case study

Tourism Recovery in the Crisis Management Plans: Natural disasters

By Robert O'Halloran and Nicole Alley

Introduction

Tourism has always been important around the globe for new business opportunities and economic development. Additionally, for as long as Mother Nature has had control of natural disasters, tourist destinations have struggled to maintain and manage these destinations in the aftermath of natural disasters. The impact of natural disasters has been prominent in recent history. Some argue that climate change is a major factor and the fact that more and more areas that were once considered uninhabitable are being changed into tourist destinations.

Natural disasters pose a very real and vital threat to communities and countries. Natural disasters could economically be the demise of popular tourist locations. Tourism destinations that are victims of disasters often take years to recover. Hurricanes, tornados, tsunamis, etc… can be the cause of the loss of life, critical injuries plus the billions of dollars in damage to businesses and homeowners. The economies of a tourism destination are also impacted for years to come. Destinations like New Orleans have struggled to regain the tourism dollars in the aftermath of Hurricane Katrina. Some locations have been able to recover relatively quicker due to more formalized disaster management plans. Thailand, for example, utilized a very specific tourism recovery approach to bounce back from the Indian Ocean Tsunami that devastated so much of that country. The issue becomes proper planning, the ability and will of the tourism industry as well as its stakeholders to rebuild.

Defining a Crisis

A crisis, by dictionary definition, is a turning point or a crucial time. The content area known as crisis management was reputedly created by the public relations industry and it refers to the successful management of public as well as stakeholder opinions in the midst of a corporate disaster or scandal (Braverman, 1997). In business, several criteria generally define a crisis. The first characteristic is potential for injury to guests or staff and the second is damage to company assets. The third is how fast events are occurring and the fourth, how fast decisions have to be made (Brewton, 1987). As previously noted, crises occur in all industries and in all countries. Natural disaster like the aforementioned Hurricane Katrina and Indian Ocean Tsunami plus other categories of crises that include: the Tien Mien Square revolt in China; the Union Carbide incident in Bhopal, India; the Chernobyl nuclear reactor incident in Russia; the NASA Challenger explosion and the Exxon Valdez oil spill in Alaska all impact tourism and local communities.

Crisis events are often the catalyst for decision-making at all levels and finger pointing by all interested parties. Questions that typically arise as a result of a crisis are:

- Could the crises have been prevented?
- Can blame be assessed in this incident? Why or why not?
- How damaged is the (your) business?
- Can the business or businesses survive?
- Was the communication process handled correctly?
- Was a crisis plan in place?
- What controls are there to prevent this type of incident from occurring again?
- What strategies could be developed to regain market share?
- What role did the government agencies have in protecting the public?
- How can the private sector work with the public agencies to prevent future crises?

Organizations can typically be categorized into two groups, crisis prepared and crisis prone (Fink, 1986). Crises present situations that many decision makers have not had to handle previously. Many crises appear to have similar characteristics. They also appear to get worse with time. Others are so prominent that the media and regulatory agencies respond as almost all crises interfere with business operations. For example, in the event of an airplane crash, the Federal Aviation Authority and similar agencies will examine the situation. A region and/ or organization's image could be tarnished and people may be fearful of flying. A serious crisis may directly influence and impact the credibility as well as economic viability of tourism.

Tourism and Economy

Tourism is often thought to be a savior for emerging economies the world over. It is important to realize that such locations and their tourism economies can be dramatically affected by natural disasters because they rely more heavily on tourism for the livelihood of its people and economy. A disaster can impact communities not only

Robert O'Halloran *and* **Nichole Alley** *are both affliated with East Carolina University.*

through visible damage but through economic channels where commodity prices tend to skyrocket through the disruption of the food, energy and housing supplies. The demand for these and other commodities increases due to the impact of disaster.

