

Future Contingency Planning

Karen Eads

Marie Platowski-Beals

6/23/2020

What's the worst that can happen???

- Fire
- Flood
- Loss of Utilities/Communications
- Pandemic
- Food Safety Issue
- Civil Unrest
- Data Security Breach
- Loss of Key Supplier/Customer
- Employee Walkout



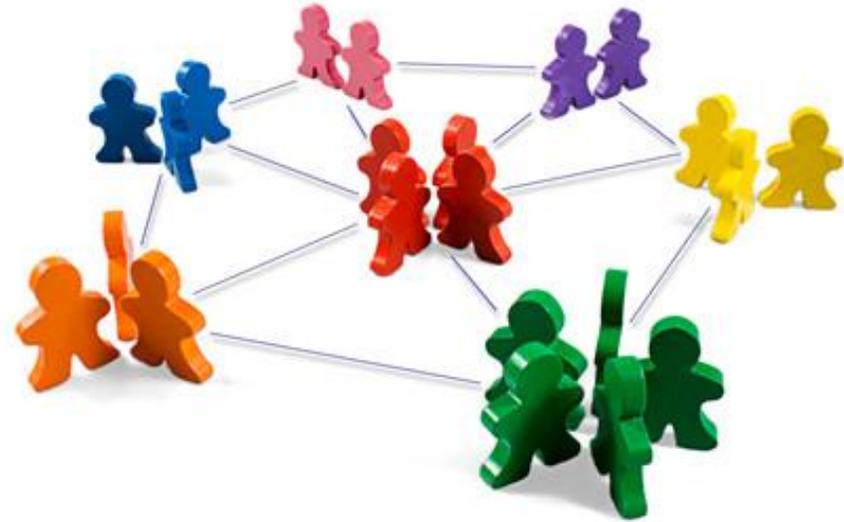
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Impacts



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- Relationships
 - Employees
 - Customers
 - Suppliers
 - Creditors
 - Investors
- Financial
- Operational
 - Sales
 - Production
 - Purchasing
- Brand



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Planning

- Review Lessons Learned from prior events
- Identify Mitigations
- Develop Emergency Action Plan
- Have Key Contact Information
- Training
- Protective Equipment on Hand
- Yearly Risk Assessment
- Yearly Emergency Evacuation Plan
- Assign Emergency Duties to Staff



Mitigations - Operational

- Insurance Policies
- Digital Customer List - Prioritized
- Digital Employee List
- Schedule Employees
- Documented Policies and Procedures
- Backup Suppliers
- Sales Pipeline
- Cyber Security Assessment
- Alternative Locations
- Backup Business Files
- Alternative power source and water



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Emergency Actions - Operational



- Enact emergency plan
- Notify customers
- Notify employees
- Identify alternative space
- Notify insurance company
- Contract restoration company if needed
- Notify partners and investors

Mitigations - Financial

- Strong relationship w/vendors and lender
- Established line of credit
- Emergency funds
- Backup files
- Current books
- Available credit on credit cards



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Emergency Actions - Financial



- Notify vendors and creditors – establish new payment terms if necessary
- Review cash flow projections – utilize line of credit if needed
- Create a budget
- Reduce inventory – alter order quantities, discount product/services
- Adjust number of employees, if necessary
- Review assets for liquidity

Financial Assessment



Financial Warning Signals

Assess warning signals in the company's financial accounts and forecast



AREA	POSSIBLE WARNING SIGNALS	SIGNALS			NOTES ABOUT WARNING SIGNALS
		Green	Yellow	Red	
Revenue	Sudden or gradual decline in revenue				
	Dependency on one big customer, one product or product category				
	Lack of overview of how income is earned				
Operating Profit	Negative operating profit				
	Low gross profit				
	Increase in capitalized costs				
	Extraordinary income or expense				
Total equity	Decreased or no salary for owner				
	Negative equity that needs to be re-established				
Debt	Loans payable are greater than liquid assets				
	Limited credit line				
	Required from bank to decrease available credit				
	Ability to pay off debt				
Accounts payable	Aged accounts payable or arrears with debt collection agencies				
	Taxes owed				
	Instalment agreements with tax authorities or other accounts payable				
Accounts receivable	Pending trials				
	Increasing accounts receivable without increase in revenue				
	Aged accounts receivable				
Inventory	Low receivable reserves due to decline in revenue and loss of customers				
	Declining or low inventory turnover				
	Increasing inventory due to declining revenue				
Other assets	Obsolete inventory				
	Deferred tax (losses carried forward) that is not real assets				
	Actual billable current work				
	Other questionable assets				
	Spend equity that needs to be re-established				
Budget	Reservations about going concern				
	Serious productivity issues				
	Unexplained positive change				
	Lack of budgets or budget review				
Relations	Unexplained budget deviations				
	Missing plan of action for budget deviations				
	Replacement of certified accountant				
	Change of bank or bad dialog with bank (e.g. requirement of increased security)				
	Disagreements within board of directors, ownership or family				
	Blame of employees or others for the crisis (neglect)				

Date:

Name:

Company:

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Contract Negotiations



Contract Negotiation
Explore possibilities to renegotiate contract terms



PARTIES TO THE CONTRACT	AGREEMENTS	IDEAL TERMS OF CONTRACT	RENEGOTIATE		DATE	RESPONSIBLE	✓
			Yes	No			
CUSTOMERS	Upfront payment for cash discount						
	Price regulations						
CREDITORS	Credit period						
	Discounts						
	Payment by installments						
	Extension of payment						
	Interest rate						
SUPPLIERS	Security						
	Small order sizes						
	Price regulations						
	Freight and fees						
	Terms of payment						
EMPLOYEES	Leasing						
	Consignment						
	Salary level and reduction						
	Bonus agreements						
LAWYERS	Joint ownership/profit sharing						
	Temporary flex time						
	Overtime without pay						
ACCOUNTANTS	Collaboration process						
	Time of invoicing						
ADVISORS	Fixed price						
	Time of invoicing						
PROPERTY OWNER	Step-up lease						
	Permission to sublet						
	Postponement of rent						
	Reduction of deposit or rent						
LESSORS	Reduction of rented space						
	Leasing payments						
BANK	Buy-back prices						
	Credit limit						
	Interest terms						
	Security and guaranty						
	Invoice discounting						
OTHER	Credit maturity						

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Operational Assessment



Crisis Description

Make an honest description of all aspects of the crisis

✓ CHECKLIST: ADDITIONAL ASPECTS

- The product life cycle
- Company and ownership
- Owner's health situation
- Signs of crisis
- Signs of crisis that owner sees
- Status of accounting
- Personal motivation
- Competitive situation



ASPECT OF THE SITUATION	DESCRIPTION	ASPECT OF THE SITUATION	DESCRIPTION
Background of the crisis (history, events)		Resources (who can help)	
Emergency crises (payments, debt collection, legal proceedings)		Information (who knows what and should know what)	
Most important clients (loyalty)		Private economy (Private residence, other debt, security, pensions)	
Most important operational suppliers		The family (marital status, prenup, liability)	
The company's key employees (dependence)		Desired future (intention, problem/opportunity-description)	
Bank relationship (agreement compliance, corporate mortgage)			
Debt situation (liens, guarantees, mortgages, assets, liabilities)			

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