

The LaSalle Bank fire: How critical operations were available next day, strategic advantage leveraged and lessons learned

Jack Smith

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ABN AMRO, 540 West Madison Street, Suite 824, Chicago, IL 60661 USA;
Tel: +1 312 904 3037; Fax: +1 312 904 1212; e-mail: jack.smith@abnamro.com

Jack T. Smith is a First Vice President and Business Continuity Manager of ABN AMRO Bank, NV, which has its headquarters in Amsterdam, the Netherlands. Jack is responsible for coordinating the business continuity efforts for the global holdings of ABN AMRO Services IT Division. He has also served as a co-chairman of the Illinois Terrorist Task Force's Public/Private Partnership Committee.

Jack has provided leadership during numerous incidents that disrupted the bank's business. The most challenging were the Northeast power outage in 2003 (which impacted 80 per cent of LaSalle Bank's Michigan-based operations) and the LaSalle Bank fire in 2004, which was the largest skyscraper fire in Chicago's history, displacing more than 3,000 employees and causing more than US\$50m in damage. Despite the magnitude of these and other events, the LaSalle Bank has never needed to file a business interruption claim with its insurance company during his tenure.

Before joining ABN AMRO in 1993, Jack held IT infrastructure management positions in the distribution, service and healthcare industries.

ABSTRACT

The worst high-rise building fire in the history of the City of Chicago occurred on 6th December, 2004 at 6.30pm at the LaSalle Bank head-

quarters which houses 3,000 employees. Due to the efforts of the bank's Business Continuity Team and the Business Continuity Coordinators within the building, critical operations were recovered by the morning of the next business day. Clients were not impacted.

As the Business Continuity and Crisis Manager for the bank, Jack was charged with the effort of building a comprehensive programme that would be tested on the largest scale to date. In this paper he presents the valuable lessons learned from the event including what went well and what did not. The paper details how various areas within the organisation were involved in the recovery effort including facilities, human resources, security, insurance, computing infrastructure, life safety and crisis management. The result of tireless planning was that, despite over US\$50m in damage to the building and most departments being displaced for weeks without prior notice, the company did not file a business interruption claim with its insurance company.

Keywords: *LaSalle Bank fire, crisis management, business resiliency, marketing opportunity, lessons learned*

INTRODUCTION

At 6:30pm on 6th December, 2004, there was a major fire at the 44-storey LaSalle



Bank headquarters in downtown Chicago. The fire, caused by faulty electrical ballast in the ceiling of the 29th floor of the building, spread to the 30th floor. The Chicago fire and police departments were on site within minutes. They spent the next five hours fighting the largest skyscraper fire in the history of the city, using over one million gallons of water to extinguish the blaze. The heat of the fire became so intense that the pools of water that formed on the floors were boiling. Some fire-fighters had burns on their knees from kneeling down while working on the fire. Thanks to the outstanding efforts of Chicago's fire and police departments, the 450 people who were in the building, which normally holds 5,000 employees and tenants, were all evacuated with no serious or permanent injuries.

Critical bank and building employees were on site or on the pre-established emergency conference call by 6:45pm. By 7:00pm, all local radio and television stations were providing live coverage. At 8:00pm, the crisis management team held the first official meeting and all department-level business continuity plans were officially initiated. Meetings and much work continued throughout the evening. By 7:30am the next morning, all critical bank functions were up and running at alternative sites. Seven hundred and fifty employees reported to alternative work sites throughout the city, while 400 more worked from home. Despite the magnitude of the event, LaSalle Bank clients experienced no disruptions in service. Some commercial loans were only slightly delayed as LaSalle waited for supporting firms to open and supply copies of paper documents.

The 29th floor and most of the 30th floor of the building were gutted. Overall damage was in the US\$50m range, yet LaSalle Bank's business interruption insurance claim was zero dollars. All the

resources of the City of Chicago, the surrounding suburbs, LaSalle Bank's technology staff and their vendors and the financial community within the city, worked with LaSalle Bank to make this improbable nightmare one of the greatest business continuity successes ever. How does a major organisation survive (and in LaSalle Bank's case thrive) when it experiences such a significant disruption? How can something so devastating turn into a positive? How does an organisation begin to prepare for something so far-reaching and be ready for such an event at any moment? An unfortunate event that was considered an accident, initiated a recovery effort that was no accident. It was the culmination of years of preparation and testing on the bank's part.

