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Trends or Possibilities to Consider in Planning

Hello again and Happy 2006! ...

Following is an updated version of **Trends or Possibilities to Consider in Planning** that I did for a recent client executive prior to their strategic planning sessions.

New Orleans' experiences with Katrina and Rita have raised most everyone's awareness that planning and preparedness can help a great deal if and when disasters strike.

Regards,

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TRENDS OR POSSIBILITIES TO CONSIDER IN PLANNING

- Fuels, oil and natural gas costs are headed up severely, though in fits and starts. This is driven primarily by China and India's vigorous growth and demands for energy. Fuel costs also impact almost **everything** you buy or do.
- Increasing insurance costs as a percentage of revenues, are up across the board, from liability insurance to vehicle and facility insurance to health insurance. They are all headed **up**, just at different trajectories.
- Federal and state taxes are headed up as a percentage of revenues, driven by our neglected infrastructure, hurricane damage and dislocation, military expenditures, aid to other countries, and more.
- A blue ribbon government study of some years ago suggested several major impacts on the US economy and culture had a high probability:
 - Major terrorist attack on NYC.
 - This wasn't the first or only such attack.
 - We should expect more such attempts throughout the western/industrialized world.
 - Major hurricane hit on New Orleans.
 - The National Hurricane Center says we'll have 10-20 years of unusually brutal hurricanes as part of a cycle.
 - Major earthquake in the West and/or Midwest.
 - Geologists say we have an 80%-90% chance of a Richter 7 or greater earthquake in California in the next 20 years, killing 18,000 in Los Angeles and 6,000 in San Francisco, with major damage to most infrastructure.
 - Interestingly, a major earthquake could occur in the **Midwest**, where tectonic movements have increased recently along the **New Madrid** plates. It would cause a much wider area of damage than the **San Andreas** Fault.
 - The last major earthquake in the Midwest formed Reelfoot Lake, caused the Mississippi to flow briefly upstream, killed thousands in **rural** areas, tumbled chimneys in Cincinnati and rang church bells in Boston!



- Outbreaks of disease, whether part of disasters like hurricanes, earthquakes or terrorist attacks ... or as a result of epidemics/pandemics ... may be more likely in the US than they have been. Research by Charles Mann (see his book: *1491*) indicates that these result in huge losses of the population, loss of institutional functions and widespread apathy and lawlessness.
 - Mann's book is a fascinating read for anyone interested in life in the Americas before the Europeans arrived. The research is full of surprises; for example, the Incan Empire was larger than Rome at its height.
- Whether global warming is humanity-caused or is a result of natural climatic cycles ... it seems to be occurring more rapidly. It may or will bring large/severe environmental changes with even a few degrees of temperature change, in addition to coastal flooding from rising sea levels.
- Foolishly perhaps, I have a positive bias that these possibilities and trends will come at a pace we can manage to **address** and be part of the **solution** through the creativity of engineers, scientists, health professionals, and other problem-solvers working in public and private partnerships.
- Several things you can do in the face of these possibilities might include:
 - Improve profitability and/or reserves.
 - Develop deeper leadership benchstrength.
 - Improve your cross-training for critical skills.
 - Increase the incentive for (and willingness of) people to relocate, temporarily or permanently.
 - Broaden your Services mix and markets, especially those that relate to restoration.
 - Have an up-to-date disaster plan for the calamities you will most likely face.

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