

The ultimate guide to contingency planning for your business



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Introduction

Good management in business requires careful planning, and this includes making preparations for potential problems that could cause significant damage to your company. Whether it's the failure of crucial equipment such as heating and air conditioning systems, a flood or fire in your premises or an IT security breach, you need a contingency plan in place so that you can deal with situations as quickly and effectively as possible if they arise.

In this eBook, we explain the importance of contingency planning and take a look at the types of risks you may need to mitigate.



The importance of a strong contingency plan

Essentially, a contingency plan is a backup plan that comes into effect in the event of an incident that prevents your company from operating normally. You may never need to activate it, but it is highly advisable to have one in place.

Drawing up 'plan B' scenarios for foreseeable risks can make the difference between the long term success or failure of your business. Highlighting the importance of this, research carried out by market intelligence specialists IDC suggests that for large companies, an infrastructure failure can cost as much as £75,000 an hour.

In the event of a disaster, the benefits of a contingency plan can include:

- Preventing panic among employees
- Minimising the loss of production
- Enabling a quick transfer into recovery mode
- Maintaining effective communication with workers and customers
- Limiting reputational harm
- Keeping workers and members of the public safe



Areas of risk to include

Your business is likely to face an array of risks, so it's easy to inadvertently overlook certain dangers. To help ensure you don't make this mistake, here is a breakdown of the main areas of risk to be aware of, along with specific examples that may be relevant to your company. We also outline some preventative measures that can be taken in each case.



A woman and a man, both wearing blue hard hats and orange safety vests, are working on a rooftop HVAC unit. The woman is standing and looking down at the equipment, while the man is kneeling and using a tool. The background shows a clear blue sky and a cityscape.

Resources

Risk - Failure of essential equipment, such as your power supply or HVAC systems.

Possible action(s) - Develop a working relationship with an accredited provider of temporary equipment such as boilers, air conditioning systems, generators and so on. Create a plan for the installation of temporary equipment and rehearse procedures for switching to this equipment. If an uninterrupted power supply is critical to your organisation, install a permanent backup generator.

Risk - The death or serious illness of an important employee, or an outbreak of illness that prevents multiple personnel from working.

Possible action(s) - Take out key employee insurance, have an outsourcing plan in place, train members of staff to be able to cover for colleagues in critical roles.

Financial

Risk - Unexpected expenditure that puts your budget under strain.

Possible action(s) - If possible, set aside significant reserves of money. Proactively open credit lines to help ensure you have access to borrowing in less favourable periods.

Risk - Major expenses incurred due to business interruption, damage or loss of property, or legal action.

Possible action(s) - Make sure that you are insured against all relevant risks, and that your policies meet your specific requirements.

Environmental

Risk - Damage to your premises caused by storms, flooding, fires or other adverse conditions.

Possible action(s) - Set up and test data and systems backup locations so that employees can access the information and tools they need even if your primary work site is damaged or inaccessible.

Risk - Severe weather prevents employees from getting to work.

Possible action(s) - Where possible, put systems in place that allow personnel to work remotely.

Conclusion

It may take a little time and effort to devise and maintain an effective contingency plan, but it's well worth doing.

Thank you for reading this eBook. We hope it's given you some useful ideas on how to protect your organisation into the future. Have your own tips or insights you'd like to share? Join the conversation with the hashtag [#ContingencyAdvice](#).

