

The Adhesives Research Warehouse Fire of January 10th, 2006 and the Recovery Process

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Adhesives Research will share the disaster planning and management activities that occurred prior to, during and following the fire in their Glen Rock solvent warehouse area on January 10, 2006. AR will also discuss how the event impacted the business and will identify what opportunities may exist for industry to manage the risks of similar events in the future.

Extended Abstract

On January 10, 2006, Adhesives Research experienced a major fire in the chemical storage warehouse in one of the manufacturing buildings on our 220-acre campus in Glen Rock, Pennsylvania. Through the coordinated efforts of many regional fire companies and the structural integrity of the firewall, the fire was contained to the 10,000 square-feet of the chemical storage area. There were additional losses to some raw materials in an adjacent warehouse; however, there was no damage to the primary manufacturing areas or equipment in Building #1 and three other buildings on the Glen Rock campus (R+D, Quality, Manufacturing Building #2 and the Administration building) were unaffected. Thanks to extensive prior planning and an up-to-date disaster management plan that was immediately enacted, we have been able to quickly recover and get back to business with minimal losses. This presentation discusses how this major event impacted our business and shares ideas and opportunities for disaster management planning and risk management that may be helpful to other companies.

Prior Planning

Prior to the fire, several plans and relationships were in place:

- The chemical storage area was designed with blow-out walls and a firewall in the event of some type of incident. Both of these worked as designed during the January fire, keeping the fire contained to only the warehouse and saving the rest of the building #1 facility.
- AR has an active and ongoing safety program, including regular evacuation drills. Because of this, during the actual emergency, all associates were able to quickly evacuate and be accounted for and there were no injuries during the incident.
- AR has a close relationship with the York County Emergency Management Team. The team had attended our annual company Safety Fair in July of 2005.
- In the Summer of 2004, AR conducted a day-long "tabletop drill" with local fire and ambulance companies to simulate difference emergency scenarios. Thanks to this drill, the fire companies were familiar with our facility location, layout, and personnel, enabling them to act knowledgably and quickly during the fire.

- A detailed, up-to-date Disaster Recovery Plan was in place prior to the fire. Part of the plan was Communications during an emergency, which included training for communicating with the media during an event.
- AR has an open and cooperative relationship with the Pennsylvania Department of Environmental Protection (PA DEP), which helped facilitate interaction during and after the fire.

Recovery Activities and Timeline

Starting on the evening of the fire, January 10, the leadership team met three times per day to execute the disaster recovery plan. At that time, the fire had been declared a four-alarm fire and over 20 fire companies from two states and five different counties were on the scene. The road in front of the facility was closed, as well as part of a major interstate, an air quality alert had been issued for area residents in a three-mile radius of the facility and reporters from the four local TV networks and two daily newspapers were on the scene.

On January 11, the day after the fire:

- Temporary offices were established off-site for Sales & Marketing, Customer Service, IT, and Purchasing.
- Approx. 800 customers and vendors were personally contacted by telephone to apprise them of the situation.
- Telephone, internet, and Oracle systems were reconnected.
- Direct communication channels for associates were established (phone, internet, etc.).

On January 12:

- R&D and technical associates returned to work.
- An employee assistance program provider/counselor was on site and all associates were given access to this resource.

On January 13, manufacturing operations resumed in Building #2 on site.

On January 17:

- Shipping and receiving resumed on site; temporary local warehousing facilities secured for incoming materials.
- AR manufacturing facility in Ireland and outsourcing partners were producing materials and making up for lost production.
- Access to the remainder of Building #1 was given to an outside contractor for clean-up.

On January 20, the fire was officially declared out.

On January 21, Sales and Marketing, Customer Service, IT, and Purchasing returned to the administration building adjacent to Building #1.

Although the fire had been declared officially out, interaction continued with the PA DEP to assess any potential environmental impact and proactive communications were ongoing with associates, neighbors, the media, and others via our company website,

attendance at local township meetings, direct mail, and open letter advertisements in the local newspapers.

Lessons Learned

Improvements to Evacuation Plans:

- Faster roll calling during evacuation.
- Emergency supplies and information boxes at evacuation stations for storage of MSDS and extra copies of disaster recovery plan.

Improvements to Communication Plans:

- Emergency communication information on associate ID badges.
- Written communication statements and a company fact sheet for media.
- Updated leadership and emergency team contact lists.
- Phone chains.

Facility Improvements:

- Foam suppression systems installed.
- City water line connection.
- Updated electrical service.
- Improved water runoff and containment.
- New warehouse will exceed all relevant codes and guidelines.

Improvements to Policies and Procedures:

- Eliminated Class 1A flammable chemicals from site.
- Reduced flammable inventories by 50% (lean manufacturing).
- Reviewed and improved evacuation procedures.
- Reviewed and improved Disaster Recovery Plans.

Current State

Now, nine months after the fire, AR is mostly back on track. We broke ground on a new 25,000 square-foot manufacturing facility for our ARx™ division in April. Construction of a new storage warehouse is underway and scheduled for completion in early 2007. We've implemented lean concepts to help reduce inventories and improve our manufacturing capabilities. Throughout all of this, we have had minimal business loss and were able to quickly recover because our emergency response and disaster recovery plans were in place and immediately implemented. It worked because we had taken the time to think about them in advance.