

**Statement of
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Distinguished members of the Little Hoover Commission, thank you for the opportunity to appear before you today. As a senior member of the US Department of Homeland Security's Private Sector Office, I am humbled by the invitation to share with you some of the observations that my colleagues and I have gathered during our years of service at the Department.

The State of California, its Governor and the Members of its Legislature are to be commended for their leadership and initiative in examining the readiness and preparedness of the State for future emergencies. If the lessons of this past year's events as well as those that have occurred during previous years have taught us anything, it is we should take the time to ask the tough questions and undertake thoughtful analysis about our ability to respond to emergencies, regardless of their cause, scope or location. We have also learned that the time to undertake that reflection is when emergency sirens are stilled and first responders, community members and civic leaders can talk about these issues in calm circumstances and not when they are all racing to an unfolding emergency. It should go without saying, a community that knows and understands its strengths, weaknesses and abilities to meet rapidly changing conditions, especially during times of emergency, is a community that all citizens, regardless of their income, location or circumstance deserve and are entitled to inhabit. The citizens of the State are indeed fortunate to have your proactive leadership on their behalf.

My testimony today focuses upon what my colleagues and I in the Private Sector Office call the most important public-private partnership in which our country has ever engaged – homeland security. As a national mission, homeland security involves not just some of us, but all of us. No one is immune from vulnerability or responsibility in the era we in the Department call the 'New Normal.' Public and private sectors share a unique responsibility to the communities that support them by being ready to serve them when called upon. This shared responsibility has not always been the case when it came to preparedness or readiness.

For decades, when it came to emergency response (whether it was a tornado, flood or hurricane), government was seen as the primary game in town capable of responding to a disaster. By nature of its authority, government provided the people, resources and operations to address the circumstances, regardless of its size or nature and to remedy

it accordingly. If government was by this nature, a mechanic working on an automobile, the private sector was often relegated to the waiting room being asked to patiently wait for news on the outcome. The private sector might from time to time be asked to hand a wrench or part to fix the engine but its role was still very much in the background.

That is a position that has dramatically changed. With the advent of 24-7 news cycles, the Internet, the lightening speed of business in a global economy and increased ownership by the private sector of critical infrastructure, the private sector is no longer just an observer as emergency vehicles respond to an incident. Instead, the private sector has now taken a passenger seat in our emergency response vehicles and is offering directions in the who, what, when, where and how in which we respond to disasters.

The public and private sectors, which once occupied completely separate and independent islands of responsibility, are now finding the need to have multilane bridges to connect with one another in order to do business. That is a construction project that does not necessarily make either party comfortable but it's a reality of today's environment.

On a local level, many of these bridged relationships between public and private sectors already existed. In "Company Towns," people knew they could depend on the local plant or factory to be there when an emergency occurred. They were a part of the community and as such, they were part of the response and recovery efforts. While "Company Towns" may not be the norm nowadays because of more diversified economies, this spirit seemed to be remaining primarily locally based.

That has changed over the past two decades. Because of television, the Internet and interconnected economies, and a more mobile society, we are all 'neighbors' and part of a larger 'Company Town,' and as such we all want to respond when something bad occurs. When the 9/11 attacks and the Gulf Coast Hurricane strikes of 2005 occurred, we saw an unprecedented outpouring from citizens and businesses that wanted to help in some shape or form. Whether by donating funds, products or services, no citizen or company wanted to be left sitting on the sidelines when their fellow Americans were in need.

Now that we've allowed citizens and the private sector to play a more active role, neither party is going to go back to their previous back-seat and bystander positions. Citizens and members of the private sector are in more overt ways recognizing their role and duty in a community. As such, many of them have begun to accept and take on the responsibility that comes with these new positions. This is a new environment for everyone, most notably the government, and it has to learn to adapt to these conditions before the next event occurs.

Why this condition is hard for government to adapt to is open to various interpretations but for the private sector, it is part of its post-9/11 evolution in today's 'New Normal' world.

As one of the primary targets of terrorism, and as a frequent victim of natural disasters, accidents and other events that cause for business disruption, the private sector recognizes that the best person that can take care of, and understand their unique needs, is not necessarily government, but rather itself and other members of the private sector.

