

How are you managing your business risks ?



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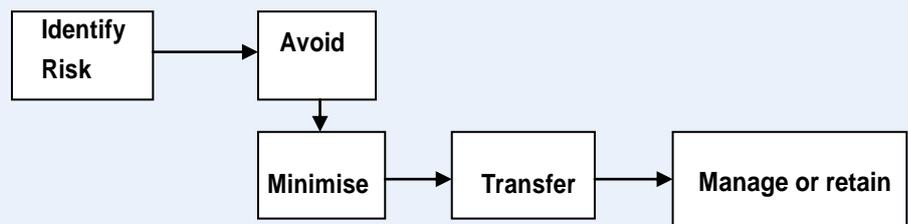
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There are many sources of business risk. When starting your business it is important you understand there are certain risk events you can control and other events you can't. Changes in government legislation or adverse weather conditions (drought, flood, cyclone etc) are examples of risk events outside your control. Operating a business free of risks is limited to managing risk events **you can control**.

Minimising business risk

Identifying and managing risk is an integral component of building a successful small business. It would be impossible to remove risk from all situations but you can take steps to remove or reduce your business risk. The process for minimising business risk is graphically illustrated below:



To minimize business risk, small business owners need to implement effective risk management strategies into their business. This is a simple process of identifying what is a possible risk event, grading the event and then designing a strategy to minimise, manage or remove the risk, the latter being the most preferred. Here's an example of how risk management strategies work for small businesses.

POSSIBLE RISK EVENT:

PRIORITY:

STRATEGY:

BY WHOM:

BY WHEN:

Owner work accident

High

Key person insurance

Insurance agent

At commencement of business trading.

Where to start: completing a risk management checklist

To minimise your business risk, start by completing a risk management checklist. Purchasing business insurance is one way of reducing business risk. When purchasing insurance make sure that you have sufficient cover in place to meet your current and future requirements.

Types of business insurance required by small business owners

General	Risk and Life
Business Disruption	Buy/Sell
House, Vehicle and Personal Goods	Income Protection
Property	Key Person
Public Liability	Life
Work Cover	Total and Permanent Disability
	Trauma

Outsource your risk management strategy

As your accountants, HBA Encompass is best positioned to provide you with the appropriate risk management advice. Every small business is different. That's why discussing your requirements with a specialist will help you develop a tailored risk management strategy for your business ensuring you are well on the way to building a business that actively and successfully manages its business risks and gives itself the best chance of succeeding in its core business strategy.

For further information regarding the above topic, please contact us

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