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Business Contingency Planning - Is It Worth the Effort?

Contingency planning for a business is not always something business owners consider when starting up a business or planning for the future. We'll explain what business contingency planning is and what it is used for. Is it essential? We'll look at that too.

How Important is Contingency Planning?



Contingency planning for a business is not always something business owners consider when starting up a business or planning for the future. More times than not the business owner is too busy dealing with the daily operations. But what happens when a devastating situation happens at, or to, the business? This is where planning is needed in advance. What is business contingency planning? We'll explain below.

The Definition of Contingency Planning

What is business contingency planning? First we need to define what planning for contingencies is. This is the act of setting up resources or strategies for possible negative situations or problems. Such things as planning for floods, death of the owner, fire, loss of income over a period of time, or maintenance problems is what contingency planning is about. Making plans for what will be done, or should be done, if one of these situations should occur at the business.

The Reason Behind Contingency Planning

What is the reason for business contingency planning? If you ever have a sudden problem which causes a serious impact on the business, such as a sudden downturn in the economy or the death of the owner, it is important to have plans in place which will address the situation and either ensure continued operation or an efficient closure of the business. Without such planning, businesses have been open one day, and closed the next with a sign stating "will reopen soon" which never happens.

Is It Worth The Effort?

While this may appear to be an obvious answer, to some it involves decisions about the business and family involvement. One situation, such as an owner or partners death, brings up this question. Will it be worth the time and effort to create a plan to continue the operation if the person who always ran the business is no longer there. Would the family want to see the business continue? Another scenario is when there is a devastating act which causes huge financial losses such as fires or floods. In this situation, you can make contingencies for what would happen after, and how you would rebuild; but this raises the question of if you would want to, or would you be able to continue.

Knowing what business contingency planning is, and knowing if this is something you would need are

not the same. It is always prudent to have plans in place for unseen situations, such as robbery. This is being proactive in business, and contingency planning is a form of being proactive. Being prepared for unseen situations is always a safe bet, even if you never have to face the problem.

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