The private sector can regardless of its size or scope of an ‘event,’ assess much better, faster and easier whatever impacts they incur following an ‘incident.’ By the very nature of their operations, they have forged the relationships and networks that enable them to know who to call when they need something to be done. In addition, they have the speed and flexibility enabling them to act without having to be chained to often outmoded and outdated bureaucratic processes and policies. More importantly, they have the direct market incentive to be ready for an unforeseen event – their survival depends upon it.

Today the private sector is in many ways in greater control of our daily lives than government was just twenty years ago. As the primary owners and operators of over 80% of critical infrastructure (i.e., transportation, energy, banking and finance, food, information and telecommunications, etc.) that is now functioning at a 24-7 light speed pace, they live and breathe operations and performance every day. Deregulation, privatization, advances in communications and a faster, more interdependent global economy have made much of that possible.

Because of these and other advancements, it has become obvious to those of us who work within the Department, that we have no greater partner in our ‘national’ mission of homeland security, than that of the private sector.

Its capacities to assess, analyze, respond and recover to unforeseen situations and rapidly unfolding circumstances are unparalleled. From pre-positioning food, water, medical supplies and other materials to secure areas outside of prospective disaster areas; to mobilizing equipment, resources and expertise to enable faster response and recovery, their capacities to aid communities are immense.

In the wake of Hurricane Katrina, as well its follow-on storms, companies such as Wal-Mart, Target, Home Depot, Lowes, Rite Aid, Fed Ex, UPS and others as well as organizations such as National Association of Manufacturers and US Chamber of Commerce distinguished themselves in countless ways and as a result, lives were saved and a positive difference was made where hope and resources were in short supply.

The achievements that these companies and organizations and others like them made these past months only reinforce the need that we in the Department, as well as in States and localities have to engage this diverse and multi-capable constituency in preparing for future emergencies. To ignore these capabilities, as well as the frequent

offers these homeland security partners make to offer their assistance in times of challenge would be failing the very people we as public servants have pledged to serve.

That is why our my colleagues and I in the Private Sector Office within DHS are working with Secretary Chertoff, his leadership team and our other Department colleagues to build upon the successes and lessons learned from the private sector to ensure our future response efforts perform at their optimum.

To date, we have seen four types of Public-Private Partnerships evolve with homeland security. These include:

- 1) Regional Security Partnerships;
- 2) Event/Circumstance Support
- 3) Commerce Development & Support
- 4) Information Sharing

Regional Security Partnerships

Shortly after 9/11, communities around the country started to examine their own readiness and capacity to respond and recover from attacks and natural disasters. A number of those communities took this act of careful reflection several steps further and began to organize with like minded civic, corporate and government leaders to form regional partnerships that could complement Federal, State and local response mechanisms. For example, communities in Western Pennsylvania, the Greater Chicago area, the State of New Jersey and others formed cooperative alliances called the Pittsburgh Regional Business Coalition for Homeland Security [see - www.pittsburghcoalitionforsecurity.org/], the Great Lakes Partnership [see - www.cmcusa.org/initiatives/greatlakes.cfm] and the New Jersey Business Force [see - www.bens.org/NewJersey_BusinessForceNews.html] to provide technical, industrial and additional expertise to regional government entities that could be called upon to aid response and recovery efforts. These partnerships and others like them have also begun training and exercising with first responders and other homeland security resources in their respective areas. As a result, their involvement enables their home communities to have more talent to be drawn upon should it be needed during a time of emergency.

The examples I have mentioned are not limited to the three areas I mentioned. California is home to similar regional public-private partnerships. The Security Network of San Diego [see – www.thesecuritynetwork.org] has brought together companies such as Cubic, San Diego State University, SAIC, BAE and others to work with the area's Sheriffs Department, the California Office of Homeland Security and other first responders in preparing the region should an emergency arise.

In Los Angeles and Orange counties, Homeland Security Advisory Council Region One (HSAC) has been formed as a non-profit, non-partisan organization of approximately 60 business, government and academic leaders from that portion of the State. HSAC's mission is to advise and assist the Los Angeles County Sheriff's Department (LASD)

and Orange County Sheriff's Department (OCSD) in improving homeland security and preparedness for natural disasters in the region.

