PARTICIPANT GUIDE

FDIC Money Smart

Financial Education Curriculum

SBA

Risk Management for a Small Business

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Welcome

Welcome to the *Risk Management for a Small Business* training. By taking this training, you are taking an important step toward building a better business. This guide accompanies the *Risk Management for a Small Business PowerPoint Presentation*.

Objectives

After completing this module, you will be able to:

- Identify the common risks associated with a small business
- Identify the external and internal factors which affect risk for a small business
- Identify situations that may cause risk for a small business
- Identify the common warning signs of risk for a small business
- Implement, monitor, and evaluate a risk management plan for a small business

What Do You Know?
Risk Management for a Small Business

Instructor: ________________________________ Date: __________________

This form will allow you and your instructor to see what you know about risk management, both before and after the training. Please read each statement below. Circle the number that shows how much you agree with each statement.

	Before Training				**After** Training			
	Strongly Disagree	Disagree	Agree	Strongly Agree	Strongly Disagree	Disagree	Agree	Strongly Agree
1. I can identify the common risks associated with a small business.	1	2	3	4	1	2	3	4
2. I can identify the external and internal factors which affect risk for a small business.	1	2	3	4	1	2	3	4
3. I can identify situations that may cause risk for a small business.	1	2	3	4	1	2	3	4
4. I can identify the common warning signs of risk for a small business.	1	2	3	4	1	2	3	4
5. I can implement, monitor, and evaluate a risk management plan for a small business.	1	2	3	4	1	2	3	4

Pre-Test

Test your knowledge of risk management before you go through the training.

1. **Which type of risk can generally be controlled?**
   a. Internal risks
   b. Systematic risks
   c. External risks
   d. Market risks

2. **It is possible to create a business plan that identifies every risk your business might face.**
   a. True
   b. False

3. **While reviewing your business plan you identified several risks that could halt, slow, or affect the profit of your business. What should you do with these risks?**
   a. List them by name
   b. Rank by importance
   c. Identify the potential cost
   d. All of the above

4. **If you need help managing risks associated with your business, you should _____________________.**
   a. Work the risks by yourself
   b. Seek outside assistance
   c. Ignore the risks
   d. Market the risks

5. **Which of the following are common ways to avoid risk? Select all that apply.**
   a. Communicating risks you've identified to key employees
   b. Making your expectations clear to employees
   c. Developing support systems to care for your family needs
   d. Training staff on the business continuity plan
   e. Purchasing insurance
   f. Planning emergency contingencies

Risk Management

Risk management applies to many aspects of a business. Your business is subject to internal risks (weaknesses) and external risks (threats). Generally, you can control internal risks once you identify them. However, external risks may be out of your control.

Not all risks come from negative sources. Risks may come from positive sources, or opportunities. Expansion and growth are opportunities, but they also bring additional risk.

The ultimate goal is to minimize the effects of risks on your business.

Discussion Point #1: Risks from Positive Situations

The purpose of this exercise is to help you identify risks in your business.

What positive situations or opportunities can you think of that may be risks?

Internal Risks

Let's begin with some internal risks.

Human Risks

The human component of your business is a source of risk. Think about these possible human risks to your business:

- **Illness and death**. A business owner or employee may be ill for a day or be unable to work for months. The death of a person involved in a business poses a risk to continued operations.
- **Theft and fraud**. Most businesses want to have an honest working environment, yet theft by employees and employee fraud are major risks businesses face. Timecard fraud is a risk. Diverting funds to fictitious accounts are accounting risks.

- **Low employee morale**. Unhappy employees can cost money through negligence or through willful acts. For example, an employee who forgets to reorder inventory is a risk to sales because back orders lead to cancellations.

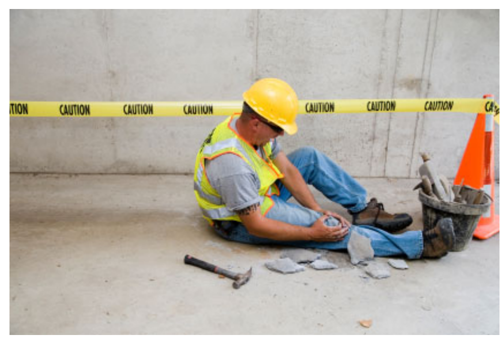
Equipment and Information Technology Risks

Older equipment may run slower or require more maintenance than new equipment. New equipment may require adjustments to work with older equipment.

