, Fore!Kids Foundation, Avondale, Louisiana

What is the purpose of the Fore!Kids Foundation?

The mission of the foundation is to raise money for children's charities through golf-related events. In New Orleans, there has always been a big need for childcare, housing, education, and so many other things. The storm only amplified those problems. Since we know the local charities, we've been able to be a good conduit to get the monies to the neediest people. We don't have any administrative costs: All of our administrative costs are picked up through the production of our PGA TOUR event. That means that people can be confident that 100 percent of their money is going to the neediest causes. Once we make those gifts to charity, we inform donors where their money went, and what specific needs it met.

How do you choose which charitable organizations to work with?

Before the storm, we vetted and approved 45 regional charities to receive money from the 2006 event. The first thing we did after the storm was to try to find out which of these charities survived. Because the devastation was so widespread and touched every area of town, it took us about six weeks and a lot of phone calls before we could determine which charities were going to make it.

Is the PGA TOUR and the Zurich Classic the key area of revenue generation for the foundation?

Yes. We have two great partners. The PGA TOUR and Zurich Financial Services have never wavered in their support of the event. Zurich has been an incredible title sponsor for us. It has been a leader in the corporate community's rebuilding efforts. Being in insurance, the company has paid millions of dollars in claims here. It seemed like a natural partnership in 2004, and Katrina only strengthened the ties. The management of Zurich takes a special interest in the town, at every level. They engaged with the Fore!Kids Foundation and our great city, and they share the passion we have for our children.

You are also the proprietor of Acme Oyster House. Have you had problems with your workforce since Hurricane Katrina?

Every business has had staffing problems. This has driven wages up, but although that's hurting the private sector a little bit, it's going to bring more people back. In any case, I welcome the opportunity to pay better wages in the hospitality industry. It's a sector where some people barely earn enough to survive.

Did you ever question staying in New Orleans after the hurricane?

It never crossed my mind to leave. The place has unbelievable character and I cannot imagine living anywhere else in the world.

What are the city's greatest needs at the moment?

The biggest need is housing. You see trailers coming that took way too long to get here. We are glad they are here, but, unfortunately, they are like little matchboxes. Now, we're in another storm season and the trailers aren't safe in winds of more than 40 miles an hour. The devastation is so widespread, there are some areas that still have no electricity. Water pressure is low in others. Fortunately, it gets better every day. Video segments do not give the full perspective. You have to drive through the area to get a feel for the full extent of the tragedy.

New Orleans now has a great opportunity to change some things that could never have been addressed without the storm. For instance, it would have been impossible to change our housing system, our education system, and parts of our political structure. The storm has facilitated those changes. There has never

been an urban rebuild like this anywhere in the world. It's an opportunity we have to seize. It just hurts a little bit in the early stages. ●



MARY JANE SILVA
Principal, St. Michael's Special School, New Orleans (with students)

What is it that makes St. Michael's Special School unique?

St. Michael's – our beautiful school – was started in 1965 by Sister Lillian McCormack at the request of the Archdiocese of New Orleans, because there were no schools for special-needs students. We're now in our 42nd year, and we serve students with mild and moderate handicaps. The ages run from 6 through 21 in school, and for older individuals, we have an activity workshop. I think the school works and is a leader in the field because it was created for all special-needs students. Our philosophy is to take each child and help them fulfill their potential, whatever it may be. For each special-needs student, as for any "typical" student, the needs are different and the goals are different. But the end goal for everyone is to see them be happy, loving, productive citizens. That's what we strive for. It's a school based on love and on the belief that each child has a gift. So we don't dwell on a disability; we're dwelling on abilities and what each child can bring into the world.

St. Michael's has a special relationship with the Fore!Kids Foundation. How important has that relationship been to the success of St. Michael's?

Fore!Kids is invaluable to us and has been for many, many years. The Zurich Classic PGA golf tournament has been one of our main supporters. We've been very blessed. This school is tuition-based. The tuition is minimal – just \$3,400 a year – but many parents are unable to pay that. So we have a sliding scale for those who need help. The per-capita cost is more than \$7,800 per child. So there's a tremendous gap between our tuition and what we need to keep the school going. But we're very blessed with beautiful benefactors and friends who help us year after year. And Fore!Kids has been at the forefront of that effort, contributing multiple scholarships here for at least 25 years.

You have also received financial support from a corporate partner, Zurich Financial Services. How important has that relationship been?

