The First Interstate Bank Fire

By Paul Coleman

At 10:30 p.m. the night of May 4, 1988, Los Angeles’ worst high-rise fire swept through the 62 story downtown headquarters of First Interstate Bank destroying floors 12 through 16. In addition to this severe damage that destroyed five floors, smoke and water damage on the remaining floors meant that the entire building had to be closed indefinitely. Senior management and bank security were notified and in motion by 11 p.m. One member of the Business Resumption Planning (BRP) staff was having dinner in a restaurant just one-and-a-half miles from the building, and was alerted to the fire by the fact that the restaurant patrons kept looking out the window. When he saw the fire, he called BRP management, and then proceeded to the burning building for an eyewitness report. He reported on the phone at 11 p.m. that it looked as if the entire building was going to burn. By midnight, bank security, senior management and the BRP staff were in place in the Emergency Operations Center (EOC) located in the First Interstate Operations Center just seven blocks from the burning building. By 1 a.m., the height of the fire, representatives from the critical operational areas were either represented in the EOC or were notified by phone. As floor after floor burned, covered in graphic detail on television and monitored from the EOC, the planning for business recovery was well underway.
The damage to the building by the time the fire was suppressed at 2:20 a.m. May 5 was extensive:

* First Interstate’s 12th floor securities-trading room, which normally handles $3-$5 billion per day in transactions, was totally destroyed.

* Temperatures up to 2,000 degrees Fahrenheit destroyed mini computers and compatible microcomputers in the bond trading division.

* The 11th floor, housing the bank’s securities vault, was completely destroyed by severe water damage.

* Some 2,000 First Interstate employees were displaced from their offices.

* The main downtown Los Angeles branch, located on the ground floor, was severely damaged by water.

The Plan

First Interstate had a carefully developed and well rehearsed business resumption/crisis plan with a dedicated business resumption team already in place. The Bank began to develop its intricate plan some two years before the May 1988 fire. The bank allocated millions of dollars to this project and senior management assigned a very high priority to the development of the business resumption plan. To supervise and coordinate Business Resumption Planning, First
Interstate developed a staff of six professionals as a consulting group. Their job was to help the Bank’s operating personnel to develop their own business resumption plans based on the specific needs of each individual operating unit. The professional staff, in addition to motivating and supervising the plan development in each critical business unit (based on a risk analysis), was also responsible for compiling the overall corporate business resumption plan. The overall plan includes the assumptions made in assembling the plan, the critical business functions and applications covered in the plan, the recovery sites and scenarios, recovery team structure, recovery preparations, the activation of the recovery plan (security, communications, mail, public affairs, etc.) and appendices.

One advantage to First Interstate’s approach to planning involves critical units “taking ownership” of their own business resumption plans. They know it well; they take pride in it and thus can implement it successfully in an actual crisis, such as the fire that occurred. First Interstate has separated the Emergency Preparedness (life safety issues) function and the Business Resumption function. After life safety issues have been basically resolved, the Business Resumption Plan comes into focus. In the case of the May 4th fire, there were few life safety issues to deal with, so Business Resumption Planning quickly took control of the EOC to deal with the crisis.

The actual development of the First Interstate Business Resumption Plan - a “living” plan - took place in weekly/biweekly meetings between 47 critical operating units, 31 supporting critical applications and the professional planning staff over a two-year period. Although they were not needed in this case, First Interstate has several recovery sites for critical business functions available in various parts of California and an internal “hot site” for data processing. A dozen crisis scenarios were detailed - and the responses planned depending on which occurred. The roles of the recovery teams were spelled out carefully, along with detailed organization charts. Logistical arrangements were described in detail, including the all important public affairs function. By 4:30 a.m. May 5, “hot lines” were set up in the Emergency Operations Center to field all incoming calls. There was one line for employees/customers, one line for the media and a third line for the EOC itself.
The Emergency Operations Center