Worn parts may cause damage or cause company vehicles to break down. What would a non-working delivery van cost a business for one day?

Downtime from physical damage or outdated systems may slow business profits. Most businesses rely on a computer system to process credit cards. These systems are risks to continued business when they are not working, especially if no backup plan exists. Lack of administrative controls may lead to downtime, in addition to fraud and theft.

Other Internal Risks



Another source of risk might be the physical plant of your business. Phone lines and other utilities are risks to a business. The appearance of a building such as its walls, windows, and doors may require maintenance to continue drawing customers.

Injuries and damages may be *caused* by your business or your business may *receive* damage. For example, a storm may cause damage to a business or a business may cause damage by selling a faulty product. Either way, injuries and damages come with a cost.

Cash flow is the lifeline of a business. When unexpected costs affect the ability of a business to meet monthly expenses or when credit lines are lost, a business may fail. A plan to maintain cash flow is crucial.

Even new financing has its own cost-associated risks. The risks can include the following:

- Appraisal costs
- Closing costs
- Costs for points to buy down rates
- Deposits placed on hold as collateral

Are you prepared?

Discussion Point #2: Internal Risks

The purpose of this exercise is to help you identify risks in your business.

What other internal risks can a business owner control?

External Risks

Now let's look at some external risks.

Competition and Market Risks

Competition can be tough and market changes can make life for your business tougher if you are not prepared. Consider these risks:

- **Market changes** will cause businesses to change. Competitors advertise sales, wholesale costs go up and down, and oil and gasoline prices affect your costs and those of your vendor.
- **Employees may leave** to go to a competitor's shop, taking loyal customers with them.
- **Rent increases** may be caused by increased demand for space. For example, you may be able to lease space more cheaply in a building/area under construction, but when the lease is up for renewal, an increased demand for space in the vicinity may result in your rent increasing.

Business Environment Risks

Your environment is more than the space you rent or buy. What happens around your business affects it. Here are some examples of environmental changes:

- **Federal, state, county, and city laws and ordinances** can and will change.
- **Weather and natural disasters** can shut down a business for a short period or close it.

- **Structural changes in the community** may be the result of progress or may be due to empty stores and offices in a declining market.

- **Your community may change** as the needs, age groups, spending habits, and incomes of the population change.

Discussion Point #3: External Risks

The purpose of this exercise is to help you think about how you would manage and control an external risk.

You own a steak house. A tainted meat scare in your area changes demand. How do you manage this risk or control its effects?

Personal Conflict Risks

Personal conflicts are external risks for both business owners and employees. Families and homes do not cease to exist at the start of a work day. Children become ill. Medical emergencies, or worse, may happen. Repairs and maintenance will be required at home.

For a small business owner, involvement in the community creates visibility. However, the visibility comes with a cost, mainly time. Employees and their children are involved in outside activities as well. We don't usually think of outside activities as a risk, but consider how you would handle this situation: your most reliable manager wants to attend an out-of-town playoff game with her child on the busiest day of the month.

Even complacency is a risk. Complacency comes from being comfortable. Your business may be successful and has been for a while. You may be comfortable with the hours you are working, but you may miss opportunities for growth because you do not want to expend the extra effort. Now, multiply the effect of complacency because complacency also happens to employees.

Discussion Point #4: Risks to Continued Operations

The purpose of this exercise is to help you to determine what is required for your business to continue operations.

What is required for your business to continue operations?
____
____
____

Risk Identification

One of the most important investments you can make in your business is creating a business plan, especially when identifying risks. Creating a business plan will help you assess risk areas, those areas impacting your ability to continue business and to grow.

The continuation of your business, in the event of any risk, should be addressed in your plan. Look at anything that could halt, slow, or affect the profit of your business. List these risks, rank them in importance, and look at potential costs. Identifying and assessing risks is something that will require time and should be revisited periodically. Be sure to schedule time in your calendar to identify areas of business risk.

Get help from outside sources in identifying areas of risk. Many of these sources are business specific. Some sources for help are listed later in this training.