In San Francisco, the Bay Area Business Force has formed a public - private partnership that will fill regional security and disaster response gaps that neither government nor business can fill alone. It will help prevent, prepare for, and respond to major emergencies, including terrorist attacks and natural disasters. [See - www.bens.org/BayArea_BusinessForceNews.html]

Both the HSAC, Bay Area Business Force and the earlier mentioned New Jersey Business Force are working with Business Executives for National Security (BENS), one of the nation's leading advocates for relationship building between the private sector and national and homeland security interests to develop these partnerships. While each of their partnerships is unique in membership and the communities they serve, they are each focusing on three key objectives. These include:

- Business Response Network - A web database of business resources (warehouse and office space, trucks, equipment, etc.) that can be called upon in a major emergency by the responsible local, county or state emergency services agency – [see www.businessresponsenetwork.org];
- Mass Vaccination Program - Businesses can assist state and local governments with the distribution and dispensing of pharmaceutical and medical supplies in the event of a major public health emergency, such as a flu pandemic or bioterrorist attack; and,
- Regional Information Sharing - Business and government work together to improve information sharing and communication regarding emergency prevention, preparedness and response.

All of these partnerships are as unique as the members that make them up and the communities they serve. It is also worthy to note that what works for the Western Pennsylvania partnership, may not work for San Diego and vice versa. Every one of these partnerships has to consider the economic, cultural and industrial nature of the community they are attempting to serve. Furthermore, they must be composed of people who are located in the community (and vested) in its future.

There is no one size fits all formula for these relationships either. Each partnership must be formed on a local level by people who know and understand the community at its core. In addition, these partnerships must also have the buy-in of the area's public sector leaders as well as the first responder community. When all of these parties join together, energy, creativity and experience begin to coalesce and give that community another network of strength to protect the homeland they know best.

Event/Circumstance Support

Another public-private partnership the Department has been a part of is Event/Circumstance Support. The Private Sector Office, in cooperation with Business Executives for National Security (BENS), helped to organize a number of Boston and

New England based private sector members to provide for pre-positioning of emergency supplies and other resources to support the Democratic National Convention in Boston in July of 2004. With the cooperation of the Honorable Mitt Romney, the Governor of Massachusetts, the Honorable Thomas Menino, the Mayor of Boston, and other State of Massachusetts and industry leaders, the BENS partnership of companies such as Gillette, Polaroid, Massachusetts General Hospital, Raytheon and others came together to pre-pledge over \$300 million in business resources that were in position for use should an emergency arise during the Convention. The assembled partners and resources were items that the Governor, the Mayor, the state Public Safety and Emergency Management Agencies, the City of Boston, and the Convention organizers knew were at the ready should they be called upon. It was to everyone's relief that the Convention was able to occur without incident and these resources were not put to use but the resulting effort demonstrated to the people of Massachusetts the benefit derived by bringing these players to the table before any type of disturbance or emergency could occur.

A second example the Private Sector Office was involved with occurred shortly after the Democratic Convention when then Homeland Security Secretary, Tom Ridge raised the nation's terror alert to Code Orange for the Financial Services Sector in the New York City, Newark, NJ and Washington DC areas on August 1, 2004. Working with New York University's International Center for Enterprise Preparedness (InterCEP) and the FEMA Region II Office, the Private Sector Office was able to open a dialogue and real-time information exchange with a number of the New York City areas' business improvement districts and other business related organizations, (i.e. Securities Industry Association, Downtown Alliance, 34th Street Partnership, the Real Estate Roundtable, Partnership for the City of New York, Manhattan Chamber of Commerce, etc.) to hear their concerns during this period of heightened security concerns. The information that was relayed (i.e. business disruption/impacts, employee concerns, etc.) to the Department was very valuable to DHS and its partners as it sought to address those matters. This dialogue and the subsequent relationships carried through the Republican National Convention which New York City was hosting at the end of August 2004, all the way through the conclusion of the Code Orange threat period in November 2004. While the security concerns raised during this period of time have since dissipated, many of the information sharing and cooperative relationships built from the summer of 2004 are on-going to this day and continue to aid the Department and the people of the New York City area.

