



Risk Management Plan

A practical and well thought-out risk-management plan defines how your business deals with risk. It will help create a culture of sensible risk awareness and management in your business.

Get everyone thinking about risk

Encourage people at all levels of your business to think about risk. In practice, this means to make sure everyone knows whose job it is to plan for and manage each type of risk. They should also know who to talk to when confronted by a risk they're not sure how to deal with. A side benefit is that when employees know who will manage each kind of risk, it creates a sense of structure. It also encourages people to be actively involved in the business.

Make informed decisions

Sometimes you may decide not to deal with certain risks because the chance they'll happen is slight or the effects are trivial. On the other hand, you'll need to plan for very likely risks with serious or major effects. For these you will need to have procedures so you can deal with them as they occur.

Don't assume risks exist in isolation to one another. Sometimes risks with minor consequences combine with unfavourable circumstances and other minor risks to create serious or major risks. Take the example of a getting a flat tyre when doing deliveries. It's after dark on a muddy track in an area has no mobile phone coverage. The spare tyre then rolls down the hill and the torch batteries run out. You chase the tyre, fall over and break your leg. What was a minor inconvenience is now a major risk to your safety. Use your experience – and your employees' experience – to identify and plan for these possible combinations.

Emergency Contingency Plan

Why do you need an emergency contingency plan?

One essential activity in developing your risk management plan is to make sure you have an emergency contingency plan. This plan can help you minimise the effects of interruptions to trade.

Some possible causes of interruptions to trade include:

- natural disasters such as floods or fires



- interruption to supply of power, fuel, or essential materials
- criminal damage
- an economic crisis.

An emergency situation can catch a business unawares. A business must react quickly to minimise financial damage caused by the interruption to trade.

Contingency checklist

If a business experiences a partial or total interruption to normal trading, use this checklist:

- **examine your legal responsibilities with a solicitor:** who can help interpret employment contracts, leases, contracts of supply, insurance policies, and give advice on your legal options
- **identify all current payments which can be delayed:** for example, talk to suppliers about deferring payment of invoices temporarily until the business is trading again
- **meet with your bank to discuss restructuring any business or personal loans:** check if they are willing to delay loan repayments, mortgage payments and the like until the business is trading again
- **contact your regular suppliers to advise of your situation:** if possible give them an approximate date when you will resume business. If necessary, work out alternative arrangements
- **contact your leasing company:** discuss alternate payment arrangements
- **communicate with the landlord:** make arrangements like temporarily deferring rental payments with an arrangement negotiated for the business to catch up with rent once trading resumes
- **contact your industry association:** see what information is available. Industry associations can often assist with information on employment contracts, alternate suppliers, and consultants who may be able to help you manage the emergency
- **contact your clients/customers to advise of your situation:** if possible give them an approximate date when you will resume business. If necessary, work out alternative arrangements – similar businesses in your network may be able to assist with supply of product or services.

Critical Information List: contact list for the unexpected

There is no warning for the unexpected, so the Critical Information List (below) is also a 'must have' for every business owner. Designed for those with a life

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threatening illness, its purpose is to make it easier to hand over the running of a business to others.

Click [HERE](#) to access a template that you can use to build your Critical Information List.

(http://www.business.vic.gov.au/busvicwr/assets/main/lib60208/critical_information_list.pdf)

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