A business plan isn't something to create and set aside, simply to be used later to obtain financing. Once completed, the business plan will become your guide, just like a map.

Warning Signs

Owning a business means keeping alert to potential risks. Pay attention to risk warning signs.

Excessive Debt in Relation to Owner's Equity

Use the following formula to calculate a company's debt-to-equity ratio. First, determine total liabilities by adding your short-term and long-term obligations. Then, divide total liabilities by the owner's equity (found on the company's balance sheet). Generally, the debt-to-equity ratio for a business should not be above 40 percent or 50 percent. However, you can check similar types of businesses through a business reporting service or consult an accountant to obtain the normal range for your industry.

Reliance on Small Numbers of Customers, Products and Vendors

Relying on a small number of customers will cause a business to fail quickly if those customers are lost. Your business will need to always reach out to new types of customers with new products. Reliance on one product will limit your business when that reliance fails to allow for changes in customer needs, as well as changes in the market. Similarly, when your business relies on one or a small number of vendors, your business continuity plan is only as solid as your vendor's business. You are not in control.

Cash Flow Problems

A very basic calculation of your cash flow starts with your business's cash balance at the beginning of the month. Cash receipts from all sources are added to this beginning balance and then all cash payments are subtracted from this total. The result is your ending cash balance. If your expenses are greater than your income, adjustments should be made. In general, you want your business to have a positive cash flow. Is your business able to pay monthly payments with no overdrafts? If you are having a hard time covering checks, your business has a cash flow problem.

Irregularities in Accounting, Bank or Timecard Records

Audits or spot checks of your accounting system may uncover errors or fraud. Some questions to answer as you move through audits:

- Do project or job sheets match what has been submitted for payroll?
- Do time sheets match what has been submitted for payroll?
- Does the payroll ledger reconcile with bank account statements?
- Are there outstanding checks to former employees?
- Are former employees still in the accounting system?

Irregularities in Computer System Administrative Reports

When reports from your computer system are generated, verify user access and system changes by considering these questions:

- Has any user access been changed since the last review?
- Is access for all users ordinary for their job functions?
- Do users who are no longer employed still have access to the system?
- Have changes been documented and approved?
- Are any transactions or changes out of the ordinary?

Employee Turnover Rate

Consider these questions when thinking about employee turnover:

- Does your business have a high rate of employee turnover?
- Is this a result of poor hiring decisions, lack of training, or the work environment?

Risk Evaluation

Once risks have been identified, consider next the impact each risk has on business operations and continuity. Also evaluate risks with regard to potential expansion or future growth. On a day-to-day basis, consult with your operations managers, as they may be more alert to possible risks. In fact, consult with all your key people to enlist their input and communicate to them the risks that you see.

Strengths, Weaknesses, Opportunities, Threats (SWOT) Analysis

Performing an analysis of your business's internal strengths and weaknesses and your business's external opportunities and threats may uncover overlooked risks. To be effective, a strengths, weaknesses, opportunities, threats (SWOT) analysis should be a very candid and honest assessment of the business. Remember, some risks can also be opportunities.

Other Resources

Seek outside help when assessing your business risks. The Small Business Administration (SBA) can provide many helpful resources. If funds permit, consider an auditing firm or certified public accountant (CPA). Talk with your bank or commercial lender about risks for your type of business. You may also want to consult a risk insurance provider. You can check the internet to find similar businesses or professional organizations which may share information on risks specific to your business.

Risk Measurement

Once risks are identified and evaluated for their potential consequences, they should be measured by how they affect earnings, cash flow, and business operations.

A good example is water damage. A business that flooded may be cleaned up, reopened, and continue operations. But, the expenses for cleanup put a strain on the budget for months to come. Lost income is not the only thing to consider. For example, customers may move to businesses that did not flooded and not return to your business. This customer migration may require new advertising or new products to renew interest.

Loss of future profits (due to customer migration, for example) may be more costly than the direct loss of income. Scrutiny of all the costs associated with a risk is important for measuring risk.

Importance of Risk Management

Minimizing and controlling the effects of risks can improve and maintain business cash flow. The continuation of cash flow creates stability for your organization and helps sustain credit relationships, while helping to build additional credit.

