The Planning Process

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In my interview with Mr. Incendio, I discovered that having a contingency plan is very important. These plans help mitigate losses due to disasters, be it humanmade or natural, or as a result of bad decisions, or if a plan does not work out exactly the way we hoped. With Mr. Incendio’s small sporting goods store, he has developed contingency plans that protect from damage incurred by fire, flood, and even theft. Having a contingency plan allows him to be able to mitigate against the loss of goods and revenue so that he will not be forced out of business. Mr. Incindio stated to me “Why be forced out of business by losses that can’t be avoided, instead be ready for such an event. Have Insurance” (personal communication, April 13, 2018). Keep in mind this is just an example of a contingency plan, not all of them revolve around the loss of goods or facilities.

It is essential for every business to have contingency plans, for events such as natural disasters, bad management, loss of customers, loss of data, etc. When planning for such circumstances, it is necessary to be creative and have an open mind. What may work for one company may not work for another. When developing a contingency plan, it is possible to come up with a plethora of possibilities of events that may happen; however, some so unlikely they do not need to be included in the plan (Woods, n.d.). When determining what events are necessary for a contingency plan, it can take some creativity and critical thinking.

Our creativity allows us to think outside the box, what could be an issue besides the obvious. It is ok to say that most people would think of things like natural disasters, fire, or theft, but how many would feel that their company, especially one that is small like Mr. Incendio’s sporting goods store could have a data leak. If not for creativity then a plan for such an event might not be in place. Even small companies collect data from customers and need to protect it. One leaked credit card number can mean a loss of a customer and even thousands of dollars.

It is also important to think critically when deciding on the contingency plan, or any plan for that matter. Thinking critically allows us to see what is good and bad with our plan. It is what we use when we ask the right questions. Is this plan necessary? Does it cover all the possibilities? Is it what we as a company need or can afford? For example, there is no reason to buy flood insurance if your company is not in a flood zone or at risk of a water pipe breaking, so why to waste the extra money; however, it might be necessary to buy insurance that covers against tornadoes if you're in the tornado valley. Without the right questions, it is possible to the wrong decisions, and the plan fails, or money lost on unnecessary expenses.

Using critical thinking and creativity to develop contingency plans and to keep assessing them into the future is vital for a business to stay prepared for any unlikely events in the future. The moment that we fail to be critical or creative to our plans they will fail as well, and not be ready or even suitable when they are most needed. That is why it is essential to stay on top the plan, assess it critically and creatively.

If I was conducting my research to develop a contingency plan, I would use my own creativity and critical thinking to help me establish what could possibly go wrong. What would I do for one, prevent such an event and two, how to mitigate my losses when they occur? We all know insurance protects from losses due to fire, theft, or natural disasters, but what about putting in sprinklers to keep the fire contained or the use of a loss prevention system to protect against theft or try to deter it all together? I would use my creativity and critical thinking to come up with what I believe is the most suitable and cost-effective measure to take at the time. I would also ensure to look for smarter Improved ways into the future constantly.

There are several reasons for a contingency plan, and not all of them have to do with natural disasters or theft as I have used for most of my examples, but also include the business plan, when deciding on a location, when developing new products or ideas, and many more. It is, however, more important in certain areas than others to develop a well thought out contingency plan. For example, the business plan needs to be in a format that allows for change, since what planned initially might not work out. A contingency plan will prevent the person trying to start the business from just giving up since it will give something to fall back on. I also think it is important to have a contingency plan when developing new types of products. Since they are new and untried, it is possible they will not work, or they break easily. Having a contingency plan can protect a company from the never-ending spiral of failure because you have nothing else fall back on. In the end, contingency plans are most important at the beginning of new ideas, businesses, and afterward to protect them in the future.

Contingency plans are necessary for every company in all aspects of their business activities, be it to prevent loss, damage, loss of customers, employees, and many other reasons. It takes critical thinking and creativity when deciding what the best plan for a company is. Creativity allows for out of the box thinking so that the same plan is not used for every situation since not one is the same. Critical thinking allows for the right questions to be asked, ensuring that planning is directed to where it is most needed. It is also necessary for creativity and critical thinking be used to asses the plans so that they remain ever changing with time to allow for the best possible solution far into the future.

# References

Woods, C. (n.d.). Retrieved April 15, 2018, from Study.com: https://study.com/academy/lesson/what-is-contingency-planning-in-business-definition-example-importance.html