



LEADERSHIP IN TIMES OF CRISIS

A TOOLKIT FOR RECOVERY AND RESILIENCY

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International Economic Development Council



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With funding from the U.S. Economic Development Administration, IEDC has developed a website, www.restoreyoureconomy.org, devoted to disaster preparedness and post-disaster economic recovery. The website's purpose is to disseminate economic recovery information such as best practice knowledge, training resources, events and news items to economic development practitioners. The site presents critical issues and challenges, highlights lessons learned in response and recovery processes, and suggests resources and best practices to use in restoring the local economy after a disaster. The site also provides an opportunity to network with other communities to share.

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The cover of this toolkit features the work Emergency response at Fort McCoy by Scott Sturkol, sourced from DVIDS. It was taken Dec. 2, 2021.

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Chapter 1: Introduction

Economic developers serve as a vital bridge between the business community and the greater economic interests in their communities. Many local, regional, and state governments turn to their publicly or privately funded economic development organizations (EDOs)¹ to be the economic leaders, “deal makers”, and visionaries for attracting new investment and supporting existing businesses. In these roles, EDOs are called to action when a natural or man-made disaster impacts businesses. This role was especially highlighted during the Covid-19 pandemic when economic developers were called upon to help businesses navigate an entirely new business environment.

With so much at stake, EDOs must build the capacity to serve their communities by leading resiliency and economic recovery efforts before and after disasters. This Toolkit, and the accompanying Workbook, are intended to support this effort.

Whether the risk posed to a community is environmental (e.g., earthquakes, hurricanes, floods, tornados, fires), man-made (e.g., crime, chemical spills, industrial accidents), a public health crisis (e.g., the COVID-19 pandemic), or economic (e.g., decline or closure of a major business or industry, military base realignment or closure, etc.), every community is vulnerable to disruptions at one time or another. These disruptions can not only wreak physical damage to infrastructure and property, but they can cause lasting economic decline.

In disaster-affected communities, EDOs are in a position to lead economic recovery efforts by helping local businesses respond to impacts on their employees, facilities, customers, and supply networks. However, economic recovery efforts often end up becoming reactionary activities rather than a planned and strategic response. The key to more rapid and sustainable recovery is to take steps ahead of time to ensure your organization can fulfill the needs of the community after any type of major incident. This Toolkit will help EDOs to set up a plan of action to build resilience within their communities.

This chapter provides an overview of the potential economic impacts of a disaster and reviews how economic development practitioners can prepare for recovery. It discusses critical disaster preparedness efforts, and how even the smallest of actions can better position a community to respond and shorten its recovery timeline. Finally, the chapter reviews essential initiatives to spur recovery in a local economy, including the development and implementation of a recovery plan, and efforts to communicate with and retain local businesses after a disaster occurs.

¹ According to the International Economic Development Council’s Introduction to Economic Development Manual, “Economic development can be defined as a program, group of policies, or set of activities that seeks to improve the economic well-being and quality of life for a community by creating and/or retaining jobs that facilitate growth and provide a stable tax base.” Economic development organizations include municipalities, neighborhood groups, chambers of commerce, universities, utilities, state governments, regional entities such as public-private partnerships and Economic Development Administration designated Economic Development Districts.

Covid-19

This Toolkit reflects IEDC's 15 years of experience working in communities after disasters, beginning after Hurricane Katrina. It was first published in 2015 and has become an essential resource for economic developers and community leaders. In 2020, economic developers everywhere faced a disaster of massive proportion, the Covid-19 pandemic. Thus, this updated version of the Toolkit has been re-written to incorporate the most recent findings on disaster resilience and recovery, including lessons learned from the pandemic. *Chapter 13 Disaster Recommendations Through a Pandemic Lens* looks specifically at the impact of the pandemic and strategies for preparedness, mitigation, and recovery.

Economic Development Challenges and Issues with Disasters

All too often, EDOs are thrust into uncharted waters after an incident impacts their community. They are overwhelmed with late-night calls, and emails from local officials or their colleagues with questions and requests. In the midst of all this, they must manage the consequences of how the incident is impacting their own organizations and staff. While first responders are tasked with rescuing the injured and restoring lifeline infrastructures (e.g., water, power, communications, and transportation), EDOs and local officials are often positioned to lead the rebuilding process for the business community. Below are several common issues that economic developers face after a disaster.

- Communication outages and challenges
- Organizational capacity issues
- Assessing the damage to businesses and economy
- Retention of businesses from large to small
- Specific challenges for small businesses
- Navigating the federal system
- Lack of planning in advance
- Spurring redevelopment



Communication Challenges and Outages

A communication breakdown has been cited by local officials and community stakeholders as one of the most difficult barriers to overcome immediately following a major disaster. Challenges associated with the disruption of telecommunications and the spread of misleading or incorrect information can greatly impede the economic recovery process.