Why is risk management important? Good risk management will help your business continue in operation. Mitigated risk leads to better cash flow and greater stability. Creditors will see this stability and good cash flow reflected in your company's financial reports. Greater stability will mean your company will last into the future. The rewards of risk management are all linked together: good cash flow leads to stability, which leads to good credit, which leads to longevity.

Risk Control Management and Implementation

A written business plan should not only include a list of possible risks, but also include controls and plans to manage risks. Remember—keep your business plan current by readdressing changes in costs and by assessing new risks.

Equipment

Equipment that needs to be repaired may interrupt your business, but insurance or service plans may minimize your costs. For example, if your business is dependent on a high-speed printer or copier, a service plan may be a good way to control the risk of the copier breaking down. Parts for a copier can be expensive and take time to replace. To be prepared, copier vendors will plan for parts and service based on the copiers they have sold to you, and the number of copies you make (service plans for copiers usually require an annual count of copies made). Higher usage may mean more maintenance.

Vendors

Your vendors have risks, too—some of the same risks you face. Relying on only one vendor may be risky for your business. You may be able to avoid problems with your vendors by following these suggestions:

- Have more than one supplier for products.
- Shop for vendors with the best price and service.
- Maintain relationships with multiple vendors by buying from each of them.

A multiple-vendor strategy may make vendors push for more of your business, resulting in lower prices. In any event, if one vendor is unable to deliver, you will have backup.

Do not be afraid to investigate the risks your vendor may face. Some of this risk information is provided by business credit reporting agencies or by insurance companies.

Business Continuity

Your operations manuals should include a business continuity plan. The plan should provide steps to take for short- and long-term situations. For example, if your business is unable to operate in its present location, is it possible to use another? If so, your plan should list the steps to take, by job position, for re-establishing operations at the backup site.

Create a set of standard operating procedures for completing tasks. Many businesses were started before extensive computer-based technology. Back then, these businesses operated by following manual steps. Describe the responsibilities for inputting manually-captured information into your computer system for when the system is running again. Train staff on your continuity plans and alternative strategies. Have trial runs or periodic testing of your manual systems.

Backup your computer systems and keep copies in a secured offsite location. Keeping additional computer capability at another location can mean being down for a few hours, instead of days. Software or operating systems providers may be able to assist in disaster recovery plans. Review or discuss these plans with your vendors.

In your continuity plan, include the following:

- Staff members' duties
- Staff members' work locations
- Contact names, such as email addresses and phone numbers
- Vendor, utility, and emergency phone numbers
- Employee notification "phone tree" (for example, an owner calls managers and managers call their departments)

Just as you plan for these risks and the possible consequences, your vendors should as well. Ask your vendors about their business continuity plans. If they provide this information, add it to their file and include information that is pertinent to your own plan.

Keep a copy of your continuity plan in a place where your managers and staff can access it easily.

Information Technology Systems

Special risks are connected to information technology (IT) systems. Review the following risk prevention tips for IT systems:

- **Safeguard login information** such as personal user names and passwords. Personal login information should not be shared with anyone outside the business, or any other employee. Most businesses require employees to sign an IT statement that outlines the repercussions for sharing passwords.

- **Protect systems with firewalls** to stop intrusions. Use software to scan for viruses or other irregularities. These protections may require additional setup time and annual renewal fees. However, consider the cost a hacker or virus could cause by shutting down your system. In most cases, the benefit of protection will probably outweigh the cost.

- **Institute levels of access** within your organization by job duty**.** Someone who ships out inventory or accepts returns, for example, should have different access than those in accounting where credit is issued. Manager override authority should be reviewed periodically by using system-generated reports. Monitoring reports for out-of-the-ordinary transactions gives an added layer of security.

- **Generate system reports**, which might include reports on system access, attempted security breaches, and patterns of usage. Audits of these reports, as well as reviews of changes made by system administrators should be conducted regularly.

- **Sample transactions or use trial transactions** to uncover changes in processing or fraudulent transactions.

- **Conduct scheduled and surprise audits** of IT systems.

Competition

While the competition cannot be controlled, you can at least know what they are doing.

