

Discuss whether any amount of contingency planning would have saved maya's busine...

[Business](#)



Discuss whether any amount of contingency planning would have saved Maya's business in the aftermath of the crisis. (40 marks) A contingency planning is the creation of plans of how particular crises which might affect a business will be dealt with should they arise.

In this case study, it can be seen that Maya did not have a contingency planning. She was ill-prepared for such a disaster. A contingency planning could help a business to deal with unforeseen eventualities; it is always good to have a few plans to know what to do to deal with the problems arise to prevent failure.

Firstly, if Maya have a contingency plan, she would not panic and worried about what to do next after the explosion. She could react and solve the problem more quickly; also it would be much earlier for her to follow the plan to deal with the crisis to make sure everything can be solve in the best solution. A well contingency plan allows employees to move quickly into recovery mode rather than waiting for instruction. When everyone knows where to go, what to do and who to turn to for instruction, order can be maintained. Averting panic allows Maya to focus efforts on recovery operations to minimize loss. Secondly, if Maya have a contingency plan and planned there might be a crisis such as fire, explosion or other incident that will destroys her shop, she will identify that she will lost her put and fall in revenue. There will be costs of rebuilding and replacing her stock, so she might hold contingency funds to deal with the financial implication of crises. She will then be able to rebuild her business again with the contingency funds.

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Thirdly, the explosion has damaged her entire stock and none of it was saleable and fixtures and fitting were not worth salvaging. If she had plan for such thing to happen, she might not hold all her stock in the shop, she could either use just in time to order her stock when she needed or do not hold too much stocks. So although she will lost all her stock in the crisis, she have just hold a little bit of stock which will not loss so much of money on stock, as a result it will minimise loss. Fourthly, she had no insurance for loss of earnings while she couldn't trade. If she had prepared and have bought insurance to cover when crisis occur, she would have a insurance pay while she couldn't work. So she could have enough finance to pay for living cost until the shopping centre reopen, she do not have to worried about no income while waiting for the shopping centre to rebuilt. Moreover, she has most of her business records completely destroyed. She should have a better plan to keep all her business records such as to save them in a hard drive for back up, so she could follow up the business more quickly when the business recover.

The records could be important as it could have details about all the balance account and she could use it to trace all her debts from her customer to raise more finance to solve the problem. If she has a back up of her record, Maya could use the records to plan out what the business has to do after the crisis. Finally, she had a trade credit of ? 10450 and it already overdue to her suppliers from the run up to the previous Christmas.

If she has a plan, she would make sure she will have enough cash to pay for its supplier. She might have to negotiate deal with the supplier to have

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longer trade credit and built up good relationship, so she could have a longer time to pay for its supplier and they will still willing to supplier even the business is not in a good position. In conclusion, contingency planning is a crucial for all the business. The contingency plan help the business to ensure a quicker and more effective recovery and it might save the business from failure. It also helps the business to identify all the risks that the business might face. Although contingency planning involves might involve lots of time and money and it is hard to prepare a good plan, it would be worth the effort the business put in. Company cannot afford to ignore the potential risks that it faces without having a plan to follow up on and they also cannot afford to lose money and go out of business. The results of ignoring the risks are too large and complex to not consider making a contingency plans.

I think the contingency plan could help Maya to saved her business, she would be able to identify all the things she need to do when crisis occurs and follow the plan to deal with all the problem more efficiently. She would be able to minimise loss from the explosion and reduce panic as she have plan to follow. Also she will not have to worry about the time it takes to rebuild the shopping centre as she will have insurance for it. However, the contingency plan might not always works. It does not guarantee that a business will survive a crisis. Firstly the plan is not tested, so it is hard to tell rather all these strategies will help Maya to recover her business. Secondly the plan might not be updated to reflect the changes, it might be the shopping centre will not be able to run again, she will have to move it premise which might increase its costs. Thirdly, Maya or other of her

employee might not read the plan or understand the plan, so it will cause delays or mistake on solving problem.

Moreover, the planning itself may have been faulty, so it will not help the business to recover. These problems show the inadequacies in the design of the plan for carrying out the disaster recovery process. Therefore, in order for a contingency plan to be effective, everyone needs to be supportive of the plan and they need to know the plan well.