Commerce Development & Support

As a partnership, Commerce Development & Support has been one of the most exciting and creative relationships the Department has been fortunate to have been a part. Keeping commerce going is a paramount goal of the Department but while we are committed to exercising free trade, we also have to have secure trade. To do that, officials from the Department and other public sector members have started working closer with private sector members to improve plans and operations at a number of facilities. For example, the Department, through the assistance of the Private Sector Office and Customs and Border Patrol, worked with a broad coalition of the private

sector: fresh produce growers, maquiladoras, and other trade members, to construct a dedicated FAST lane at the Mariposa-Nogales, AZ port of entry. The additional FAST lane was paid for with approximately \$1.2 million from the private sector, and an additional \$2 million from the Arizona Department of Transportation, with full support of the Federal Highway Administration. This innovative effort has cut years off the normally long and tedious process to construct new crossings lanes across the Mexican-US border. The private companies in Nogales have taken the next step to help us build a dedicated FAST lane so they too can transport low risk cargo more quickly across the border.

On the other side of our country's border, the Department put forward the challenge to the Detroit, MI and Windsor, Canada travel corridor to reduce the impact of wait times at our shared border by 25% within in one year. Called the 25% Challenge, private sector partners on both sides of the border worked with the Department and Canadian authorities on additional toll booth lanes and other strategies that have seen the challenge met and exceeded. A recent analysis by the economists in the Department's Private Sector Office found that at the Blue Water Bridge reduced total wait time by vehicle by 57% and at the Ambassador Bridge by 76%. Results such as these shows what happens when people with common goals (Canada, the United States, other Government entities and the private sector) come together to solve their issues in a cooperative and respectful manner.

Information Sharing

The greatest commodity that any of us in homeland security have is information and the exchange of that resource, particularly among public and private sector partners is key to success. One of the Department's proudest achievements in information sharing is the *Ready Campaign*. *Ready* [see – www.ready.gov] is a national public service advertising campaign produced by the Department and The Advertising Council that is designed to educate and empower Americans to prepare for and respond to emergencies. With television, print and multi-media ads being posted around the country, it is the goal of this campaign that every citizen, family and business takes the steps necessary to protect their communities, investment and lives. The campaign's various components - *Ready America*, the Spanish language version *Listo*, *Ready Business* and the newly issued *Ready Kids* are putting forward preparedness information in immediate, accessible and understandable ways for everyone to reach and take advantage. This important campaign is well on the way to meeting its goals, the Ad Council has declared *Ready* one of the most successful campaigns in its 64-year history; it has generated more than \$466 million in donated media support; and its website has received more than 1.9 billion hits and 22 million unique visitors.

Regardless of where any of us in the Department goes in our travels around the country, all of us are undoubtedly asked the question, "What can I do to make sure I'm prepared for an emergency?" Thanks to its public and private partners, the *Ready Campaign* has provided that answer for us and continues to do so enthusiastically and creatively every day.

Another example of Public-Private Partnerships in information sharing are the Information Sharing and Analysis Centers (ISACs). Started even before the Department came into existence, the ISACs have brought together key industry and government leaders in critical infrastructure areas such as financial services, telecommunications and electrical power to exchange information and analysis about both emerging threats and on-going operations. Comprised of private sector members within a particular industry, ISACs operate during times of regular business, as well as times of heightened activity or concern (i.e. terror warnings, or infrastructure impacts as a result of disruption due to a hurricane or other type of emergency). The ISACs have served as the points of regular exchange for information between the federal government and the private sector, and as such have offered operators and leaders from both the public and private communities' important insights into areas upon which our nation is dependent to maintain a safe, secure and prosperous economy. While the ISACs continue to provide an ever improving capability for operational information sharing, the more recent creation of Sector Coordinating Councils (SCCs) for each sector promise an even deeper and more rich discussion of policy and issues between the private sector and government. These unique partnerships have proven time and again the value of this new collaboration as we work to keep the homeland safe from those forces that would seek to do it harm.