As a result, these challenges are often best expressed in terms of barriers caused by technological failure, message failure, and flow failure.



- **Technological failure** – Physical damage to infrastructure can cause temporary communication outages and make previously accessible areas silent until telephone lines and cell phone service are restored. Communication can be further impeded when buildings become inaccessible or destroyed causing contact information to unexpectedly change.

- **Message failure** – It can be difficult to craft and disseminate accurate and effective disaster updates. Conflicting, confusing, or inaccurate information reported by word-of-mouth, social media, or even mainstream media can exacerbate existing recovery challenges.

- **Flow failure** – There can be failures in how business-sector problems are communicated “upward” to decision-makers and/or how restoration, or recovery planning information is communicated “downward” to the business community. EDOs can devise a communications strategy ahead of time to address these problems. *Chapter 7, Crisis Communications* covers communication strategies for EDOs.

Perhaps the most important role of a proactive communications effort is to introduce credible and accurate information. Uncertainty can hinder recovery efforts-- rumors and information gaps concerning how a downtown corridor will be rebuilt and protected, whether or not a major employer will leave town, and when key infrastructure assets will be restored can stymie rebuilding and reduce interest in investing in a community, for example. Communication strategies can equip the business community with the right information as they are making critical decisions. *Chapter 7, Crisis Communications* in this Toolkit highlights the issues and recommends strategies that should be considered by EDOs.

Organizational Capacity Issues

In the wake of a disaster, new realities emerge and a host of opportunities and challenges present themselves. Local officials are often strained to understand what resources are now available to them, how existing resources can be adjusted, and how to manage new administrative requirements. Added to this is the threat of reduced tax revenues. Business closures and other impacts can result in decreased cash flows for local governments, which can further constrain already struggling organizations in their responsiveness to demands for local leadership and engagement. Small jurisdictions are particularly vulnerable to basic operational challenges that stem from limited staff and budgets. *Chapter 2, Disaster Risk Management*, and *Chapter 3, Disaster Preparation* cover how economic developers fit into the federal response, and how they can prepare in advance.

Understanding the federal government's framework for disaster management can help economic developers focus their efforts. EDO leaders should become familiar with the National Disaster Recovery Framework, and the Recovery Support Functions, particularly the Economic Recovery Support Function, which is led by the Economic Development Administration during a major disaster. *Chapter 2, Disaster Risk Management* outlines these frameworks, as well as the Stafford Act, which facilitates federal aid after disaster.

When it comes to recovering from a disaster, the saying “an ounce of preparation is worth a pound of cure” is true. Disaster preparation should occur both within the organization, and with partners, including the public, private and nonprofit sectors. This includes organizational continuity planning as well as forming an economic recovery team and examining existing emergency plans to understand and influence how they will impact the economy. *Chapter 3, Disaster Preparation* provides more insight into these activities.

Assessing the Damage to Businesses and Economy

Disasters can fundamentally change the social and economic makeup of communities. A community that clearly understands the effect a disaster can have on its economic assets, local businesses, workforce, and infrastructure systems is better positioned to make decisions that will spur recovery. A thoughtful assessment of both physical damage (properties, inventory, etc.) and economic damage will help regions and localities determine what resources are necessary for long-term recovery. *Chapter 6, Assessing Economic Impacts*, provides an overview of what is included in an economic assessment. The data from these assessments can sometimes inform the damage and needs assessments that federal agencies such as FEMA perform. Data is a powerful tool for local officials in advancing recovery efforts. Data tools can be used to predict the impacts recovery efforts will have on businesses and workforce, and can also help identify priorities for post-disaster recovery assistance. In some cases, this information can be leveraged to bring additional outside assistance to the community.

Below is a list of the diverse types of economic impacts that communities can expect and should measure:

- Tax revenue loss (e.g., sales, property, employment, etc.)
- Job loss and business relocation
- Loss of wages
- Business closures and interruption (e.g., loss of productivity)
- Damage to infrastructure (e.g., sewers, public transportation infrastructure,

- intermodal facilities, etc.)
- Damage to property (e.g., commercial, industrial, and residential)
- Damage to natural resources (e.g., water and crops)

Retention of Businesses from Large to Small

Some FEMA reports suggest that 25 percent of businesses will fail within one year of a disaster.² Many factors contribute to this, including a lack of working and long-term capital, being uninsured or under-insured (or experiencing extensive wait times for insurance claims), damaged inventory and property, limited workforce options, and a diminished customer base. Some businesses will close because they are unable to meet the new realities of a post-disaster business climate. These closures can have devastating impacts on the local economy and the community's recovery, causing reduced employment and tax revenues as well as diminished business services.

