



Operations Management Contingency Planning

Cash flow management is a critical activity during any period of significant business disruption.

Various operational scenarios and “levers” must be considered to maximize cash generation and productivity of any available resources.

Consider the demand for your products and services, as well as the capacity to deliver (supply), including the ability to secure staff, raw materials, etc.

- How did you derive your demand forecast?
 - Have you considered other revenue streams?
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Use the following tool to guide your analysis and to evaluate all the elements related to your operations planning and execution.

Adjustments may be needed to your existing ways of working, including extra training, health and safety procedures, and the way your team collaborates, measures and communicates results.

Use this guide to structure your thinking, moving from left to right. Build agile action plans to flesh out your decisions and to-do's.

Operations Management

Communication Plan

Production Decisions	Risk Assessment and Mitigation	Create Plan	Execute and Monitor	Repeat and Refine
<p>Define products/ services to produce (short term):</p> <p>→ Evaluate key criteria:</p> <ul style="list-style-type: none"> • Sufficient demand • Input availability • Labour availability • Cash to cash¹ • Variable margin² • New revenue sources • Health & safety <p>Identify operations success measures:</p> <ul style="list-style-type: none"> • Simple measure, e.g., • Units produced • \$ shipped 	<p>Identify critical resources:</p> <ul style="list-style-type: none"> • Key input materials • Critical roles/skills • Key equipment <p>Assess risk and define mitigation plan:</p> <ul style="list-style-type: none"> • Supplier risk assessment and contingencies • Cross training plan • Equipment contingencies • Health & safety requirements • Technology (daily mgmt., etc.) 	<p>Forecast demand and identify resources:</p> <ul style="list-style-type: none"> • Short term (weekly) • Material required • Labour required • Shifts/hours • Burn rate • Cash flow (12 weeks)³ • A/R • A/P <p>Identify required actions:</p> <ul style="list-style-type: none"> • Order material • Schedule labour • Execute training • Labour strategy⁴ 	<p>Execute plan through Daily Management:</p> <ul style="list-style-type: none"> • Prioritization of resources • Problem solving • Safety • Morale • Material issues • Quality issues • Focus on fulfillment • Health and Safety <p>Monitor metrics and environment:</p> <ul style="list-style-type: none"> • Units produced • \$ shipped • External changes that could affect plan 	<p>Refresh plan:</p> <ul style="list-style-type: none"> • Weekly cadence • Re-forecast demand • Adjust labour/ material plan • Define resources for next week • Define actions <p>Leverage lessons learned:</p> <ul style="list-style-type: none"> • Review challenges • Identify quick wins

¹ Rate products or services in terms of the length of time from when cash is laid out (purchase raw materials, labour) until cash is received (invoice paid by the client). Factors include lead time to produce, payment terms with vendors and payment terms with clients

² Any product that more than covers its variable costs is contributing cash to fixed costs = go go go!

³ Cash flow and burn rate analysis tools are available

⁴ Includes measures, such as layoffs (unfortunately)