



otago  
**business**  
school - te kura pakihi

# Key Issues in the context of business survival: lessons learnt from Christchurch

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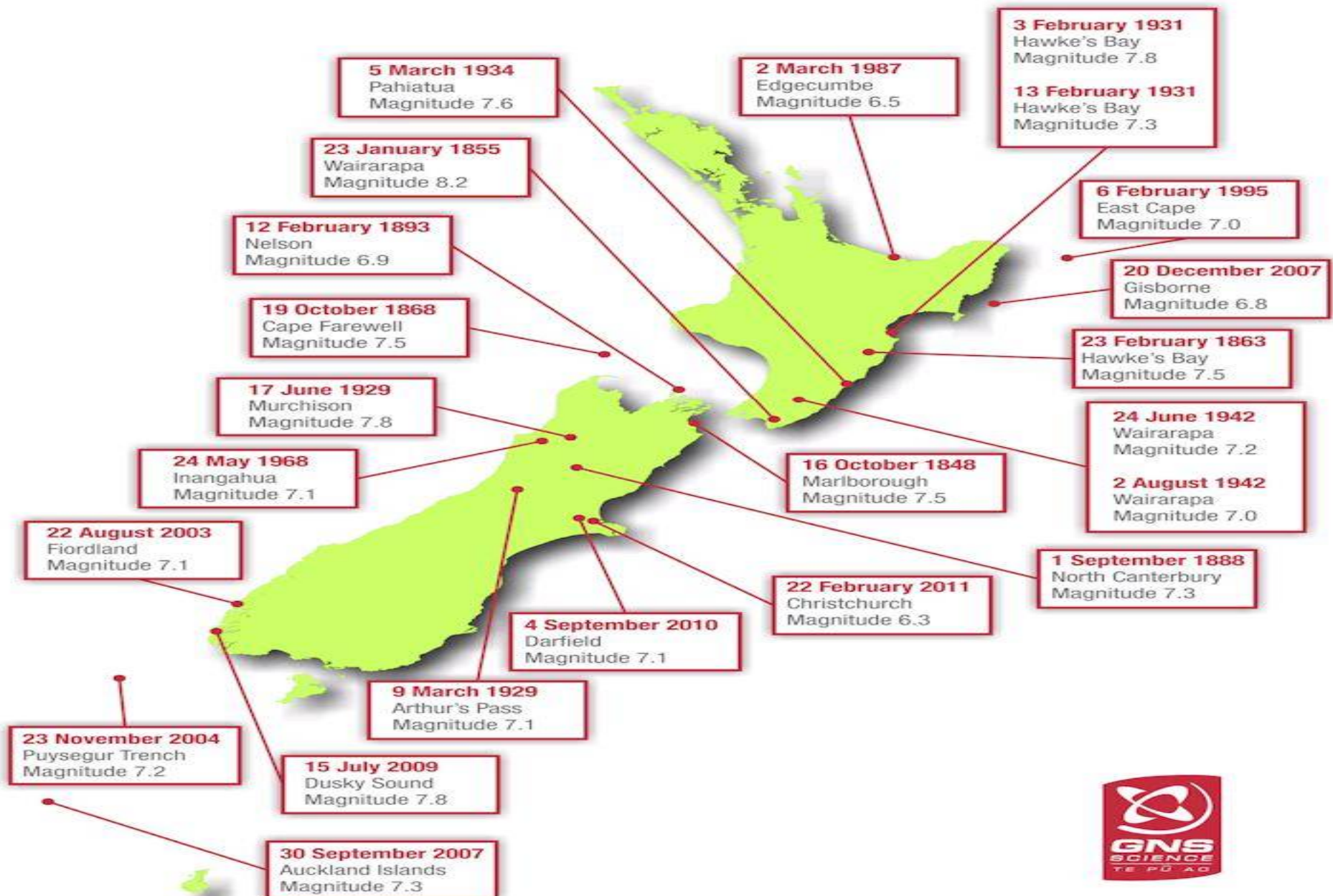
Ahmad Ghandour PhD

