

Crisis Management Case Studies



Tropical Cyclone Ului, a Category 3 storm system with winds gusts of up to 200 kilometres, crossed the north Queensland coast at 1:00am, Sunday 21 March 2010. The impact caused widespread but moderate damage across the region and cut power for several days to an estimated 60,000 homes and businesses between Airlie Beach and Townsville.

Whitsunday Rent a Yacht

www.rentayacht.com.au

Bareboat charters are popular in the Whitsundays and Whitsunday Rent A Yacht has been in the business for 30 years.

The company employs 12 full time staff along with six part timers and 10 casuals. These numbers fluctuate with the seasons and it is not unusual for the workforce to change over the course of a year. However, when Ului hit, the region was heading into Easter, one of its peak visitor periods, and many suddenly found them-selves out of work before the season had begun.

1. Risk Management

Whitsunday Rent A Yacht has a Risk Management Plan integrated into its operational procedures. In addition, it has a Cyclone Procedures Manual that details the various responsibilities and required actions of each division within the company. A cyclone drill is also conducted in February, but in future, these will be carried out in December at the start of each cyclone season.

2. Cyclone Warnings

While aware Ului was a potential threat, tracking its path began in earnest on the Tuesday before it hit. The management team followed the Bureau of Meteorology bulletins issued via the website.



They also liaised with other local overnight-skipped bareboat operators, ferry operators, Hamilton Island Resort and Hamilton Island and Proserpine airports, as well as Jetstar and Virgin Blue to exchange information and keep up-to-date with what was happening in relation to preparations.

3. Preparations

According to the Cyclone Procedures Manual, actions are required at both the Cyclone Watch and Cyclone Alert stages. Bareboat operators have a set schedule for making radio contact twice daily with charterers. In industry lingo these are called scheds (pronounced skeds). On Tuesday, while still in the Watch phase, the company used the scheds to advise charterers of strong winds and that it was likely all watercraft would be called into harbour. The next day, the winds had strengthened and at this point the management requested all charterers to immediately make port at either Hamilton Island, or Shute Harbour on the mainland.

Once the passengers were on solid ground, the crews bridled the boats to their moorings and began the task of preparing each vessel for the storm. All loose items on deck were removed and stowed to protect the biminis and dodgers from being ripped off. Dinghies were lowered into the water and then flooded to prevent them from flying away. The fuel barge, which contained 8000 litres, was then heavily secured - chained to a mooring.

The office and maintenance shed are located on the waterfront at Shute Harbour - the maintenance shed is on the pontoon. All equipment, including the power tools, was taken from the shed to the office for storage. The office equipment was wrapped in plastic and moved to a store room along with important documents and even though the windows had been taped, as an extra precaution the furniture was pushed into the middle of the room. The process took about three hours.

Both company cars were filled with fuel. In the final hours, the server, power and water mains to the office were shut down and staff members were sent home to ready themselves for the storm.

4. The Impact

Ului took a heavy toll. In the aftermath, the buildings had proven to stand up well to the beating and there were no signs of structural damage. However, little else remained.

All the walkways between the pontoons were torn away. The company had run 35 vessels ranging in size from 30ft to 50ft. Of these, four sank and 28 others were damaged in varying degrees.

Lack of power for the ensuing five days compounded the problems. The server was down and the management team had no access to reservations information or emails, a situation that continued for three weeks. The only means of communication were their personal mobiles. The managers had also wrongly assumed the server would be operational after the storm and had not made a hard copy of the boat owners' contact details. This meant many of the owners had to wait for days to find out the extent of the damage.

Remarkably, one of the three surviving boats went out on the Monday after the cyclone. However, the business was facing one of its busiest times of year and simply had no means to cope with demand. There were concerns about maintaining the cash flow. Those people who had up-coming bookings and could be contacted were encouraged to defer their holiday. Those who could not reschedule, and they were in the majority, were handed on to other charter boat companies who had the capacity to manage the



overload. Many of Whitsunday Rent A Yachts' customers are regulars and there were concerns the company would lose patronage over the long-term.

With so much to comprehend decisions were made in order to resolve problems as quickly as possible but this was not always the best course of action. It became unclear as to who was authorising repairs, removing wrecks and auctioning off vessels. For example, the Whitsunday Rent A Yacht tried to get a wreck removed from the shore due to pollution concerns, which a few months later, nearly landed it in the middle of salvage dispute.

The rush was on to get the boats fixed but contractors/tradesmen wanted upfront payment for the work. This caused a major strain on the company finances.

Of all the charter operators, Whitsunday Rent A Yacht was hit the hardest. After a few weeks most businesses had moved on but it took the company three months to get through the initial crisis mode. It was vital that they maintained a product presence and with clever juggling the company managed to satisfy mid-season demand with just 15 vessels - less than half its usual fleet.

The company directors moved fast to organise replacement boats but they are still, six months later, waiting on delivery of the final two vessels.

5. Lessons Learned

The management team learned many lessons through the Ului experience.

In relation to communications:

- The managers realise they should have contacted Telstra and diverted landline phones to their mobiles. This would have saved the anguish of frantic boat owners and the families of charterers who were desperately and unsuccessfully trying to get news.
- A hotmail or generic email account would also have helped to overcome the difficulties with the server and could have bridged the communication gaps in the interim.
- A hard copy of reservation information and boat owners' contact details will be generated as part of any future preparation procedures.
- Post-Ului the company purchased a power generator.

Insurance matters:

- Where insurance is held by boat owners it is important to carefully manage the recovery process. Well documented procedures and guidance from a good broker are vital. Get everything in writing and if a matter does not directly concern the company - the company should not get involved. Direct as much back to the insurance company as possible.

Recovery:

- In crisis situations it is natural to focus on the short term issues at hand. However, it is important to keep thinking of the likely long term consequences. A vital part of Whitsunday Rent A Yacht's business is repeat clientele. To support business continuity, the charter companies who were taking up the demand should have been requested to pick up charterers from



the Whitsunday Rent A Yacht's jetty. As it was, charterers were sent to the other operators' bases.

- The staff pulled together and showed enormous strength and innovation in their approach to overcoming the hurdles. No one said they had had enough, everyone just kept trying.