

9.1 Managing your risks

PRODUCT
DISTRIBUTION
PROMOTION
PEOPLE
FINANCE
RISK
GROWTH

- > *Your risk profile*
- > *Insurance*
- > *Minimising unnecessary risk*

Your risk profile

Risk is intrinsic to living, and certainly part of doing business. Your approach to risk depends on your risk profile. If you are risk-averse, or a risk avoider, you will avoid situations and decisions that expose you to greater risk. You will tend to minimize your risks, even if that means foregoing opportunities. If you are risk positive, or a risk taker, you will be more comfortable with risk, and be prepared to take measured risks where you judge the rewards to be worthwhile.

Insurance

Whatever your risk profile, it is sensible to minimize avoidable risks. Insurance is an obvious mechanism for containing business risk. But even comprehensive insurance cannot compensate you for the full cost of a major incident.

If your workshop or retail premises burn down, you may be able to clear the debris and rebuild if you are insured. You may even be covered for loss of profits. But the missed opportunities for growth, the disruption to your life and your business plans, the extra paperwork—insurance will not cover you for these costs, which may be even more significant.

Similarly, product liability insurance may cover you for a food quality breakdown, but the loss of reputation may destroy your product and your brand and put you out of business.

Minimising unnecessary risk

It is therefore sensible to contain unnecessary risks as far as possible. Techniques include

- > documenting business processes
 - > inducting new staff, and training staff in new processes and the safe use of equipment
 - > maintaining high safety standards and very strict food safety standards
 - > ensuring that equipment is well guarded to avoid personal injury, with Standard Operating Procedures in place and clearly visible
 - > maintaining equipment regularly, and promptly repairing any damage or defect
 - > maintaining a neat and orderly work environment
 - > fitting out the work environment with safety equipment such as fire extinguishers and blankets, eye rinses and first aid kits
 - > ensuring that at least one staff member is trained to administer first aid
- > maintaining good stock control
 - > banking cash regularly
 - > securing premises adequately
 - > backing up computer systems, preferably offsite