An EDO's connections with the private sector are a key asset to recovery efforts. An established business retention and expansion (BRE) program will supply information about a community's current business climate. *Chapter 5, Business Retention and Expansion* outlines how to conduct outreach efforts both before and after a disaster. Integrating resilience into existing BRE efforts will help guide preparedness activities. BRE surveys following a disaster will help determine which critical businesses have been impacted, the aggregate damage to the local business community, and where public and private resources can play a role in business recovery efforts. This outreach can be critical in retaining businesses and employment.



As the first step after a major disaster, an EDO should consider establishing a business recovery center to help local companies get the assistance they need to re-open or stay open. A business recovery center (BRC) serves as a one-stop shop to provide local, state, and federal resources to businesses after a catastrophic event. Case management is another service approach that provides businesses with financial and technical assistance on their own turf. EDOs can provide other services to affected businesses, such as holding workshops with representatives from various federal agencies (e.g., the Internal Revenue Service, Small Business Administration, and U.S. Department of Agriculture) combined with local resources, such as tax and accounting professionals. These ideas are discussed in greater detail in *Chapter 4, Small Business Assistance*.

² [Stay in Business After a Disaster by Planning Ahead](#), FEMA, October 30, 2018.



Specific Challenges for Small Businesses

After a disaster, small businesses may face the need for working capital to meet payroll, replace damaged inventory and equipment, and fund other operational costs. These funds must be provided quickly, to get the business back up and running. *Chapter 4, Small Business Assistance* also covers financial assistance for small businesses after a disaster.

As long-term recovery sets in, a small or medium-sized business may have to adjust to a changing local or regional market, reorient its product or service, train its workforce with new skills, find new customers, and seek out new vendors. Hence, short and long-term financing mechanisms need to adapt to the specific and timely needs of businesses.

There is much that EDOs can do to help small and medium-sized businesses secure financing and technical assistance. In the short term, small businesses need access to gap or bridge financing with low interest and flexible terms. This type of temporary financing provides businesses with working capital until they can secure funding from other sources, such as insurance claims and other long-term financing sources. EDOs can help identify public and private sources for gap or bridge funding.

Another role for EDOs is to help establish a revolving loan fund (RLF) with federal funding, such as an Economic Development Administration grant or a Community Development Block Grant (CBDG) from the US Department of Housing and Urban Development (HUD). The EDO should not seek to replace private financial sources but should serve businesses that cannot access traditional sources of financing.

Navigating the Federal System

The federal government is a significant resource for information and funding relating to disaster preparedness and post-disaster economic recovery. However, local economic recovery stakeholders often find that navigating the range of federal programs can be difficult. While the National Disaster Recovery Framework (NDRF) helps coordinate efforts among various federal agencies, there is still a need for the local community, in partnership with state representatives, to take initiative in collaborating with federal partners.

Even before a disaster strikes, local leaders should build relationships with federal agency representatives that have jurisdiction within their region. Post-disaster, it is important for local leaders to share information about their communities' economic impacts with federal agencies, and to work with these agencies to find flexible options that address their specific needs. Exceptions and waivers for federal disaster programs have played a significant role in bringing flexibility to respond to unique recovery challenges and fund important projects.

Lack of Planning in Advance

Advance planning is key to developing the capacity to respond to and recover from a disaster. Economic development professionals play a unique role in coordinating and leveraging resources to match their community's economic development needs, meaning they are well-suited to lead the formation of disaster recovery planning committees. These committees can be involved in reviewing existing plans to integrate resilience and recovery or may contribute to the development of new plans. Some plans, such as Comprehensive Economic Development Strategies (CEDs) specifically call for resiliency to be integrated into economic development goals. Other plans are driven by specific needs of the local economy – such as plans focused on a single industry or group of businesses. In each case, economic development leaders should be incorporating resilience and recovery into these plans.

Several chapters in this toolkit address the topic of planning: *Chapter 9 Strategic Planning*, *Chapter 10 Infrastructure*, and *Chapter 12, Economic Diversification*. *Chapter 9, Strategic Planning*, covers the multi-step planning process which can be used both pre-and post-disaster. *Chapter 10, Infrastructure*, discusses the specific considerations of infrastructure planning, including federal resources and funding mechanisms to implement a stronger physical system. *Chapter 12, Economic Diversification*, reviews the collaborative process of cluster-based diversification efforts.

Redevelopment

Engaging business leaders and other community stakeholders in discussions about land-use planning and redevelopment activities, before a disaster, increases their familiarity with these topics which may take on increased importance following a disaster. This may include holding workshops to develop a redevelopment plan to protect and improve the community's economic base while increasing disaster resiliency.