Investigate what products they are carrying and how they are priced. Consider these questions:

- Are your prices higher or within the market?
- Are you losing sales to them or do you have a competitive edge?
- If you think you have an edge, how can you maintain it?
- If their prices are much lower, is it time to revisit pricing with your vendors or search for new ones?
- Is their quality the same as yours?

Note how your competitor’s staff interacts with your competitor’s customers. Consider these questions:

- Does your business need training in any area?
- How are your competitor’s employees interacting?
- Do your competitor’s employees seem happy?
- Do you know what types of benefits your competitor’s employees receive?
- Are your insurance and compensation packages competitive for the market?
- Are you attracting and keeping valuable employees?

The cost to retain employees may be less than to train new employees.

Discussion Point #5: Assets

The purpose of this exercise is to help you determine your assets.

What is your most liquid asset? How can you protect it?

Accounting and Cash Control

Potential for fraud or theft can exist without a separation of duties. The employee who accepts cash or payments, processes the work, deposits funds, and reconciles the related account may be tempted to commit theft. Consider setting up an audit trail with one person accepting and processing payments, another preparing the bank deposit, and perhaps another for reconciling statements. For all three steps, amounts should be verifiable.

Cash payments and arriving mail should be logged or verified by two people. Each person should count the cash in the presence of the other. This procedure sets up accountability and provides a record of the activity.

Job duties should have differing levels of authority. Some duties may require recorded supervisor approval. For example, the server at the restaurant may need approval of the shift manager to void the charge for a poorly served meal. Issuing credit for returned merchandise may require supervisor approval above a certain dollar amount.

Conduct periodic audits of cash to insure that it balances with all income records and bank statements. Surprise audits should be done at least quarterly and at different dates in the month. An established pattern may give an employee who has taken money the time to return it. If the surprise audit has not been conducted before the last week of the quarter, the audit will be predictable and a theft may go unnoticed before the stolen funds can be put back in the drawer. Consider that most employees expect to pay back stolen funds before the theft is detected.

No one can afford to lose cash if a bank fails. Confirm that your financial institution is FDIC-insured. If you have more than $250,000 on deposit in the bank, you may have more--or less--deposit insurance coverage than you think: use the FDIC's online Electronic Deposit Insurance Estimator (EDIE) to calculate your FDIC insurance coverage.

> The FDIC insures deposits up to the maximum amount allowed by law. The standard deposit insurance amount is $250,000 per depositor, per insured bank, for each ownership category. The National Credit Union Administration (NCUA) provides similar insurance coverage for deposits in insured credit unions.

Monthly budget projections should include a reserve amount for each month. This should provide a cushion to cover the bills when you earn less money during the month than you had forecast or you have higher expenses than expected. An accountant may assist you in determining the amount to hold for additional cash flow, based on your financial statements.

Employee Management

Your employees are important to the success of your business. Review these tips for managing your employees:

- **Use pre-employment screening**. Many business credit reporting agencies and human resource service providers will help you with pre-employment screening and background checks. Pre-employment screening is important for legal and insurance purposes. For example, you need to know if an employee is driving your car but their license is revoked or they are required to have a device to check for blood alcohol level.
- **Provide job descriptions and lists of duties**. Communicate job expectations and any job expectation changes to your employees. While it is important to separate duties, cross training your staff helps to ease costs in the event someone leaves or the business is short staffed.
- **Provide performance evaluations**. Employees should expect evaluations to enhance their performance. Provide feedback and allow them to comment about their jobs.
- **Be involved**. A business cannot run on its own. Owners who are not present often find their business runs into problems. Let people know you are present. Get to know everyone by walking around your business. Talk with customers.
- **Audit payroll**. Audits should be conducted on payroll systems. Check project timecards against job sheets for appropriate time submission. Compare timecards to payroll ledgers and payroll ledgers to the payroll account.
- **Reward safe performance**. Injuries and damages can happen. Monthly departmental rewards for avoiding accidents may be less costly than premiums and damages resulting from carelessness. Safety procedure incentives may raise employee involvement in the process.

Business Work Strategy

How and when you and your employees work, impacts your business. Review these work strategy tips:

- **Set work hours.** Provide your employees with a tentative work schedule and keep them updated in advance of changes. Use a planner to map out your anticipated monthly, weekly, and daily work.

- **Plan work with a balance.** Avoid filling every minute. Allow extra time for unexpected events. Make sure you balance work with time off.