Natural Disasters

Climate changes that are occurring are likely to continue increasing severity and frequency of storms as well as severe weather events (EPA, 2013). These storms can have disastrous effects on tourism in the affected regions. Some of the other impacts that the world risks as a result of these changes are drought, disease and heat waves. In the United States alone, in the last 100 years, there have been many natural disasters that are in the category of epic damages and loss due to weather. For example, New Orleans is an area where tourism is a large part of the economy. Hurricane Katrina, which devastated New Orleans, is a prime example of how a lack of planning and execution in the wake of a natural disaster can inhibit the economic recovery of a community. New Orleans saw a record 10.1 million visitors in 2004. In 2005, Hurricane Katrina caused a total property damage estimated at $81 billion and a loss of life totaling 1,833 from the hurricane itself and subsequent flooding. In 2006, the year after the event, the tourism numbers dropped to 3.7 million visitors; that equals over a 60% drop. In 2013, their best year yet, they still had only reached 9 million. New Orleans has a goal for 2014 of 13 million visitors but with the rate of growth they are at now, this is a tall order (Waller, 2013). "It's a $5 billion piece of our economy and represents over 80,000 jobs for the men and women in this metropolitan area," said Landrieu of the tourism and hospitality industries (Dall, 2013). With this much money on the line, one would think that repairing the tourism industry would have been higher on the priorities list for Louisiana. New Orleans is now putting effort into the tourism recovery of their state due to the overwhelming concern for the amount of the economy that the tourism industry supports.

The lesson from the Indian Ocean Tsunami that hit Thailand and other regions in 2004 is that the economic recovery by country and region varies significantly based off the priorities of the area. This event was much more devastating than Katrina with a loss of life totaling over 230,000 people and another 1.7 million displaced with no access to food and water. The total damage cost for the tsunami has been reported to be roughly $15 billion dollars (Pudney, 2005). Although, this is a smaller number than reported for Hurricane Katrina, the poverty level and the economy of the country needs to be taken into account to really compare the two. For some areas of Thailand, like New Orleans, the tourism industry was one of the hardest hit. The tsunami destroyed many resorts, as well as infrastructure: roads and railways. Unlike Louisiana though, tourism rebounded in many of the affected areas within 2 years because of the focus from the government. The government immediately had in place 9 different sub-committees focused on the tourism industry and by 2007, the Royal Thai Government and Thai Airways invited more than 1,000 travel editors and tourism agents to inspect the areas of the country and to confirm that most of the areas were open and in operation (Karantzavelou, 2007).

Some tourism areas tend to be more prone to natural disasters because of their location. Tourism in these areas is often the main economic support of the community. When there is a natural disaster, not only does tourism drop because of the event, but the area takes longer to recover because it doesn't have the income from the tourism that it usually depends upon. "In most cases, and in most of these disaster-ridden areas, the perceptions people hold onto from those initial images of devastation do far more damage than the event itself. If tourists can recover confidence as quickly as locals recover their optimism, everyone can strike a good travel deal" (Mueller, 2011).

However, before one can manage a crisis, an assessment of the events is in order. Brewton (1987) discussed the assessment of both the "dimension and control" of a crisis as essential to placing a crisis in perspective. Dimension refers to the threat to the resources of the organization and control to the ability of the owner or manager to influence the outcome. Brewton scaled events on both dimensions from 1 (low control) to 10 (high control). Low control, high dimension is a situation where there is little control over an issue engulfing a company. High control, high dimension represents a situation where the management has more influence over the outcome though it is still a very threatening situation. High control, low dimension is a less serious situation that can be managed effectively. Low control, low dimension is a crisis of lesser importance that management can work with.

Before a manager can handle a crisis, the incident should be evaluated in comparison to the control and resources available to correctly manage that crisis. Control, in crises, means the level of control a manager has over the crisis. Resources refer to staff expertise, cash flow and credit as well as other resources that potentially can influence the extent of damage a crisis will have on a business. Brewton (1987) discussed the assessment of both the "dimension and control" of a crisis. Basically, this refers to the evaluation of a crisis and a plan for decision making. Management systems, including crisis plans, no matter at what level, are never put to the test more strongly than in a crisis situation (Sikich, 1996, p. xi). Is there an appropriate decision-making model for managers to follow in a crisis? Lurie (1993) developed Theory "R" (R stands for radical) for use by managers in crisis situations. In this model, a crisis is identified and an assessment of the situation performed. In these assessments, factors such as power issues, control, opposition, experience, communication, business survival, litigation, creativity and action steps are considered. Stated simply, managers must prepare for the unexpected and be ready to deal with anything.