BUSINESS CONTINUITY MANAGEMENT AT LASALLE BANK

In January of 2000, LaSalle Bank's business continuity management (BCM) team was like most continuity teams, focused primarily on addressing outstanding audit issues and on technology recovery testing. Business unit plans were written for only a small percentage of departments, without a common structure or coordination. Most executive management believed the entire process was a technology department issue. With the Y2K threat behind them, LaSalle Bank's BCM team focused its efforts on standardisation and awareness of business continuity planning. This included knocking on the doors of critical business units to convince them to build plans while meeting regularly with the internal auditing department to discuss those critical business units that did not have sufficient plans. By 2001, the BCM team decided to build a world-class continuity organisation. This created synergy and excitement within the department, and

processes were built by the team exploiting their individual expertise and information gained from conferences and seminars. So on September 11th, 2001, when all businesses received the wake-up call as it pertained to the importance of a comprehensive business continuity plan, LaSalle Bank's BCM team had already developed the standards and processes that its business units were just realising they needed. In the next few months, LaSalle Bank suffered several incidents that caused disruptions to the bank and required the expertise of the BCM team: in Michigan, one of LaSalle Bank's buildings had an anthrax scare requiring the building to be evacuated for 72 hours; in a Chicago location that housed its foreign exchange and other critical processes, a mains water pipe had a significant leak, necessitating the shutting down of all air-conditioning to the building (including the data centre) until the pipe could be repaired by the building's engineers; as with many other companies, there was the series of computer bugs and viruses that caused various levels of degradation to the network; in 2003 all of LaSalle Bank's Michigan operations were impacted by the Northeast power outage; and there was a fire in the Lansing, Michigan location that housed the call centre and other business support units. In each case, the BCM team initiated and facilitated the crisis management calls while acting as the critical information 'clearing house'. Each of these events helped LaSalle Bank's business continuity management team perfect its processes and procedures. Regular fire evacuation testing resulted in the security team knowing exactly where the fire department would need to set up their command centre at the building and the fact that they would need floor plans, which were available when they arrived

on the evening of the fire. These efforts would prove extremely valuable when addressing the LaSalle Bank building fire.

Another significant effort that LaSalle Bank became involved in was the formation of the group called ChicagoFIRST (www.chicagofirst.org). ChicagoFIRST is a nonprofit organisation comprised of the top financial institutions in the city, which work with each other, the City of Chicago, the State of Illinois and several federal agencies on the resiliency of the city's financial infrastructure. These relationships proved extremely valuable to LaSalle Bank on 6th December, 2004. When fire and police services arrived, the police roped off the area and let no one through. The Fire Chief recognised LaSalle Bank's Chief Continuity Officer from the ChicagoFIRST meetings and allowed him through the line. The police would then consult with the Chief Continuity Officer before allowing anyone else into the building. As a result of the pre-established relationship between LaSalle Bank and the city, public relations and human resources were two of the critical groups that were allowed access. As such, human resources personnel were able to work with the fire department on which hospitals the injured employees were taken to, allowing them to track their progress and notify employee families.

THE RESPONSE TEAM

LaSalle Bank had developed a list of core managers who would need to be notified if a major incident occurred. The list included representation from the following areas:

- executive crisis management team
- department business continuity coordinators

- facilities management
- information technology
- physical security
- building management
- business continuity management
- corporate communications
- contractors/consultants
- risk management
- legal
- human resources
- finance.

Each of these groups had a role to play and although their individual preparedness varied, all delivered during the event. Each group sent representatives to the crisis management meetings that were held every other hour throughout the first 48 hours, while each department held their own meetings on a separate conference number during the off-hours.