The first step involved in the Emergency Operations Center was to notify the necessary management personnel. Utilizing pre-existing call lists, key individuals were advised of the fire and told to prepare for the following day’s business. Charts on the wall of the EOC listed the units affected on each burned floor, another listed the general damage reports coming in from the media and still another listed the damage by floor in the building as reported to the EOC by bank security and the Los Angeles Fire Department. Utilizing the Business Resumption Plan, relocation of the most critical units was in process while the Tower was still burning fiercely. The goal of the EOC and the Business Resumption Plan was to insure that First Interstate would not “miss a beat” in servicing the bank’s customers. EOC personnel worked through the night until the following evening to put all the pieces in place.
Business resumption planning had the logistical task of coordinating the relocation of all First Interstate departments that were located in the Tower. This involved some 2,000 employees, who were relocated to other existing First Interstate facilities in the Los Angeles area. A large portion of the employees were relocated to the Emergency Operations Center (where security was enhanced immediately after the fire), and others were located in another building downtown, and still others were sent to First Interstate buildings in outlying areas. Some space was leased in downtown buildings for other departments, including key management and business functions.

Some of the functions that Business Resumption Planning was responsible for included:

* Providing information to and implementing directives from senior management.

* Coordinating the relocation of departments on a priority basis.

* Coordinating phones and communications for relocated units.

* Prioritizing and ordering equipment and supplies to keep business units running smoothly with minimal disruption.

* Setting up a “hot line” in conjunction with Public Affairs to field thousands of miscellaneous phone calls from customers, employees and others.

* Coordinating the resources necessary for staffing critical operations.

The EOC was stocked with television, radios, backup power supplies, food and water, basic medical supplies, communications equipment and basic supplies for business. Twenty phones were placed around a large conference table and “white” boards were stationed around the room. A separate room connected to the EOC functioned as an auxiliary room, housing personal computers, printers, supplies, copiers and panafax machines and provided a meeting space away from the din of the EOC.

The Bank’s In Business

Despite the immense impact of the fire on the First Interstate organization, to the “outside” world First Interstate continued to function efficiently. The destroyed securities trading floor did not stop the securities traders from working at a regular pace the next business day. Securities traders were required to take their transaction records home each night and all trading data was sent to Minneapolis via the “wire” each day. Although the 11th floor housing the vault was severely damaged, the fireproof vault did its job. Although 2,000 employees needed relocation, all key units were functioning within 24 hours, and most employees were back at work within several days. The main downtown branch, closed due to the fire, was re-opened two working days later at leased quarters across the street. All the phones from the
Tower were re-routed by the morning after the fire. It was indeed business as usual on Thursday morning, May 5, 1988.

Help From Their Friends

First Interstate owes an immense debt of gratitude to many organizations and individuals who helped during the crisis. First and foremost, the Los Angeles Fire Department saved the building from burning to the ground! As Donald Manning, Chief of the Fire Department, said, “The outcome of this fire would have been very different in many cities in the country.” Forty percent of the entire fire department was used in this fire in a truly heroic effort. Many organizations offered First Interstate space. The telephone companies - Pacific Bell and AT&T - also were instrumental in getting First Interstate’s communications system operative in a short time. They helped to have a message placed on the 3,000 phone numbers in the Tower referring callers to the “hot lines” by the morning after the fire. By May 7, just two days after the fire, over 800 telephones had been installed for use by the relocated units. Equipment vendors - IBM and others - worked long and hard to aid in the recovery. Last but not least, the First Interstate employees sacrificed and cooperated to insure a successful recovery. Truly, teamwork made the difference!

Strengthening the Business Resumption Plan

Despite the fact that First Interstate successfully recovered with very little impact to the 1988 “bottom line,” there are areas in the plan that could be improved on. The fire illustrated the need for a better emergency communications system, which is in the process of implementation. If the disaster had been a regional one such as an 8.3 magnitude earthquake, the telephone system in Los Angeles would have been working sporadically, if at all. The vendors that First Interstate relied on so heavily would be concerned with their own business resumption, so the bank would be on its own. It is in this type of situation that emergency communications becomes one of the crucial elements in the ability to recover. The fire also underscored the need to keep the plan totally current and maintained up-to-date, a task made immensely easier with a plan housed in a disaster recovery software package. First Interstate is currently using Chi/Cor’s Total Recovery Planning System to house its detailed plan.

Summary

In summary, the following points should be stressed:

(1) Plan in advance and set realistic goals.
(2) Give planning responsibility to operating units.
(3) Test, rehearse and continue to refine the plan.
(4) Keep employees fully informed during the crisis period.
(5) Keep key customers updated.
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