Zurich has been one of our biggest backers since we met them two years ago. We believe that God just sent them right into the city when they agreed to become the sponsor for the golf tournament. They wanted to see some of the children's charities that were helped



Record crowds came out to support this year's PGA TOUR event.

through the tournament, and we were blessed that they came here. James Schiro, the chief executive of Zurich, came here with a group of executives, and happened to come on a day when we were conducting a First Holy Communion. So he was able to see the children in a group and then visit each classroom and see children individually. These children can really touch your heart in their innocence and their love. So from that starting point, they have been tremendous with us. They have been back a couple of times to visit, and they have financially given us very generous donations, which not only go into our scholarship fund and into helping our little people, but also help us as we try to do some renovation. We were very blessed after Katrina. Mr. Schiro and his wife contacted me, and sent Zurich employees to check on the school and the grounds, and make sure everything was secure. So the dearness, friendship, and support from Zurich comes certainly financially – which is a tremendous help – but just as importantly, those things come deeply from the soul, as well. They take the time and the effort to feel a part of the school with the children. They were as glad to help us as we were to have the help. ●

Despite the appalling damage inflicted by Hurricane Katrina, New Orleans is determined to rebuild and regroup. In February 2006, New Orleans celebrated Mardi Gras, as it had always done, with music, dancing, and parades through the city's streets. Other regular New Orleans fixtures have also returned, including the

Zurich Classic PGA tournament.

As these local businessmen concur, nearly a year after the hurricane, the swing is definitely back in New Orleans – and so are the tourists.



THOMAS GARNER
President and
Managing Director,
Torino Leather Co.,
New Orleans

Your company is based in New Orleans. How severely was it impacted by

Hurricane Katrina?

Our business was operating way above level prior to Katrina, but then August 29 came, and there was no business, and unfortunately, a lot of orders for the fall season were totally destroyed. So we went from 65 employees to four, and the four of us banded together to get the business back on track. Within a couple of months, we were able to deliver orders, which was kind of a miracle. We were fortunate to have some good friends in the business, and we delivered 2,000 alligator belts prior to Christmas last year. We were able to keep Saks Fifth Avenue happy, as well as our specialty store accounts. So that was an important milestone in keeping the business viable.

How important was it for your business – and for all of New Orleans – to have the city once again host the Zurich Classic PGA tournament?

I think it was absolutely critical. I thank Mr. Schiro and Mr. Clauser of Zurich for it personally, because they

looked at the city in an extremely positive way. There are a lot of good things going on that were not being talked about. If you look for the bad, you're going to find it, but Zurich came in and looked for the good, and they found a lot of it. It was a tall order for them to say, "We're going to do this anyhow." And it was great. The players got behind it and were so positive. The media noted how much that's really positive is happening in New Orleans. So Zurich was at the right place and at the right time. The company stepped up to the plate. They did the right things in the city on a very positive note, and we also had Jazz Fest that weekend, which was a fabulous success. So with the combination of those two things, it was like it used to be in New Orleans that weekend.

In addition, Tim Finchum, the commissioner of the PGA, held the Commissioner's Cup in New Orleans, around the Zurich Classic. That event brought 50 CEOs from around the country to New Orleans. The keynote speaker was Rudy Guiliani. So that combination of events was the right dose of medicine for New Orleans.

Torino provides gifts for the players in the Zurich Classic, doesn't it?

It does. The tournament provides the players with a gift of an alligator belt, and the players absolutely love it. When they go back after their round they find their belt that they just got fitted for the day before in their locker. It's quite a thing. ●



GARY W. LOVEMAN
President and Chief
Executive Officer,
Harrah's Entertainment,
Inc., Las Vegas

Harrah's has been very involved in bringing tourism back to New Orleans.

We think Harrah's can play an important role in reinvigorating tourism in New Orleans. We launched our reopening at the beginning of Mardi Gras season – it was a great time. New Orleans deserves support. If Americans have a chance to go there, they owe the people of New Orleans a visit and they'll be grateful for it. Our plans for investment in New Orleans haven't skipped a beat. Our commitment to the Gulf Coast has increased since the storms.

You also arranged an extremely special performance with Celine Dion, Elton John, and Jerry Seinfeld to aid hurricane-affected families.

Following the tragic events of Hurricanes Katrina and Rita, we went to our three artists in residence – Celine, Elton, and Jerry Seinfeld – and asked if they might come together to do a performance on behalf of our 9,000 hurricane-affected employees. They quickly responded that they were happy to do it. ●