



Capacity Building
Solutions

BUSINESS CONTINGENCY PLANNING MADE SIMPLE



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Capacity Building Solutions

A FULLY EXPANDED PLAYBOOK TO PREPARE, PIVOT, AND PERSEVERE

WHY CONTINGENCY PLANNING MATTERS

Running a business is full of surprises. Some are exciting, like a sudden spike in demand or a big new customer. Others can be overwhelming—a sharp drop in sales, a key supplier going out of business, or rising costs that squeeze your profits. Contingency planning is about thinking ahead, so you're not caught off guard. It helps you stay calm, focused, and ready to act when things change unexpectedly.

It's not about fear. It's about readiness.

Contingency planning means:

- ▶ Protecting your people, your reputation, and your bottom line
- ▶ Making clear decisions faster
- ▶ Being flexible enough to pivot when needed
- ▶ Turning challenges into opportunities

This guide is here to help you do all that in plain English.

PART 1: How to Keep a Constant Pulse on Your Business

Before you can respond to a problem, you have to see it coming. These are the areas of your business that need regular attention so you can catch small issues before they grow into big ones.

1 Monitoring Sales Trends

Your sales figures tell the story of your business health. Don't just look at the totals—look deeper.

Weekly & Monthly Tasks:

- Track sales by week and month to see trends.
- Break down by product, service, customer type, or location.
- Use alerts to flag sales changes of 10%, 15%, or more.
- Monitor how long it takes to close a sale—a longer cycle may point to market shifts or internal inefficiencies.
- Compare marketing channels (email, ads, social media) to see what's bringing in real buyers.



Pro Tip:

If your conversion rate drops from 15% to 10%, that's a sign to improve your messaging, offers, or sales process.

2 Tracking Costs and Supply Chain Risks

Rising expenses can quietly kill a business. It's critical to monitor the prices of materials, services, and inventory levels.

Weekly & Monthly Tasks:

- Track pricing of key materials and services.
- Monitor delivery timelines from your top suppliers.
- Keep a list of at least two backup suppliers for your most critical inputs.
- Watch for cost volatility and set limits that trigger reviews.
- Audit inventory monthly—too much ties up cash, too little leads to stockouts.



Pro Tip:

Don't wait until a crisis to find a backup supplier. Build those relationships now.

3 Monitoring Financial Health

Profit is good. But *cash* is king.

Weekly & Monthly Tasks:

- Maintain a rolling 3–6 month cash reserve and update it monthly.
- Forecast cash flow weekly. Look ahead, not just backward.
- Track your debt-to-income ratio and gross margins.
- Watch your credit card and credit line usage.
- Build clear expense reduction plans that activate if sales drop 10%, 25%, or 40%.



Pro Tip:

If your cash flow forecast shows trouble in 30 days, act now, not later.

4 Watching Competitors and the Market

Business isn't static. Competitors, customers, and technology are always evolving.

Weekly & Monthly Tasks:

- Review competitor pricing.
- Track new entrants to the market.
- See who's using new tools (like AI or automation).
- Monitor social media and customer feedback.
- Subscribe to trade journals or industry newsletters.
- Track proposed laws or regulations in your industry.



Pro Tip:

If a competitor is offering something new and your customers are talking about it, don't ignore it—adapt.

PART 2: What to Do When Things Change

Now that you're tracking key areas, here's how to react when changes happen. Think of these as playbooks for different levels of urgency. The bigger the shift, the deeper the response.

Each level is split into:

- ▶ Immediate Actions (first 7 days)
- ▶ Short-Term Actions (7–30 days)
- ▶ Medium-Term Actions (30–90 days)
- ▶ Communication Plan

There are three main categories:

- ▶ Sales Changes
- ▶ Cost Changes
- ▶ Operational Disruption (like staffing, supply chain, tech outages)

✓ TIER 1: Minor Fluctuations (±10%)

If Sales Drop:
Run a quick promotion on high-margin products.
Reconnect with customers—email, phone, surveys.
Collect outstanding payments.
Run a competitor audit.
Boost your presence on social media.

If Sales Rise:
Confirm increase with customer feedback.
Check inventory and staffing.
Boost short-term staffing if needed.
Order more materials.
Identify what's working and repeat it.

If Costs Increase:
Shift purchases to lower-cost vendors.
Recheck inventory policies.
Renegotiate terms.
Cut waste in scheduling, supplies, and utilities.
Adjust prices if necessary.

✓ TIER 2: Significant Change (±25%)

If Sales Drop:
Freeze hiring and non-essential spending.
Push hard to retain your top 20% of clients.
Limit discretionary spending.
Consider cutting hours or roles.
Review debt options.
Start cost reductions of 10–15%.

If Sales Rise:
Ramp up production and hiring.
Secure additional supplier commitments.
Prioritize top customers.
Expand facilities or outsource overflow.
Review pricing and profitability.

If Costs Increase:
Activate vendor alternatives.
Review all product/service lines for efficiency.
Make cost-based design or delivery changes.
Adjust staffing, energy use, and workflows.

✓ TIER 3: Major Disruption (±40%+)

If Sales Drop:
Activate crisis management team.
Freeze all discretionary spending.
Use emergency credit lines.
Reduce or furlough staff.
Liquidate underused assets.
Reassess your business model entirely.

If Sales Rise:
Move to 24/7 operations if needed.
Expand capacity across the board.
Prioritize high-value customers.
Create backup fulfillment sites.
Prepare for capital raising or investor involvement.

If Costs Increase:
Switch to emergency suppliers.
Redesign product/service delivery for cost savings.
Implement process automation or outsourcing.
Rethink long-term sourcing and production models.

Monitoring and Review Practices

Daily: Review sales, costs, cash, and capacity. **Weekly:** Leadership huddles to assess responses. **Bi-weekly:** Reassess actions and make adjustments. **Monthly:** Strategic review to decide on escalation or recovery.

Final Setup Checklist

- ☐ Assign owners to track each business area.
- ☐ Hold monthly review meetings.
- ☐ Document all response playbooks.
- ☐ Define decision-makers per scenario.
- ☐ Cross-train critical roles.
- ☐ Set up cloud backups and alternate workflows.
- ☐ Prepare a tech continuity and cybersecurity plan.