CRISIS MANAGEMENT CHALLENGES/SUCCESSSES

The biggest challenge to managing a crisis of this size is the facilitation of the conference calls. With over 100 people calling in from all over the world, background noise, dropped calls, people dialling in late, random questions from executives (which almost always result in follow-up questions from their subordinates) and music when someone puts their phone on hold, can result in a meeting that lasts hours. This is one area where LaSalle Bank's crisis management team employed all of the experience learned in calls from previous events. The key to success was a standard agenda that began with rules of engagement for the call such as having everyone keep their phone on mute unless speaking; only one person speaking for each group; providing status updates without any questions from the other callers until all departments had completed their update; and after each

group had supplied the status, groups then having called upon to ask questions and provide their next steps. The next meeting time was then established and the meeting would end. During a major event, it is critical that the supporting meetings run efficiently so that the key people can get back to executing their plans and restoring services. During the first 24 hours of the crisis, LaSalle's crisis management meetings lasted 40 minutes on average.

If a call tree is more than 10 people, an automated call tree system is essential during an actual event. Attempting to call people manually wastes precious time in the initial moments of an event. LaSalle Bank had an automated call tree system that was tested regularly, both independently and as part of their business and technology recovery tests.

LaSalle Bank's business continuity team also had the foresight to obtain two dozen toll-free conference call numbers for such an event. During the initial hours, most of these numbers were deployed to departments which did not have one established, increasing the ability of key groups to communicate effectively.

One business unit decided to recover at a site other than the one specified in their recovery plans. This resulted in many unforeseen issues with their recovery plan. It is important that business units understand the importance of staying with their plans whenever possible. Changes in location result in additional resources being spent recovering the department's operations.

During the event, power was never lost to the building. IT was able to monitor the network running through the building until day 3, when water damaged IT monitoring equipment on the 24th floor, and the ability to monitor the floors above the fire was lost. The result was that cable needed to be restrung to floors 24 and above. This immediately became the most

critical item in the timeline to repopulate the floors above the fire.

Companies need to enforce IT standards. At LaSalle Bank, company standards state that data must be stored on centralised backed-up servers and never exclusively on the computer's hard drive. Laptops and Blackberries are to be taken home in the evenings. There were several cases where these rules were not followed and critical customer data were unnecessarily unavailable for several days.

COMMUNICATIONS

Everyone involved with large events will say that communication is the key to success. This was also true in this case and many lessons were learned by LaSalle Bank in this area.

Know who occupies the building: When the fire alarm first sounded at 6:30pm, the alarms flashed and a voice could be heard telling all to remain calm. The voice also instructed the people which floors should evacuate, which floors were not in immediate danger and should wait until further instructions and which stairwell should be used to evacuate. At that time in the evening, most people in the building were the cleaning staff, most of whom did not speak English, so the message was not understood by many of the occupants. During normal business hours, each floor had designated floor wardens who were better trained on the evacuation process; however most of them were gone for the day. Practising fire evacuation regularly is important. If there are out-of-hours workers in the building, out-of-hours evacuation training also needs to occur. If you have people in the building who are not native speakers, you need to work with your local fire department during the drills on how their critical messages will be delivered.

If a building has employees working

second or third shifts, it is critical that fire evacuation tests span those times as well. Local police and fire departments also need to be aware if there is a contingent of non-primary language speaking people in the building. In most cases, bilingual city staff can assist to ensure critical communications are understood by all involved.

Keep all employees updated: Every employee who works in an affected building, or works with someone in that building is affected by the situation. Pre-established call trees should be executed to all affected employees, whether or not they have a role in the recovery effort. Employees need to receive the same positive message as the media. They need to feel that they are doing something to help, even if they are not part of the initial recovery effort. Then when they are called in, they feel as if they have been part of the team all along, not like someone who was only called as a last resort to give others a break.

LaSalle Bank set up an e-mail address that all employees could use to ask questions and implemented a frequently asked questions website for the employees to access while human resources promoted the employee assistance programme for all employees.