Each of the four Public-Private Partnership models I have shared has yielded unique dividends and outcomes that are as diverse as the people, regions and opportunities that put them together. What links these efforts and those that follow them are the simple facts that each was built upon mutual understanding, strong relationships and most importantly – trust. They are very simply a beginning point for us to build upon and as we move into the future, the nation's reliance on these types of relationships in homeland security will only increase. That is why in the wake of the Hurricanes of 2005, the Department will be seeking to expand these relationships in the months ahead.

For example, after observing the successes the private sector had in supporting the affected regions along the Gulf Coast, the Private Sector Office has facilitated several group, as well as individual meetings with a number of companies (i.e. Wal-Mart, Target, Home Depot, etc.) to share best practices and find out what worked and what did not during this past year. The ensuing dialogue has been very informative and as a result, we are establishing new contacts and 'people networks' where they previously did not exist. The long-held capacity to 'network' and to identify resources as well as people with all types of skills and expertise has long served the interests of both public and private sectors, but knowing the right people with the right resources in a time of emergency is even more important in a post 9/11 world. In homeland security, this type of network can never stop growing. It must be refreshed constantly but it must also be flexible enough to allow for room to grow.

While there is always intrinsic value to having large Fortune 500 corporations as part of one's network, it is just as important, if not more so to make sure small and medium-sized businesses are also part of it. The Private Sector Office, working with its other Department components is working to connect companies, regardless of their size,

geography or industry to enhance critical infrastructure protection, technology development, information sharing and more. The resulting networks and relationships formed extend the reach and cooperation of all parties and that is critically important when circumstances are at their most challenging.

In addition to building ‘people networks,’ my Private Sector Office colleagues and I are also working within the Department to encourage the establishment of pre-existing contracts to provide for key commodity and logistics support (i.e. water, food, ice, blue tarps, other supplies) during times of emergency. No one is more efficient or effective at moving products, services and equipment to market faster than the private sector. It is what has helped to make our markets the envy of the world. It is also what enabled thousands of lives to be saved along the Gulf Coast this past year. Retailers, manufacturers, shipping firms and other businesses that rose to the occasion following Katrina showed their capacity to perform under some of the most unimaginable conditions. To not tap this type of capacity would be a disservice to future preparedness efforts and the citizens we serve. It is our hope that a Department issued Request for Proposal will be forthcoming in the next couple of weeks so as to allow for competitive bids and subsequent awards prior to the beginning of Hurricane Season 2006 which begins June 1st.

The Department is not alone in pursuing this approach of pre-existing contracts for important commodities. The State of Florida is also pursuing this avenue to complement its always frequently tested hurricane response capabilities.

Securing key commodity support is important, but equally as important is having joint public and private sector exercises. Again, in consultation with both Department and private sector leaders, we are developing both table top and full-scale emergency exercises that involve the private sector as both participant and as observer. In April 2005, the Department involved the private sector in the third ‘Top Officials’ exercise, TOPOFF 3. This was the first time in the history of the TOPOFF exercises that the private sector had played such an active role. By the conclusion of the week-long exercise, the insights and observations that were recorded caught even some of the most experienced first responders and emergency managers by surprise. Many of these experienced veterans took note of the tremendous potential this new prospective partner offered to their response capabilities. Had it not been for private sector involvement, these observations and insights would not have occurred.

Building upon this experience as well as the insights we have received since the close of Hurricane Season 2005, the Department is planning additional exercises that will help us to develop closer ties and improved response and recovery capabilities for the future. Some of the exercises under active discussion will replicate the conditions experienced during Hurricane Katrina. Others will be new challenges such as those being developed for TOPOFF 4. Regardless of the unfolding circumstances provided for in an exercise, time and experience have proven that the teams that plan, exercise and practice together are ready on game day. That is especially true when responding to an emergency and preparing a community for unforeseen dangers.