# My Talk will cover

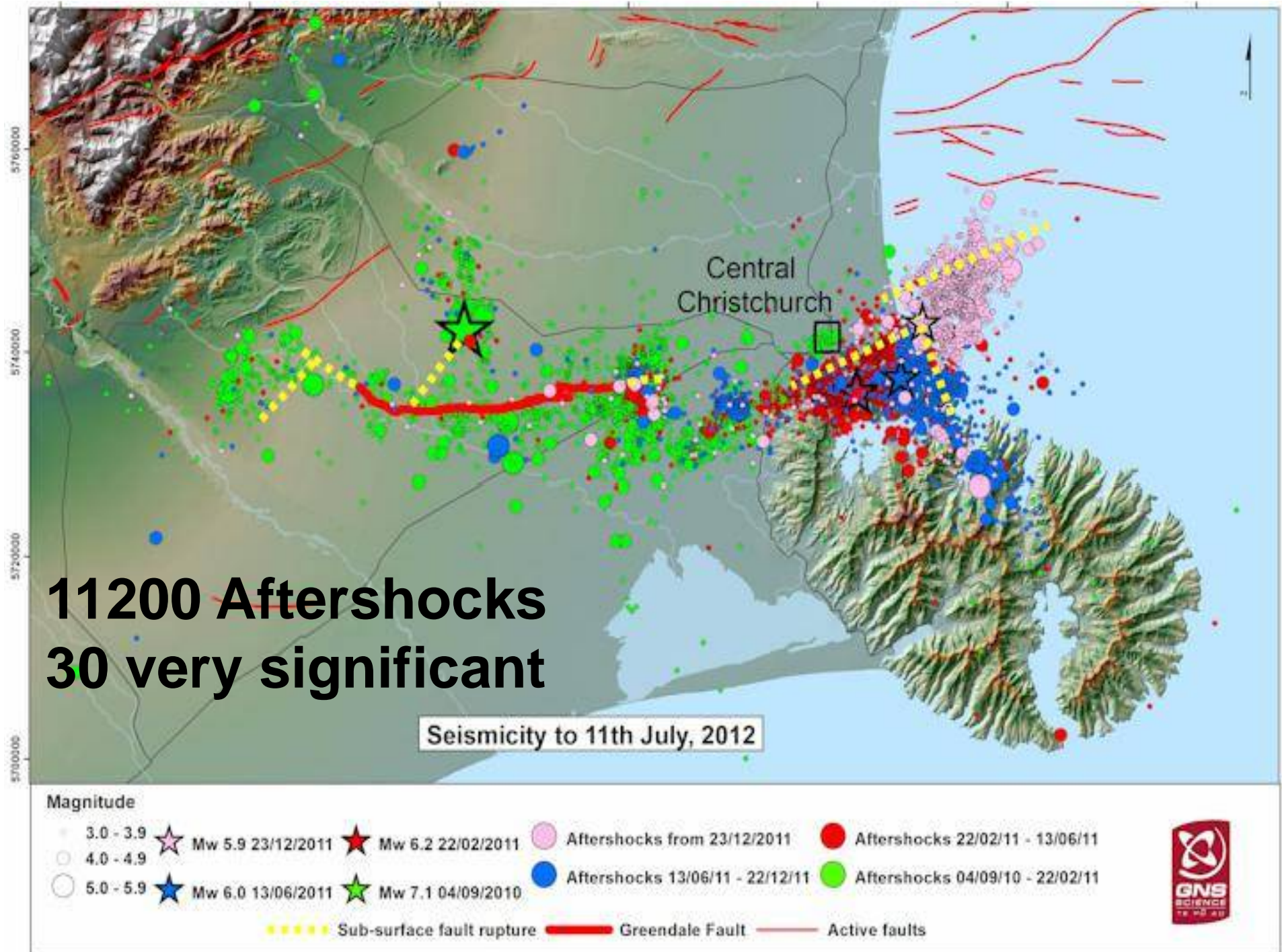
- Background
- Key Issues
- Key Learning's

# Large New Zealand Earthquakes

Notable shallow (generally less than 30km deep) earthquakes since 1848







# Christchurch





# Christchurch



# Earthquake losses

- 1360 commercial buildings in the CBD
- 300 commercial buildings outside the four avenues
- 15000 houses destroyed
- 40000-100000 houses within the access of \$100000
- 185 people killed

# Post Feb EQ

- Christchurch central business district (CBD) was cordoned off affecting 6000 business and 52000 (29% of total workforce in Canterbury) people.
- Businesses cope with the impact in different ways. While some are closed, others find permanent or temporary space to operate from.



# Key Issues

- Cash flow
- Nonstructural fittings
- Insurance
- Other issues
  - Supply chain vulnerability
  - Employee Issues
  - Essential Services
  - Large crisis events shift market share among competitors
  - Decisions are difficult to make when the wolves are at the door

# 1. Cash Flow

## Government subsidy Scheme

	\$\$\$	Businesses	Employees	Pay/Week
Sept. EQ	10.2M	2300	11700	\$350
Feb. EQ	200M	15000	50000	\$500

# Recover Canterbury

- Website
  - Call Centre
  - Business recovery coordinators
  - Trust
- 
- \$5.5 M injected into the business community
  - Touched 9000
  - Recovery plans for 9000