Employees who had access to the 29th and 30th floor were also affected by the subsequent police investigation. Each employee was interviewed by the police, which, although necessary, added to the overall stress of the event for the employee.

Talk to your vendors: Your vendors will want to help. They realise that their assistance will be in their best interest in the long term, both with their relationship with you and with all current and potential clients. LaSalle Bank asked one of its vendors for a large quantity of wireless

cards. They were delivered by 4:00am, deployed and functional by the morning.

The media: Once the media had covered the five-hour event, their focus moved to the cause and the impact to bank employees and customers. Thanks to relationships formed through ChicagoFIRST with the City of Chicago, LaSalle Bank worked closely with the city to make sure the press was not receiving seemingly conflicting information. LaSalle Bank's mantra was 'business as usual' and every communication promoted that basic truth. The public relations team for the bank worked with the media to make sure they were getting the most accurate information, while making sure that all briefings to the press addressed the many rumours that were being generated. When the media began seeking out the employees who were in the building at the time, LaSalle Bank took the proactive approach of working with a small number of its employees who were in the building and presenting them to the media for the story. If the incident is major enough, a company can become overwhelmed by the media. It is important to have a consistent message and remember that all 'eyes' are looking at you. It is not how any company would want to get publicity, but as this was outside LaSalle Bank's control, it was important to make the most of the exposure to present a positive message.

Contact your customers: One major success factor in dealing with any crisis is making sure your customers can still reach their contacts within the company. LaSalle Bank's most critical departments had pre-arranged an automated call forwarding process with the phone company, while others made it their priority to call key customers and assure them that LaSalle Bank was handling business as usual. Imagine how relieved customers will be if they can call the phone number of their

primary contact and have that person answer the phone, despite being in an alternative location, to assure the customer their assets are safe. Recalling the number of financial institutions that could not service their clients during Hurricane Katrina, it is important to remember that keeping your customers informed and assured that their money is safe and accessible is paramount to keeping their loyalty.

Coordination with the city: The Executive Director of ChicagoFIRST, Mr Brian Tishuk will tell you that you should not be exchanging business cards during a crisis. His point is that the relationships with the city's fire and police departments and, for larger cities, the office of emergency management need to be built before a major event. Most fire departments welcome the opportunity to test building evacuations with companies. Emergency agencies welcome opportunities to work with local businesses on emergency planning. LaSalle Bank had conducted a fire evacuation test a few weeks before the fire. The exercise was still fresh in the minds of the employees and the fire department. The building's security team knew where to base the fire department in the lobby and what building documents would be required. Everything was available to the fire department when they arrived within minutes of the initial call. The Fire Chief on duty publicly credited LaSalle Bank for saving the lives of its people through proactive training. LaSalle Bank employees were interviewed on the radio and television and stated that the evacuation was smooth because of recent testing.

WHAT THE PAPERS SAID

A company's reputation is its most important asset. The story in all the papers on

the first day was about the fire itself. With the cause unknown, the papers stuck to the facts, such as how long the fire burned, how many were hurt and other basic information. From the second day on, the papers locally and nationally focused on how LaSalle Bank continued to do business despite such a significant disruption. LaSalle Bank actually signed several major commercial customers after the fire. What better marketing tool could you hope to have than proof that your customers' assets are safe with your institution by being able to show them articles from multiple trade magazines and local papers praising the resiliency of your organisation? No article reported conflicting information between LaSalle Bank and city officials because both groups were working together.

THE RECOVERY SITES

LaSalle Bank's individual business unit plans required the various business units to move to various sites throughout the Chicago area. This was not an ideal way to proceed but was the result of the organisation's lack of oversight at a company-wide level until early in 2004. Prior to 2004, the BCM team was 'tucked away' deep in the IT organisation without executive management involvement. The result was a variety of approaches that utilised spare spaces in various locations throughout the area for recovery.

Business continuity professionals are often professing that old, outdated equipment should not be retired to recovery sites. This lesson was learned by those groups which attempted it within LaSalle Bank. Faxes and printers that were outdated or lacked the necessary capacity proved to delay recovery efforts and impact business. Many departments decided to use their corporate cards at local computer stores to buy updated equipment rather than going through the

corporate purchasing department, which was overwhelmed by requests. Printers and faxes at recovery sites should be able to handle a normal production load, even if staff levels are less than half normal production.