None of the examples and efforts that I have offered have been easy or were established overnight. Each has taken significant time, energy, resources and commitment from the respective parties but challenges to public-private partnerships are multiple and prolific. These include:

- 1) **Funding** – While DHS does have funds that support many things, the Department is not a bottomless well. Some of, if not most of the costs to the partnerships I have mentioned have been borne of the private and other public sector participants. That is why it is critical to leverage both public and private sector investments as much possible.
- 2) **Leadership** – Control is always an issue in any effort but leadership in public-private partnerships has to be found that rallies parties together, keeps them in line and is credible/believable to all involved. In short, leaders have to speak the language of the people involved with the partnership. Outsiders to a region or a particular initiative are not going to work in leading a partnership, especially if they don't 'speak the language' or appreciate the circumstances they have to contend with in the effort.
- 3) **Maintaining Energy** – There is always an expediency to any partnership at its outset to accomplish all of the goals immediately. The reality of any partnership and relationship is that final product(s)/results(s) from many of these efforts will not bear fruit immediately and may not bear fruit for a period of time. Success does not happen overnight and as such the intensity of effort has to be managed appropriately.
- 4) **Cultural/Situational Awareness** – For any partnership to be successful, an inherent understanding of regional, economic and cultural dynamics of the problem being addressed and the remedies being applied must happen. For example, the entirety of the NJ Business Force model may not work for the Great Lakes Partnership in Chicago and vice versa. While the respective programs that are going on around the country may not be interchangeable, there is still great value in exchanging ideas and best practices so as to learn from one another's experiences.
- 5) **Information Sharing** – What to say, how to say it and who you say it to will always be important in any partnership. Establishing a network of trusted agents is important and people need to feel that if they give something (information) they can also get something in return that is of equal or greater value.
- 6) **Liability** – There will always be parties with 'issues' and those that choose to exercise legal options. For obvious reasons, private sector members are often hesitant to share information or best practices for fear of lawsuits or legal reprisals. Corporate lawyers will also fear the risk of such an endeavor. Managing risk and exposure always needs to be kept in the forefront of any endeavor and ultimately the partners in any endeavor have to weigh those issues as they move forward.
- 7) **Measuring Results** – When comparing the 'results' and outcomes of respective partnerships, finding absolute uniform measures will always be difficult. Keep in mind that when comparing outcomes and results, you will always in one shape or

form be comparing ‘apples to oranges.’ Although by sharing best practices and the experiences of the roads ‘less traveled,’ the lessons learned can provide powerful insights to help shape programs, policies and partnerships to come in the future.

- 8) **Flexibility** – Situations, circumstances and people change. Partnerships have to do the same and be able to evolve with time. If things become too regimented, tunnel vision can set in or even worse, you risk losing or not gaining the partners needed to achieve mission objectives.
- 9) **Managing Expectations** – It is very easy to have very high expectations at the outset of any effort but it is important to keep those goals in perspective. History has long dictated that Rome was not built in a day, nor will the outcomes of a partnership. Goals and expectations have to be kept real and be reachable. If they are out of reach and the group fails to achieve its goals at the outset, persons and organizations can lose heart and walk away from the partnership and that is in no one’s interest.
- 10) **Standing Fast/Leading by Example** – If you accept the challenge to be a part of a public-private partnership, you have chosen to assume a leadership role. As such it comes with a set of responsibilities and one of those is leading by example. If a particular partner is committed to preparedness and readiness, its membership has to be an example of those same attributes. If it is encouraging a particular community to take some course of action, the company or organization promoting it has to be willing to take the first step to lead the way. Leading by example and standing fast to one’s principles is easy to talk about but doing it is another matter. Furthermore, if you are a partner in any type of arrangement, you have to be one not just when times are good, but also when circumstances are at their most difficult.

All of us have learned that nothing good comes with ease or without some sort of challenge and as the appointed members of this Commission, I encourage you to embrace the premise of the public-private partnership for the future of California’s readiness. I encourage you to explore the potential and creativity that comes when committed organizations come together to accomplish a mission. Homeland security is not just about some of us performing the duties that come with the mission; it is about all of us doing our part, bringing our unique capabilities to the table and applying them to challenges foreseen such as seasonal wildfires, hurricanes and floods and those unforeseen such as acts of terror and earthquakes.

Working together, public and private sectors must learn how to plan, prepare and partner if we are to be effective in meeting the challenges ahead of us. By identifying the stakeholders, both public and private sector, be they first responders, business neighbors or fellow employees, who can help the State of California in its response and recovery efforts, you invite additional expertise and talents that you may have overlooked in pre-existing plans and preparations.

