

Quick Guide to Risk Management when Starting a New Business

Identify Potential Risks

- Make a list of potential risks that could affect your business.
- These risks may include financial risks, operational risks, legal risks, market risks, and more.
- Consider both internal and external factors that could impact your business.
- Record all risks identified to allow impact assessment.

Assess the Likelihood and Impact of Each Risk

- Evaluate the likelihood of each risk which you identified occurring.
- Evaluate the potential impact each risk could have on your business.
- Prioritize risks based on their severity and likelihood of occurrence.
- Record the results of the three above points against your list of risks.

Develop Risk Management Strategies

- Decide how much risk is acceptable for your business.
- Develop strategies to mitigate or eliminate the risks.
- Consider preventive measures, risk transfer strategies (such as insurance), and contingency plans.
- Assess your strategy as the risk landscape for your business develops.
- Record your strategies for future easy reference.

Financial Risk Management

- Secure adequate funding to cover start-up costs and initial operating expenses.
- Monitor cash flow closely to ensure financial stability and liquidity.
- Consider diversifying revenue streams to reduce single sources of income.

Operational Risk Management

- Implement efficient operational processes to minimize errors and delays.
- Train and empower employees to handle all of the day-to-day operations effectively.
- Train all employees to be risk aware.
- Have backup plans in place for key operational functions to minimize disruptions

Legal and Compliance Risk Management

- Ensure compliance with all applicable laws and regulations in your industry.
- Seek legal advice to draft contracts, agreements, and other legal documents to protect your business interests.
- Stay informed about changes in laws and regulations that may affect your business.
- Take particular care when dealing with any personal data (GDPR).

Market Risk Management

- Conduct market research to understand your target audience, competitors, and current and future trends.
- Diversify your customer base to reduce dependence on a single market segment wherever possible.
- Stay fully informed and adapt to changes in customer preferences and general market conditions.

Cybersecurity Risk Management

- Implement robust cybersecurity measures to protect all sensitive data and information.
- Regularly update software and systems to address security vulnerabilities.
- Educate employees about best practices to prevent data breaches and cyber-attacks.
- Do not leave passwords written down and laying around.

Monitor and Review Risks Regularly

- Establish a system for ongoing risk assessment and monitoring.
- Review your risk management strategies periodically and adjust as needed.
- Stay proactive in identifying new risks and addressing emerging threats.
- Remember to record any changes or new risks, as in previous steps.

Seek Professional Guidance When Necessary

- Don't hesitate to seek advice from consultants, financial advisors, legal experts, and other professionals who can offer valuable insights and guidance.
- Join networking groups or industry associations to connect with other entrepreneurs.
- For professional risk management advice email: tony@antonyjnewman.com