Community and business leaders should also be involved in discussions regarding appropriate building codes for their communities. Building codes may have a short-term impact of increasing construction costs, but they also create long-term benefits by making buildings more resilient to disasters. For more information and resources on disaster planning for redevelopment, see *Chapter 11, Neighborhood Revitalization*.

Role of EDOs and Chambers Following a Disaster

Economic developers are well-positioned to facilitate economic recovery initiatives after a disaster. The community may look to EDOs to lead the charge for local economic recovery whether an organization plans for this role or not. The illustration on the next page describes the various roles of economic developers in a normal environment as compared to the potential for additional responsibilities in the event of a disaster.³ The activities and services provided by each organization depend upon the unique needs of each community. After a catastrophic event, much of this work will be done in an environment of emotional and physical distress.

³ The roles are excerpted from the Introduction to Economic Development Manual, IEDC, 2016.

How the Roles of EDOs Are Impacted by Disaster		
	<i>Normal Roles</i>	Roles in a Disaster
Analyst/ Educator	<ul style="list-style-type: none"> • Understands strengths, weaknesses, and comparative advantages of the local economy and local business climate. • Provides quantitative and qualitative information to decision-makers. • Keeps public officials and the general public adequately informed on the costs and benefits of economic development initiatives. 	<p><i>Before a Disaster</i></p> <ul style="list-style-type: none"> • Seeks to understand vulnerabilities and risks to critical industries and businesses within the community. <p><i>After a Disaster</i></p> <ul style="list-style-type: none"> • Develops and distributes a disaster business recovery guide and assesses physical damage and business interruption impacts to industries and businesses. • Facilitates the communication of accurate response and recovery information between local businesses and local government and communicates dual messages: “We are open for business” and “We need help and resources” to appropriate audiences. • Assesses economic impacts or hires appropriate entity to inform economic analysis of disaster impact.
	Visionary / Catalyst	<ul style="list-style-type: none"> • Serves as a visionary leader who peers over the economic horizon to see what partnerships (both public and private) can be formed to stimulate working relationships in the future.
	<ul style="list-style-type: none"> • Engages key stakeholders in visioning process to identify goals, strategies, and resources for economic development. 	<p><i>After a Disaster</i></p> <ul style="list-style-type: none"> • With economic recovery group, envisions how the community can build back to be stronger and more resilient.
	<ul style="list-style-type: none"> • Provides incentives to leverage the investment or involvement of different public and private actors. 	<p><i>After a Disaster</i></p> <ul style="list-style-type: none"> • Creates a strategic plan for economic recovery embraced by community.
	<ul style="list-style-type: none"> • Invokes enthusiasm and excitement for catalyst projects that can change the community’s future. 	<p><i>After a Disaster</i></p> <ul style="list-style-type: none"> • Connects public/private resources for building back better.

Gap Filler	<ul style="list-style-type: none"> Provides assistance where the private sector cannot or will not meet community and business needs. 	<i>After a Disaster</i> <ul style="list-style-type: none"> Conducts concerted BRE outreach to reconnect with businesses and identify at-risk companies.
	<ul style="list-style-type: none"> Leverages financing to facilitate enterprise development; assists existing businesses with expansion and works to attract new businesses. 	<ul style="list-style-type: none"> Assists with short- and long-term financing and business counseling, particularly for small and at-risk businesses and develops programs to support long-term recovery
Connector / Advocate	<ul style="list-style-type: none"> Serves as key liaison between public, private sectors and the community on economic development initiatives and works with chamber of commerce representatives to create a concise message. 	<i>Before a Disaster</i> <ul style="list-style-type: none"> Seeks funding opportunities and garners input and support for recovery initiatives. <i>After a Disaster</i> <ul style="list-style-type: none"> Addresses impacts/ shortcomings of community's emergency management plan from a business perspective.
	<ul style="list-style-type: none"> Speaks out for the well-being of the community while protecting the interests of business. 	<i>Before a Disaster</i> <ul style="list-style-type: none"> Advocates mitigation and preparedness efforts among businesses for the possible next disaster.
	<ul style="list-style-type: none"> Coordinates activities, communication, and resources between different actors to facilitate business partnerships. 	<i>After a Disaster</i> <ul style="list-style-type: none"> Communicates local economic priorities and needs for policy changes to local, state and federal governments.

Summary

EDOs need to be prepared for economic disruptions, from natural disasters to global economic shocks. This chapter has introduced key issues that will be addressed later in this Toolkit, highlighting how EDOs can play a leadership role in both disaster preparedness and the economic recovery process. Disaster preparation builds community resilience, helping to mitigate disaster impacts and enabling stakeholders to make informed decisions throughout the recovery process.