In New York and Washington in the days following the 9/11 attacks, just like in New Orleans and Biloxi following Katrina, we saw people as well as companies of every

background and expertise come forward to lend their hands, hearts and resources to aid not just the response efforts, but the recovery as well. For example, we saw after 9/11, companies such as Verizon step up to rebuild complete communications networks and systems enabling the bells of Wall Street to ring again. In Louisiana and Mississippi, companies such as Wal-Mart, Home Depot, Rite Aid, UPS and others mobilized resources and responded in ways that were very simply awe inspiring. Both events, 9/11 and Katrina saw people and organizations rise to the occasion in the days of some of our Nation's most profound grief and demonstrate not just the strength of their compassion but the power of their capabilities. Those were partnerships born from tragedy. Imagine the potential of partnerships born of planning and preparation.

Too often, we have seen both sectors try to plan, prepare and partner with one another when an emergency is either unfolding or after the tragic events have already concluded. While it is appropriate to marvel at the people and organizations that come together after a disasters occurs, imagine the potential if those same parties came together to plan, prepare and partner before an event strikes. It is time for us to move beyond partnerships born of tragedy and move towards partnerships born of potential. That is an opportunity that this State and the rest of the country have the chance to embrace.

As Commissioners charged by the Governor, the Legislature and the citizens of the State, you can seize that opportunity and carve a new path in preparedness for these challenging times. This is a path the Department is looking to explore in its new Preparedness Directorate and in the steps the Secretary announced in retooling FEMA for the challenges we will undoubtedly as a nation experience.

As you consider the future of the State's readiness, my Private Sector Office colleagues also want to encourage you to make private sector preparedness one of your key considerations. Hurricanes Katrina, Rita and Wilma, other natural disasters and acts of terror have continually demonstrated how those companies with business continuity plans and emergency management programs are more able to react, respond and recover during a disaster.

Again in examining the successes of Wal-Mart, Home Depot and others who were in the paths of Katrina, Rita and other previous natural and terror-induced disasters, there is reason for positive recognition and applause. Their ability to reopen many of their operations in the face of so much destruction, aid both their employees and customers, and offer assistance to first responders of every type demonstrated a resiliency that impressed not just the Government but more importantly, their customers. That kind of success is amazing but it can also be intimidating.

For smaller and medium sized businesses that do not have the resources of any of the Fortune 500, they may see business continuity and emergency preparedness as something only the big guys can do. Rampant applause, banner headlines, feature articles and mass recognition in various media sources can generate that type of impression and that is what makes the challenge of preparedness even harder. As a

Federal government, as well as State and local government, we need to encourage the lessons learned by larger companies and those most publicly recognizable, to be shared in ways that help educate and not intimidate others.

There are fundamentals to every business continuity plan and emergency preparedness – clear lines of communication; defined leadership and responsibilities; employee education and involvement and so forth. These are all part of the National Preparedness Standard, ANSI/NFPA 1600 which the Congress, the 9/11 Commission and the Department of Homeland Security have enthusiastically endorsed. They are also put forward in the Business Continuity Guidelines that ASIS International and other organizations have put forward. Regardless of whether companies have adopted the NFPA Standard or the ASIS Guideline, the Department is looking to the corporate leadership of America in helping it communicate the need and necessity for business continuity planning to businesses of all sizes, shapes and industries.

It is sobering to state this harsh reality but the challenges posed by the 9/11 attacks, as well as Katrina are ‘Darwin-esque.’ Only the strong, prepared and those that can adapt will survive. That is a stark statement to make but when you have seen the lessons learned up close and personal in disaster areas with businesses trying to recover and communities working to come back from complete devastation the way that the Gulf Coast was struck, you are hit with that sobering reality that those who have a plan are much better off than those who have none.

Every business leader knows that for an enterprise to work, you have to have a plan, be prepared and have partners to make things happen. The time has now come to apply those same principles to the ‘New Normal’ business environment in which we now operate.

That is one of the reasons the 9/11 Commission, the Congress and the Department of Homeland Security endorsed the National Preparedness Standard – ANSI/NFPA 1600.

As a voluntary Standard, in concert with other industry specific standards, guidelines and best practices it can help companies form a network of safety, security and communications that are fundamental to addressing the threats, both natural and man-made that they encounter.

