

Contingency planning



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Today's corporate and multinational companies have to often work 24/7, and under such conditions it is vital to keep daily operations functional failing which there can be serious consequences for the company in terms of reputation and financial losses. Several factors such as natural disasters, fire, system crashes and security lapses and breaches can cause serious outages in business infrastructure or paralyze the entire working system of the company thus costing millions of dollars in business losses and adverse brand publicity.

Hence it is imperative that companies must be prepared for any such eventualities and arrange for a contingency plan to recover fast with the minimum disruption of the production and service facilities and at a minimum restoration cost. It is required that contingency plans not only take care of all aspects of the business such as IT related matters, communications and personnel, but also other issues such as suppliers and contractors. It is essential to manage the company's risk factors so that there is continuity in business.

An example from my personal experience in regard to the efficacy of contingency planning is the occurrence of a serious fire incident in the main block of my company's data processing unit. Although the company's servers were located in the same building but as a part of the contingency planning the entire back up of all data was stored in another location of the company which proved to be of immense value to the company.

Had there not been this alternative source of data available, the company would have had no other alternative to fall back on after the fire incident that burnt the entire building and all its contents. In the absence of such

contingency planning there would have been serious consequences for the company in terms of massive financial loss and resultant loss in brand image and credibility. The security also had its own contingency plan ready for fire occurrences and since the fire brigade could not make it in time due to traffic snarls, our own fire fighting resources were used to prevent the fire from spreading to other adjacent buildings in the company premises. Hence, the need for contingency planning ought to be the top priorities of companies in the present business environment.

The contingency planning process first requires that a responsible manager specialized in strategic planning be authorized for the job, and he must take stock from all departments of plans that are already in place for this purpose. He will form his team and provide tools, skills and the appropriate knowledge back up for each of the departments to frame their own contingency plan. The team will then train staff and set deadlines for completion of action plans for every possible eventuality keeping in mind the nature of the company's functions and areas of operation. The leader decides on how such plans will be organized and what are the areas of functioning of the company, which are important to bring within the ambit of the contingency planning. Only those areas of functioning will be taken care of for contingency planning that are essential to be operative for the company to offer unhindered services. Read about difference between behavioural theory and contingency theory of leadership

I believe one of the most important steps in contingency planning is to ensure the continuous functioning of communication activities as this function has far reaching consequences in maintaining hold over other company functions.

Internet and other communication means are vital for any company to remain in touch with its clients, suppliers and contractors etc for the continuity of its services. Several companies cannot think of doing continuous work, without internet connectivity.

All such companies, that comprise of majority of business corporations have to formulate contingency plans to tide over situations if there is a failure in internet connectivity. They have tie up arrangement with different internet providers that may be having different frequencies and located in different places in the world. I am aware of a multinational company that had worldwide presence and was doing extremely well in the Business Process Outsourcing (BPO) and operating from China. It was able to capture a vast market from the US and European countries in outsourcing banking and marketing functions that were made available at very cheap rates and relied entirely on internet connectivity for its activities. For years there was no interruption or handicaps faced, and the company was doing very well, but there was a sudden breakdown of internet facilities due to internet cables of several companies being cut in the sea due to a ship wreckage and the company was in doldrums for several weeks which led to its business being diverted to BPO companies in other countries. Had the company judiciously put in place a contingency plan to handle such problems, there would have been no break down in its services and its clients would have remained with it. Read about difference between behavioural theory and contingency theory of leadership

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