Personnel responsible for developing emergency and crisis management plans are faced with a confounding abundance of response-oriented applications. Therefore, there are no right or wrong response applications to implement (Sikich, 1996, p. xi.). Drabek (1995) highlighted five key crisis management factors for managers of tourist businesses.

1. Executive behavior is constrained by a complex mix of expectations reflecting normative, interpersonal and resource dimensions.
2. Criteria used to resolve crises reflect their judgments regarding potential effects on organizational autonomy, security and prestige.
3. Ascertaining and coping with uncertainty is the key task for all managers.
4. Disaster planning is a unique resource that effective executives use to reduce uncertainty and thereby protect autonomy, security and prestige.
5. Tourism executives confront a series of strains related to disaster planning.

The documentation of a crisis plan is vital to the success of crisis management. Similar to the development of standard operating procedures, the goal of having a plan is to be prepared, coordinated and consistent with the management action that will ensue. Generally, an assessment of a property is in order to benchmark the current status of a property and its team's ability to deal with a crisis. A crisis has many aspects and angles. The word crisis can be used as an acronym to illustrate key factors for dealing with crisis situations.

Cash Flow & **C**ommunication: financial management and adequate resources may save a business.

Responsiveness: quick reflective response to all stakeholders is vital to a crisis situation.

Involvement: be involved in the management of a crisis.

Speed: is vital for management decision making.

Insurance: more than adequate insurance is necessary to fend off a litigious world.

Safety: put safety first for guests, employees, management and the community (Adapted from AIRCOA et al, 1997).

Recovery Objectives

With the information and history surrounding this topic, it is a necessity that governments, local planners, tourism organizations and others involved in disaster and crisis management planning have tourism recovery strategies as one of the major parts of their overall plan that they can utilize to help in the recovery of the economy they live in during a disaster. Planners need to overcome roadblocks in combatting crises after a natural disaster, such as:

- Perception of danger
- Perception of lack of activities
- Businesses open or closed
- Value perception for the visitors
- Willingness of the community to welcome visitors

Camilleri (2014) wrote a review of the findings from the Organization for Economic Cooperation and Development (OECD) publication entitled, "Tourism Trends and Policies 2014" and highlighted the following tips to make sure tourism support is in the forefront of people's minds when doing disaster planning.

Key Recommendations for Economic Importance:

Greater coherence across government policies is needed to boost tourism and economic growth. Policies such as innovation, transportation, taxation, service quality and visas influence people's desire to travel and the competitiveness of destinations.

Governments should focus more on evaluating the tourism policies, given the widespread pressure on public finances in many countries. More detailed monitoring, evaluation and analysis, of existing taxes and incentives, for example, would give policy makers the tools to implement evidence-based policies to support the longterm sustainable growth of the tourism industry.

Governments and the tourism industry need to develop skills to keep pace with market developments. Digital and social media require a major shift in approaches to marketing, promotion and service delivery, including tailored marketing to individual consumers as well as learning how to communicate with digitally-aware tourists.

Closer alignment is needed between transport and tourism policy with sustainable energy policies at national and international level, given the heavy reliance of tourism on air travel and the risks associated with climate change

Measures that identify and facilitate high volume, low risk legitimate travelers to move more freely and efficiently should be adopted. Targeting constrained resources where they are most needed to secure borders and meet economic, security and other needs. (Camilleri, 2014)

Business Problem Prevention

Tourism creates money and local jobs that in turn can create an economy that serves both the tourists and the businesses that serve tourists and can have a positive impact on the repairing of an area affected by a natural disaster. There is a substantial benefit to focusing on mending the tourism industry in an area affected by a natural disaster as soon as possible. It would be in the best interest of any organization; local, government and even city planners, to work with the major tourism groups in their area to create a Tourism Recovery Plan to add to the Disaster and Crisis Management plan that should already be in place.