Private, as well as public sector members must engage in planning, preparing and partnering with one another to ensure communications and effective response in both good circumstances and bad. The fundamentals of good business and good policy should now be exercised in responding to very real threats to our way of national life and economic security.

In the words of the Final Recommendations of the 9/11 Commission, “*Private-sector preparedness is not a luxury; it is a cost of doing business in the post-9/11 world. It is ignored at a tremendous potential cost in lives, money, and national security.*”

It is my personal belief that those words should be engraved on every boardroom table and business license in America and I commend them to you as a Commission to consider them as part of your recommendations to the citizens of California.

Today good corporate responsibility extends beyond the black ink of a positive balance sheet and impressive company performance. It also encompasses preparedness and the ability to perform when circumstances are at their most challenging.

In an age where terror has come to our shores and devastating natural disasters can still occur with and without warning, we can not afford either as a nation or as individual States to occupy separate islands independent of the other. We must build bridges that connect us. All of us are intrinsically vested in saving lives, preserving our communities, expanding our economies and securing our way of life. Neither public nor private sector can do that with any long-term success without the assistance of the other. It is our differences, not just as individual citizens in States and communities but also as members of public and private sectors that give us the tools to meet the challenges of the 'New Normal' environment we must now occupy.

I encourage you as Commissioners to look at the mission your Charter has empowered you to fulfill as quilt making exercise. Growing up in Western Pennsylvania, I was fortunate to have a set of grandparents who taught my brother and me an awful lot about life in their own unique way. For my grandmother, one way she taught us about life was by making some amazing quilts. When my family and I used to visit them on weekends, we got to see the progress of what she was putting together and what at first looked like to us like a pile of scrap cloth would ultimately become an incredible mosaic that ultimately told a story. She would explain to anyone that asked what she was up to and that each of the individual pieces she brought together had a purpose and each was meant to complement those around it.

As a nation, individual States and regional areas in this country, we must learn to weave together our respective partnership fabrics in our respective communities, industries and so on, and recognize that each of our respective pieces come together to form a larger quilt. Each piece brings together character, ingenuity and strength for the others to rely upon and complement. When you start to piece them all together, that is when you are able to form the homeland security networks and preparedness capabilities that make us all proud and safer.

Whether you realize it or not, something very powerful has started amongst all of us since September 11th. As you look at the people in this hearing room, the Commission's previous witness lists and the other persons who have contributed to your deliberations, there are people and organizations that are here today and working across communities we all know and care for that prior to September 11th would have never engaged one another, let alone sat at the same table to discuss the issues you are working on for the citizens of the State of California.

Could anyone of us have thought of discussing anything like issues before this Commission in the days before September 11th? How many of us actually knew what 'homeland security' was on September 10th?

The argument can be easily made that on September 10th you could have fit in a small auditorium all of the people in this country who used the term 'homeland security' as part of their daily vernacular.

By September 12th that auditorium expanded to become a good-sized stadium and by the week following that, that stadium became a Nation.

We have all learned and accepted a new term together and because of efforts like those that you have underway in California, you have brought homeland security to where it is home to most of you.

While we have all learned and discovered a lot since September 11th, we are still learning and discovering what Homeland Security is all about.

If there can be any silver lining from the tragedy of 9/11, it is in the relationships and partnerships that we have built in the days, weeks and months since that day. It is testament to the power, promise and potential of the Public-Private Partnership.

We know as a Department, the public-private partnership will be one of the most important tools we have in fulfilling our responsibilities to the American public. It is a tool that we do not reserve for ourselves, but rather put forward for others to share and use for their own needs.

My colleagues and I in the Private Sector Office are extremely proud to have been associated with a number of the partnerships that I have submitted for your consideration but we are even more excited about what they will be doing for our nation in the days ahead. We know that all of us together and as individuals and organizations have accomplished much, but we know we have so much more to do. The wildfires, floods, earthquakes and other known and unknown threats remind us that we must be vigilant but when we plan, prepare and partner, there is no challenge that can not be overcome. The very homeland we are all committed to securing is depending on it.

I thank the Commission for its invitation to participate in its February 23, 2006 hearing and for allowing me to submit this Statement for the Record. I look forward to responding to any questions.

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