Risk Assessment

**Your Task**

You need to complete a risk assessment to help you think about which elements could be difficult when setting up your enterprise. You need to talk about minimum **1 risk** from each of the categories.

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| **Risks faced by entrepreneurs** | Areas that may link to your enterprise idea (this is a brief list – not all of the possibilities – your answers may not be on this list) |
| Lack of entrepreneurial skills | Interpersonal skills, taking risks, business plan |
| Competitor actions | Lowering prices, new products, increased promotion |
| Unexpected costs of production | Increase in wages, increase in materials, extra materials needed (COVID) |
| Sourcing raw materials | Increase in costs, time delay in supplies |
| Quality control issues | Faulty goods, fines, low customer satisfaction |
| Lack of customer interest | Poor idea, no market research, too many similar (substitute) products |
| Sourcing finance | Rejected for finance, use own/family funds |

There are three elements that you need to cover in your risk assessment:

1. Identify and describe potential risks
2. Consider the likelihood of this happening?
3. How could the risk be overcome? Is the risk worth taking –why?

Example: This example is for my stationary shop

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| 1. Identify and describe potential risks
 | 1. Consider the likelihood of this happening?
 | 1. How could the risk be overcome? Is the risk worth taking –why?
 |
| Sourcing raw materials – When finding the stationary that will be in my stationary pack the prices of the items could increase. | As I will be purchasing supplies in small quantities at the beginning of my enterprise to make sure I am not going into a negative cash flow, it is **very likely** that prices could change when I am sourcing materials to match demand. | This risk could be overcome by finding more finance and buying stationary in bulk orders – I believe this risk is worth taking as it allows me to keep my prices realistic to encourage sales and increase revenue and profit. |