



Disaster Relief

ISSUE BRIEFING

from
LBG Associates

Interest and commitment to disaster response has been prominent since September 11 and has grown stronger due to the frequency and intensity of recent disasters in the United States and worldwide. With the horrors of the Haitian earthquake in the news every day, disaster response, management, and relief have now been propelled to the very top of many companies' philanthropic priorities.

The following *Issue Briefing* provides an overview of disaster management and relief; discusses trends that LBG Associates has found in its numerous research studies conducted over the past 15 years; and outlines our guidelines for disaster relief best practices.

LBG Associates defines **disaster management** as follows:

“Disaster management” is the collective term that encompasses all aspects of planning for, and responding to, disasters. Disaster management includes both pre- and post-disaster activities, is primarily focused on preventing disasters and reducing the impacts when they occur, and is based on the concept of active community participation in all four phases of the disaster cycle: mitigation, preparedness, response, and recovery.

Mitigation typically refers to those measures that individuals, families, groups, or entire communities can take to reduce their vulnerability to disasters and thus lessen and/or prevent injuries, death and/or destruction. Disaster or hazard mitigation can take place before, during, or after the actual event.

Preparedness is the proactive measures undertaken by individuals, families, groups, or whole communities that put the individual, family, group, or community in a better state of readiness to withstand or avoid the immediate impact of any kind of disaster.

Response takes place from the moment of the occurrence of an incident (i.e., fire, hurricane, tornado, earthquake, etc.) up until basic emergency human and community needs have been met through rescue operations, mass shelter, mass feeding, and the overall stabilization of the disaster-affected community.

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What Is Disaster Relief?

LBG Associates broadly defines **disaster relief** as:

The 360-degree process of helping victims and communities return to a state of normalcy following a disaster by providing assistance throughout all phases of disaster management—mitigation, preparedness, response and recovery (both short- and long-term)—aimed at limiting or alleviating emotional suffering and physical/financial loss.

Recovery follows the disaster response and may extend anywhere from several weeks to several years after a disaster. Disaster recovery relates to the collaborative efforts of multiple individuals, communities, local/state/federal government, the private sector, nonprofit sector, and others with the purpose of re-establishing a sense of normalcy, development, and growth in a community affected by a disaster.

Every disaster, regardless of cause or severity, has a mitigation, preparedness, response, and recovery component. These components happen at their own pace depending on the type of disaster; the location of the disaster area; the scope, magnitude, and impact of the disaster; and the resources and capabilities of the impacted communities.

Today, companies are responding to disasters in various ways, including providing donations to disaster relief agencies, offering employees the ability to participate, and establishing disaster relief funds (see box below).

Unfortunately, companies are becoming more familiar with disaster response. That is not to say, however, that they are adequately prepared or have incorporated disaster relief as part of their philanthropic giving.

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Employee Disaster Relief Funds: What They Are and How They Work

Employee disaster relief funds are specialized funds set up by companies to provide short-term financial assistance to employees impacted by natural disasters and/or personal emergencies. Typically, employee disaster relief funds operate year-round, continuously accepting and reviewing applications/nominations as they are received from employees impacted by tragedy. While these funds are supported by employee donations, many companies also make donations to these funds, either directly, or by matching employee donations.

In general, there five ways in which an employee disaster relief fund can be organized:

- As an independent 501(c)(3) public charity;
- As a fund within a 501(c)(3) public charity;
- As a fund within a private/corporate foundation;
- As a donor-advised fund within a community foundation; and
- As a taxable, non-charitable entity.

When establishing an employee disaster relief fund as an independent 501(c)(3), the Internal Revenue Service requires that the fund must be set up to potentially assist a “large” or “indefinite” number of employees (and/or family members), and that:

- Recipients be selected based on an objective determination of need; and
- Selection be made using either an independent selection committee or adequate substitute procedures to ensure that any benefit to the employer is incidental and tenuous.

Regardless of where the fund is housed, all employee disaster relief funds need to include:

1. A standard application process that employees can use to apply for assistance;
2. Eligibility guidelines addressing the types of disaster covered, who may seek funding, type of expenses covered, etc.;
3. A selection committee;
4. The amount of relief employees may expect to receive; and
5. Payment and donation processes. ❖

Over the years, LBG Associates has done several research studies on disaster relief, and we have found a number of notable trends among companies:

- ◆ **Companies remain reactive rather than proactive:**

Even after a series of recent natural disasters, horrendous experiences such as September 11, and the escalating threat posed by terrorism around the world, companies are still *not* proactive about disaster relief and are not institutionalizing



disaster relief as part of their giving culture.

- ◆ Almost all the companies we have surveyed make contributions to relief groups *when domestic disasters occur*.
- ◆ Only about 30% or so have guidelines in place for disaster relief.
- ◆ Most companies do not have a budget for disaster relief.
- ◆ **The most important factors triggering a disaster response are the *welfare of employees* and *location of facilities*.** These have been the top criteria for response among the companies in all our research studies.
- ◆ **Corporate leaders are making the decision to provide disaster relief.** With the recent increase in disaster occurrences and their scope, we have seen a dramatic trend toward corporate leaders wanting more say in the company's response. In 2003, for example, 42% of the companies we surveyed said disaster response efforts could be initiated at either the corporate or local level. In the past few years, more than 90% of the companies we've researched said their top executives now call the shots on disaster response decisions.
- ◆ **Community involvement (CI) and foundation staff continue to play the major role in the management of disaster relief efforts.** The CI/foundation staff continue to have some or all of the management responsibility for domestic disaster relief, and are tasked with a wide range of management responsibilities, such as determining the level and type of assistance to be provided, budget monitoring, and reviewing grant requests.
- ◆ **The major criteria for choosing a disaster relief partner are relatively unchanged.** Over the years, the top criteria considered when vetting a disaster relief partner continue to be expertise, reputation, and capabilities.
- ◆ **Measurement has not been a priority.** The majority of companies we have researched do not ask their disaster relief partners to track, measure, or evaluate how their disaster relief support was used.

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The Disaster Relief Plan: Best Practices

Best practice companies have a comprehensive disaster relief plan in place. LBG Associates has identified the following elements as key components that corporate grantmakers need to address in a disaster relief plan to ensure an efficient, effective, and strategic corporate response:

- ◆ **Awareness, education, and training:** Increasing people's overall knowledge and skills on what they can do before, during, and after a disaster to reduce their vulnerability (including both internal and external audiences).
- ◆ **Pre-established relationships:** Investing time prior to disasters meeting with, learning about, and establishing relationships with the different relief agencies and organizations located in communities, as well as outside groups that would respond in times of crisis.
- ◆ **Corporate collaborations and partnerships:** Developing formal collaborations/partnerships with other corporate grantmakers at the local, state, and national level, and exchanging information both prior to disasters happening and during the response and recovery phases.
- ◆ **Programs, policies, and guidelines:** Establishing processes and procedures for determining when, where, and how assistance will be provided, prior to disasters occurring. Issues include: the factors/circumstances that will trigger a response; roles and responsibilities of key players; and the type and level of assistance to be provided.
- ◆ **Communication:** Establishing appropriate contacts and agreed-upon channels of communication with disaster partners, employees, local offices and business units, other corporate grantmakers, and the general public prior to disasters happening.
- ◆ **A fair, balanced, and appropriate response:** Basing responses on accurate information generated by detailed needs assessments; considering immediate-, intermediate-, and long-term needs; and knowing and understanding the difference between victim assistance and victim compensation.
- ◆ **Measurement and evaluation:** Monitoring, measuring, and evaluating how corporate funds and resources are used during response and recovery initiatives.



Driving Social Change...

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