As days passed, LaSalle Bank's business continuity team held special meetings with business unit recovery coordinators to discuss future seats needed at each recovery site. Each department that had an updated business impact assessment (BIA) form was in the best position to notify all involved of the additional resources they would need. Those departments that did not have an updated BIA form were serviced on a best effort basis. Depending on the department and the limitations to expand, some groups began working in two or three shifts to process the work.

Employees working from alternative locations were initially excited about the process and 'rallied around the corporate flag'. This enthusiasm waned as the length of the outage expanded. It is important to keep employees updated on how long they will be at the alternative site and estimates should be padded. Once the estimated date of return passes, employees become agitated.

Keeping track of which individuals relocated where was a concern as the outage lengthened. Of all the issues raised by having 1,600 employees working at remote locations, most were the result of new processes that were designed and implemented at the time of the event, or cases of departments not following standard procedures. To be successful in a major incident, the more standard processes and procedures are followed, the easier the recovery effort. LaSalle Bank attempted to devise an *ad hoc* phone list and after several efforts failed, it was determined to modify the online phone directory already in place, and then

modify it again once the employee returned to the affected building. This may sound like double work, until you waste time and effort trying to socialise a new process that replaces a known process. In fact, all standard documents and processes that a company has should be utilised whenever possible. If the facilities department has a process the employee must follow to move from one location to another, a simplified version of that same form works much better than a new one. New processes and procedures add unnecessary confusion to the effort and should be avoided. This was the case during the recovery period without exception.

During the event, the procurement department had its hands full, as many business units used their individual employee corporate cards to buy everything from PCs to supplies to faxes to anything else you could think of. This created a problem for the purchasing department and in some cases was also a waste of money, as IT was not set up to begin loading non-standard equipment onto the network.

One other key point when working out of an alternative location is to make sure all employees are oriented to the safety guidelines of the new building. As the new location is unfamiliar, employees need to know how to evacuate should the need arise. Evacuation drills were performed at LaSalle Bank's locations that were housing displaced employees.

MEANWHILE, BACK AT THE AFFECTED BUILDING

The restoration process needed to begin the moment the fire started; however, that was not how it worked. First, LaSalle Bank needed to wait until the police and fire departments completed their investigations. The human resources and legal

departments were involved immediately as the investigation team needed to obtain security records of who had access to the part of the building where the fire started, with the objective of interviewing those employees. Many of the employees were already traumatised by the event and then were subjected to a line of questions that some felt were performed too aggressively. Human resources and legal departments need to consider how they will protect their employees during such an investigation without hampering or delaying the effort. After the police and fire departments had completed their initial investigation in the area, the insurance company wanted access to take pictures before any clean-up effort began. As previously stated, the LaSalle Bank fire required over one million gallons of water to extinguish. The bank knew that there were still significant amounts of standing water in some areas that could be doing more damage to the building's infrastructure and needed to be pumped out. The insurance company would not allow LaSalle Bank's facilities team to pump out the water until after they could assess the damage. It may seem counterintuitive, but that is the process that was followed.

LaSalle Bank did not stand still during this period. It began working with restoration experts on the massive effort that they would eventually need to begin. This effort included a full assessment of the damage to the building, which floors could potentially be occupied first, and which floors should remain vacant while infrastructure restoration/upgrades were made. As was the case with the IT vendors, LaSalle Bank's facilities group was receiving calls from all of their vendors looking to assist in any way they could. Because the facilities department was prepared, they were able to select which vendors they needed and provide the vendors with clear instructions early in the process.

Another area where LaSalle Bank was prepared was with standardisation of information technology. There was a standard desktop image and restoration of critical vertical applications was tested regularly. All servers were removed from the building and housed in a 'hardened' data centre in another location. The IT group also had the ability to remotely access those personal computers that were not powered down and extract department files that were not properly backed up.

