



ASSESS THE RISK

Student Outcome

Students will be able to determine the risk in a variety of business settings.

NCSEE Skill(s)

A.26; B.22

Time Frame

30-40 minutes

Size of Group

Large or small

Materials Needed

- Handout 15.1: "Assess the Risk"

Before You Begin

- Make copies of the handout for students

Directions

1. Discuss the meaning of risk management for entrepreneurs (the "What Ifs").
2. Discuss why it is important to consider the risks even before they happen and have ideas about how to address or avoid them.
3. Have students break into pairs and discuss these situations on their handout. As a pair have students decide on how they would assess the risk (low, medium, high, extra-high) and then come up with strategies to plan for or avoid the risk.
4. Bring the students back together and ask them to compare their strategies with the group.

Discussion

1. How did you and your teammate determine the strategies you would use in each of these situations?
2. What is the value of exploring the "What Ifs" while developing your business plan?

3. What are the “What ifs” in your business idea?
4. How will you plan your strategies to lessen your risk?
5. What does this activity have to do with being an entrepreneur?

ASSESS THE RISK

Risk Management: This is the “What If” to think through. What could go wrong in your business setup? There are risks involved with starting any business — ask any banker or investor! Look at the situations below. Choose a partner. Assess the risk in each situation. Then come up with two strategies lessen the risk.

Situation	Assess the Risk The What If: What Could Happen?	Strategies to Lessen the Risk How can you plan ahead to avoid the risk?
The location available that you can afford for your sandwich shop is in a quiet area with few other businesses nearby.		
There is only one vendor in town for supplies for your coffee shop and their prices are too high.		
You are spending 100 hours a week on your business and your wife and baby get little of your time. When you are home, you are exhausted.		
You forgot to plan for advertising in your budget and you are out of cash.		
Your business grows so fast you can't keep up with the demand.		
The shipping company you use that is convenient and reasonable and will pick up 24/7 went out of business.		
You run your business alone and you mom gets sick and you need to go home and take care of her.		
You hire one employee to help you, who was recommended to you, only to find out the work is not getting done.		
You are losing your current employment to start a business.		

You are becoming the boss and are no longer the employee.		
You must select suppliers who will be dependable and trustworthy.		
You must figure out how to deal with the competition.		
There is rivalry among competitors.		
You have to work with the bargaining power of the supplier to get what you want and need at the lowest cost.		
You have to deal with the development of a substitute product.		