Natural disasters generally have a negative impact on the economy and on the people who depend on it for livelihood. For this reason, it is important to have a disaster plan in place when nature strikes. A better option might be to adapt to the change because natural disasters are inevitable and uncontrollable. If a disaster causes physical changes, then it is best to go with the change. This means the tourism industry should be prepared to make changes to its business. As stated previously, New Orleans economy is still in a downturn and one of the potential reasons cited is that the tourism has not fully recovered to its before Katrina state. Even though there is a push for a tourism market increase now, there is still the question as to how quickly could have New Orleans repaired their economy had they initiated their Disaster Management plan with the tourism recovery efforts in the forefront. The issue at hand is focused on a summer resort community as described below.

The Outer Banks (also known as OBX) is a 200-mile (320-km) long string of narrow barrier islands off the coast of North Carolina and a small portion of Virginia, beginning in the southeastern corner of Virginia Beach on the east coast of the United States. They cover most of the North Carolina coastline, separating the Currituck Sound, Albemarle Sound and Pamlico Sound from the Atlantic Ocean. The Outer Banks is a major tourist destination and is known for its temperate climate and wide expanse of open beachfront. Major attractions include the Cape Hatteras National Seashore and the Wright Brothers National Monument. The Outer Banks is a string of peninsulas and barrier islands separating the Atlantic Ocean from mainland North Carolina including Bodie Island (which used to be an island but is now a peninsula due to tropical storms and hurricanes), Hatteras Island and Ocracoke Island. Over time, the exact number of islands and inlets changes as new inlets are opened up during a breach created during violent storms. Older inlets close, usually due to gradually shifting sands during the dynamic processes of beach evolution (Wikipedia, 2014).

The Outer Banks has unusual weather patterns due to its unique geographical location. As the islands are jutted out from the eastern seaboard into the Atlantic Gulf stream, the Outer Banks has a predisposition to be affected by hurricanes, Nor'easters (usually in the form of rain, and rarely snow or mixed precipitation), and other ocean driven storms. The exposure of the Outer Banks makes it prone to higher winds, often causing wind chills to make the apparent temperature as cold as the inland areas. The majority of Nor'easters are "born" off the coasts of the Outer Banks (Wikipedia, 2014).

The Outer Banks are accessible by automobile and directions are marketed from the north (Virginia) and western as well as southern North Carolina (OuterBanks.org, 2014). Additionally, travel to and on the OBX can be facilitated through the North Carolina Ferry system crossing the sounds to or from Ocracoke, from Cedar Island or Swan Quarter (OuterBanks.org, 2014).

You have been asked to outline a disaster recovery plan that will enable this and other communities to recovery in a timely manner. You should evaluate the key factors to be included in the plan. A crisis check list of decision making factors has been requested by the client. You need to consider the tourism community, year round and summer residents and other factors particular to this island location.

Summary

Crisis management systems are dynamic and fluid processes. These systems need structure and planning to be implemented. Vital to the management of a crisis is the human element. People are subject to stress and emotional involvement in crises. Crises, macro or micro, are personal to those managing them. Preparation and planning can assist the management of emotions unique to human beings. Therefore, the best-laid plans of any crisis system are subject to the human element with which it interacts. In particular, the lodging industry represents one of the key elements under the umbrella of tourism. Lodging operations are complex and multifaceted, integrated totally with the human element thus making them complex to manage through a crisis. This discussion provides managers with a framework to conduct self-assessment of their readiness for unexpected crisis situations and preventative measures. Management training programs and college degrees are great preparation for the rigors of the lodging industry. However, development of a strong plan can make the difference between a crisis that destroys a business and a business that survives a crisis.

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Synopsis of the Case