

Risk Management

An Introduction



Background & Benefits

Background: Every business faces circumstances or fundamental changes in their situation that can be seen as presenting varying levels of risk to that business, from minor inconveniences to potentially putting its very existence in jeopardy.

Risk Management is a methodology for organizations looking to put into place real oversight and strategy for managing business risks.

The Benefits : Before you decide to implement it, you will want to know what the potential benefits of this activity. These will help to convince your clients on the decision that it is the right move for their organization:

1. **Better Business Decision** making process by the management -Improving the reliability of business operations
2. **Reduction in business losses** caused by poorly-identified and mismanaged risks
3. **Lower Compliance Costs**

Stages of Risk Management

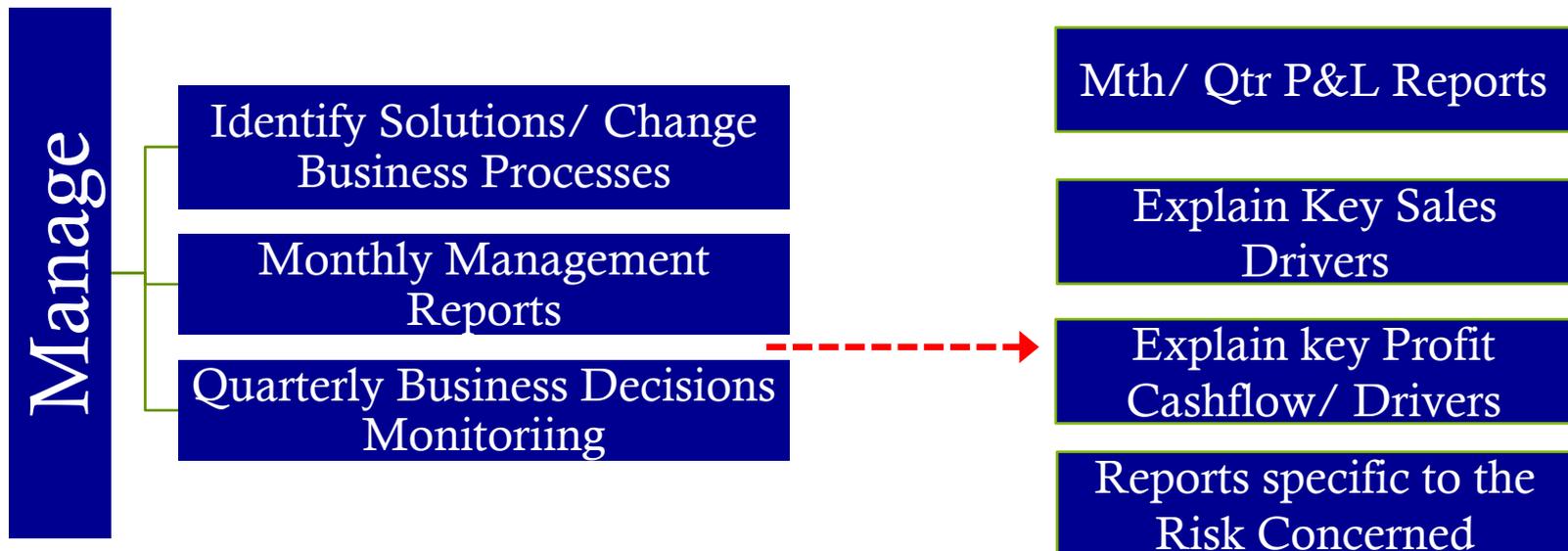


Identify the Risk → Assess the Risk → Plan → Take Actions → Monitor Progress

Better Business Decisions

Risk responses include:

- 1 **Accept** the risk (depending upon Cost Benefit Analysis)
- 2 **Avoid** the risk (don't take up that Risk Activity)
- 3 **Transfer** the Risk (via insurance, a joint venture or other arrangement;)
- 4 **Manage** the risk via better business controls or other risk prevention activities.



Tough Business Environment for our clients; New Opportunities

Key Risks MSME businesses face

1. Sales Risk;
 - ✓ Which Products will sell- old vs new required
 - ✓ Which Customers will buy and which wont
 - ✓ Which new Distribution Channels to explore- Online etc
2. Reorganizing purchases to Manage Sales Risks
3. Inventory Obsolescence
4. Employee Resource Management- How many to retain, which skillset required, old vs new etc
5. Customer Servicing / Credit Risk / Cash flow Risk

Opportunities as Service Providers: Consulting

1. Create Better Business Reports at Product level, Customer level etc.
2. Support in Automation-Improve Business Processes, Cut Costs
3. Support in Operating Cost Reduction
4. Support in Regular Cash Flow Visibility- Present and forecasted

We shall Win only If Our Clients Win