## 2. Non Structural Elements

- **Architectural Components:**

Partitions, Ceilings, Storefronts, Glazing, Cladding, Veneers, etc

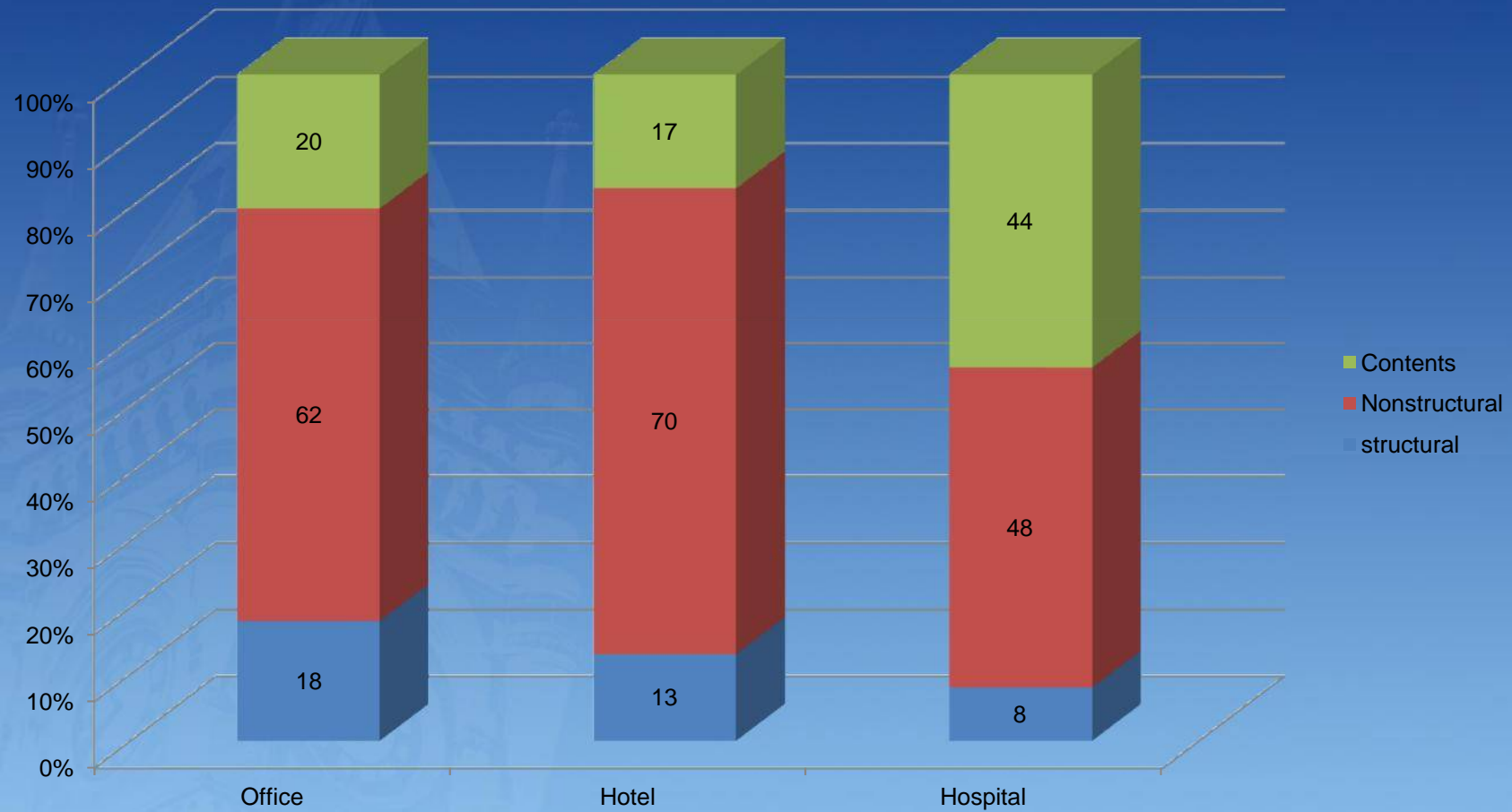
- **MEP Components:**

Pumps, Chillers, Fans, Elec. Panels, Transformers, Piping, Ductwork, etc

- **Furniture Fixture & Equipment Components:**

Shelving, Bookcases, Storage Racks, Telephone Equipment, Computer Racks, Desktop Equipment

# Non-Structural Elements



### 3. Insurance

- According to the reserve bank, insurance cost of Chch is \$30 billion
- EQC exposure \$12.5 billion

Haiti	Turkish	Japanese	Chilean	Chch
1%	9%	17%	23%	80%



# Some Insurance Issues

1. Fine details of policies
2. What is triggering the insurance
3. Fit out on relocation
4. Loss of profits
5. Business Interruptions
6. Sums insured were too low
7. Demolition and debris removal were not being factored into insured sums.
8. Indemnity does not consider future code requirements
9. Brokers

# Key Learning's

1. Do you have Emergency Response Plan in place and the necessary kit required to carryout your plan if needed.



# Key learning's

2. What part of your business need to be operational following a disaster, and how can resume these operation.



# Key leaning's

3. Could you communicate with your employees if a disaster happened during or after work hours



# Key leaning's

4. Are your vital records and IT protected



# Key leaning's

5. Can your building withstand the impact of a natural disaster





# Key leaning's

6. Is your contents and inventory sufficiently protected



# Key leaning's

7. What if:

- Your supplier cannot deliver
- Your markets are inaccessible
- Your basic utilities are unavailable



# Key leaning's

8. Do you have plans to stay open for business if your place is out of order



# Key leaning's

9. Is your insurance cover adequate



- <http://www.business.otago.ac.nz/surveys/chchbusinessrecovery/>



Thank You  
Questions?