Many departments still had faxes in the building that still had power and continued to receive data automatically from clients. Rerouting of phones was addressed; however, in many cases, the planning of how to forward faxes was insufficient. Some business units had moved their older fax machines to the recovery site. This proved to be a waste of effort as the machines were too slow to keep up with demand. Most business continuity professionals advise against using older equipment at the backup site. In almost every case where LaSalle Bank utilised old, outdated equipment at a recovery site the result was undesirable.

In the meantime, as the days passed, several departments began to identify critical paperwork within the building that was needed to avoid impacting key clients. To address the growing concern, LaSalle Bank negotiated with its insurance provider to allow small groups of individuals to go to floors deemed safe to procure these critical paper files. Unfortunately, the process developed to allow people into the building was not well thought out and was ineffective. One manager within the bank decided he alone would determine what was important enough to retrieve and what was not. The manager was overwhelmed with requests and could not possibly handle the volume presented. The result was that any

employee was allowed to enter once approved by their manager to get one box worth of work. They were escorted to their floors by security with strict orders to retrieve only critical items necessary to service LaSalle Bank clients. Despite the warnings, several employees took personal items that were later confiscated. Security had no way of knowing to whom the items actually belonged, and there was no process in place to avoid having those same items listed on an insurance claim. This was another case where *ad hoc* processes created additional problems.

PREPARING TO RETURN

The building's first floor and basements were the first to be cleared for re-population, one week after the event. A LaSalle Bank branch is on the first floor and the bank worked with its public relations department to celebrate its re-opening. Local media were contacted and invited to attend. The company brought in to clean and restore the area was told that it was to rid the area of the smell of smoke. This was a tall order as most elevators were working and clean-up efforts meant that, by using the elevators, they would constantly pump the smoke smell from the higher floor into the first floor. The restoration company decided to seal off the known openings that would carry the odour and set up popcorn machines and coffee stands to provide a much more pleasant smell for returning customers. The event made all local evening newscasts and was a huge success.

For all other floors, the facilities team worked closely with all parties to devise the approach. Restoration crews worked around the clock while IT worked to restore end-user computing functions. The technology restoration proved to be the most complex and time-consuming despite their best efforts. All floors above

the fire had heavy smoke damage and four floors below the fire had heavy water damage, requiring extensive work to restore. Floors 1–24 were ready to be repopulated within weeks of the event. Floors 31–45 were ready several weeks after that, while floors 25–31 needed to be completely rebuilt.

The facilities team decided that the best approach to moving employees back into the building *en masse* was to slightly modify their existing form for moving an employee from one location to another. Although this posed a sizable amount of up-front work, the approach worked extremely well, as everyone involved was familiar with how to use the form. This again demonstrated that using production processes and procedures, modified only as absolutely necessary, works well in a crisis. Psychologically, using familiar forms also gives the employees a sense of comfort as it seems things are returning to normal. This was in fact the case.

THE AFTERMATH

As the months after the fire came and went, LaSalle Bank continued to work with its employees and insurance company on individual employee claims and adjustments. LaSalle Bank's human resources department also continued to work with employees on fire-related

issues. The company's employee assistance programme was highly publicised by the organisation as an option for traumatised employees whether they worked in the building or not.

LaSalle Bank's customers were obviously thrilled that none of their services were impacted during or after the event. Despite damages estimated at over US\$50m, LaSalle Bank did not file a business interruption insurance claim, as LaSalle Bank's business was not interrupted. In fact, around the time of the incident, three major commercial companies were in the process of selecting a bank for their future business. The banks that were vying for these companies' business were being told they were in a 'tie' with each other based on cost and services a few weeks before the fire. After the fire, all three companies signed on with LaSalle Bank, stating that the way LaSalle Bank worked through the fire without impacting its customers was the reason.

When considering the devastation Hurricane Katrina caused local financial institutions and their customers, it becomes obvious that, for financial institutions, business continuity is not exclusively an overhead cost brought on by federal regulators; it is a service owed to their customers and a marketing tool that can generate revenue.