

# Contingency Plan Template for Disruptions in Freight and Space Logistics

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Purpose: To prepare for and mitigate disruptions caused by geopolitical events, labor shortages, tariff changes, and global supply chain delays.

## 1. Situation Overview

Anticipated disruptions to monitor closely:

- Port Labor Disruption: Potential disruptions to freight routes from Houston to Maine.
- Chinese New Year (CNY): Factory shutdowns causing production backlogs and shipment delays.
- Labor Shortages: Widespread impacts on trucking, warehousing, and port operations.
- Policy Changes: Geopolitical shifts including tariffs or immigration disruptions that may exacerbate supply chain stress.
- Combined disruptions impacting global and domestic logistics, labor availability, and space operations.

## 2. Risk Assessment

| Risk Category             | Potential Impact                                      | Severity (High/Med/Low) | Mitigation Strategy  |
|---------------------------|---|-------------------------|--|
| Tariff Implementation     | Increased cost of imported goods, raw materials       | High                    | Preemptive shipping, renegotiation of terms.                     |
| Labor Shortages           | Reduced truck drivers, warehouse labor, dock workers  | High                    | Act immediately to secure contracts with reliable labor partners |
| Port Labor Disruption     | Delays in unloading/loading cargo and capacity issues | High                    | Diversify routes, explore alternate ports.                       |
| Chinese New Year Shutdown | Production backlogs, missed deadlines, quality issues | Medium                  | Accelerate orders, verify quality control.                       |
| Cross-border Delays       | Delays in U.S.-Mexico shipments due to border checks  | Medium                  | Identify alternative ports, expedite permits.                    |
| Space Payload Delays      | Disruption in launch schedules or payload transport   | Medium                  | Secure dedicated transport solutions.                            |

## 3. Actions to Mitigate Disruption

A. Freight Logistics:

1. Prioritize Critical Shipments:
  - o Identify time-sensitive and high-priority goods.

- Expedite shipments before tariffs or labor disruptions take effect.
- 2. Diversify Shipping Routes:
  - Explore West Coast ports, Canadian ports, or Gulf alternatives.
  - Increase use of intermodal options (rail, barge, and air freight).
- 3. Secure Warehousing and Storage:
  - Arrange flexible storage options for delayed cargo.
  - Use temporary holding facilities near key entry points.
- 4. Lock-in Capacity and Rates:
  - Work with freight partners to secure trucking and rail capacity.
  - Avoid exposure to rising spot market rates.

#### B. Space Logistics:

1. Audit Supply Chains for Mission-Critical Components:
  - Identify dependencies on imported satellite parts and payload materials, and map out alternative suppliers or domestic options to mitigate delays.
  - Identify alternative suppliers to mitigate delays or shortages.
  - Identify dependencies on imported satellite parts and payload materials.
2. Preemptive Transport Booking:
  - Secure specialized transport in advance.
  - Avoid reliance on disrupted regions for final-mile delivery.
3. Build in Timeline Buffers:
  - Extend launch windows to account for freight or labor delays.
  - Establish backup transport plans for payload readiness.
4. Enhance Cybersecurity Measures:
  - Monitor systems for disruptions in logistics tracking and communications.
  - Implement redundancies in critical launch operations infrastructure.

## 4. Communication Plan

#### Internal Communication:

- Daily brief, actionable updates from logistics and operations teams.
- Real-time monitoring of disruptions and alternative solutions.

#### Customer Communication:

- Weekly Briefings: Proactively share updates on evolving conditions and provide links to additional resources or detailed action plans for quick access.
- Action Alerts: Notify customers immediately of any delays or cost changes. For example:
- 'Port Labor disruption Update: Shipment ETA extended by 3 days due to labor delays. Contact us for rerouting options.'
- 'Tariff Alert: Increased costs on inbound goods from China starting Jan 15. Expedite critical orders now.'
- Guidelines: Share updated shipping timelines, contingency options, and risk mitigation steps.

## 5. Review and Monitor

- Designate a senior leader to oversee task force operations, ensuring clear leadership in monitoring the situation and implementing contingency actions.
- Track key metrics:
  - Freight delays (in days)
  - Cost increases (percent)
  - Labor availability (capacity levels)
- Provide a post-disruption analysis to evaluate performance and lessons learned.

## Scenario Analysis: Impact of Tariffs and Labor Disruptions

### Scenario 1: Immediate Tariff Implementation

- Impact: Increased costs for imported goods (5-20% depending on sector).
- Sectors Affected: Electronics, automotive parts, raw materials, consumer goods.
- Actions for Customers:
  - Expedite critical orders before tariffs take effect.
  - Explore nearshoring options in Canada, Mexico, or domestic suppliers.
  - Renegotiate supplier contracts to share tariff burdens.

### Scenario 2: Labor Disruptions Due to Mass Deportation Policies

- Impact: Severe labor shortages across trucking, ports, and warehouses.
- Secondary Effects: Increased shipping delays, storage congestion, and wage spikes.
- Actions for Customers:
  - Lock in contracts with reliable freight partners.
  - Prioritize automation or technology-assisted labor solutions.
  - Identify alternative storage facilities to handle overflow cargo.

### Scenario 3: Port Labor disruption on East Coast

- Impact: Delays and congestion at alternate ports (West Coast, Canada, Gulf Coast).
- Secondary Effects: Rising costs for expedited shipping and inland transport.
- Actions for Customers:
  - Route shipments through alternative ports in advance.
  - Arrange for additional trucking and rail capacity.
  - Communicate realistic timelines for delivery to end customers and set contingency plans to maintain trust and proactively manage expectations.

### Scenario 4: Chinese New Year Shutdowns

- Impact: Delays in production, reduced quality control, and backlog post-CNY.
- Actions for Customers:
  - Place orders well in advance of factory shutdowns.
  - Work with suppliers to verify quality post-production.

- Identify alternative manufacturers outside China if needed.

## Customer Guidance

- **Prioritize Critical Shipments:** Expedite time-sensitive goods to avoid delays.
- **Diversify Shipping Routes:** Use alternative ports, rail, or air freight to maintain flow.
- **Secure Storage and Warehousing:** Arrange flexible storage solutions for cargo.
- **Lock-in Labor Capacity:** Work with vetted partners to avoid workforce shortages.
- **Audit Supply Chains:** Identify weak points and ensure alternative suppliers are ready.
- Our team is prepared to provide customized solutions, alternative logistics routes, and real-time support throughout this disruption period.

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