- **Set realistic goals.** Setting goals requires time to meet them. Make goals realistic for your business to avoid overextending yourself, burning out, and putting added stress on employees and your family.

- **Train support staff or an assistant.** A written business plan should include how to deal with the possibility of your disability or death. Train your support staff or assistant to handle short-term needs. Can a family member or someone else run the business in your place? Have you named someone to liquidate the business? Disability insurance may provide for your care and that of the business. Life insurance can also be purchased in amounts large enough to cover the liabilities of the business.

- **Develop a support system.** Support systems are vital to businesses and families. Do you have friends or services that can help your family when you can't be available due to work? Think about activities your family does on a weekly basis. You may need someone to help with these activities, as well with those that are unexpected. For example, waiting for a plumber or heating repair technician can take an entire day. Plan your support systems.

More on Risk Control Management and Implementation

Here are additional ways to manage risk:

- **Discuss risks**. Schedule regular meetings with managers to discuss risks. For example, add discussions of risk to sales meetings agendas.

- **Provide a safe workplace**. Employers have the responsibility to provide a safe workplace. Employers MUST provide their employees with a workplace that does not have serious hazards and follow all relevant federal, state, and local safety and health standards. See http://www.osha.gov/workers.html#6. You must post OSHA citations, injury and illness data, and the OSHA poster in your workplace where workers will see them.

- **Monitor the premises.** Also, create a checklist of the physical building that includes areas of upkeep, needs, and repairs. Complete a monthly walk-around to note areas that require attention. Have managers complete a weekly review of the facility for less significant items.

- **Be alert to community changes**. Be involved in the community or have someone who can update you on changes in the community that affect your business. Stay informed of federal, state, county, and local laws that could impact your business.

- **Use lines of credit wisely**. Lines of credit are important. Refrain from using the entire line to give yourself a margin of safety to deal with an emergency.

- **Speak with an insurance agent**. Speak with an insurance agent about business risks. Check to see if your business is in a flood zone requiring flood insurance. Whether you own or rent it is important to protect your business from fire, water, and other damage risks.

- **Consider a generator and secondary phone**. Consider the feasibility cost of a generator, what size generator would be needed, and how to implement the use of a generator safely. A backup phone may be as simple as listing a cell phone as a secondary business number and keeping the phone in your business location.

Lead by Example

Be honest and ethical in all business dealings. Make your expectations clear and consistent to those you do business with. Convey to your employees your expectation that they be honest and ethical.

Exit Strategy

No one starting a business expects to fail, but planning for the worst is part of managing the risks involved with any business. Sometimes it becomes necessary to implement a business exit strategy. Under the worst of circumstances having an exit strategy will be important for your future and that of your family.

Include an exit strategy in your initial business plan and revisit it from time to time. Question you may want to consider:

- Have you provided for insurance in the event of your death?
- In the event of death, have you provided for the liquidation of assets?
- Are there sufficient funds to allow the liquidation of assets without additional insurance?
- What about disability benefits?

While some business owners name a trustee to handle the closing of a business, others may have active family members to assume business ownership or perform the closing. Consider allowing employees to purchase the business instead of closing it.

Eight Key Points to Remember

Much more could be said or learned about risk management. If you are interested in additional information, consider enrolling in a college course on accounting information systems, risk management, or business management. Use sources listed in this training or others available through the SBA.

Remember these key points:

1. Risks associated with a small business can be characterized as internal and external.
2. Begin assessing risks by listing events or resources that could impact continued operations and cash flow.
3. The costs to insure or minimize risks should be weighed against the potential impact of the risk.
4. A business continuity plan should be part of your overall business plan.
5. Strategies to avoid risks can include: communication, setting expectations, support systems, staff training, insurance, risk assessment, and contingency planning.
6. Be honest in reviewing your business for risk and know the warning signs.
7. Seek assistance from others.
8. Include an exit strategy in your initial business plan and revisit that strategy from time to time.

For Further Information

Federal Deposit Insurance Corporation (FDIC)
www.fdic.gov
The Federal Deposit Insurance Corporation (FDIC) preserves and promotes public confidence in the U.S. financial system by insuring deposits in banks and thrift institutions for at least $250,000; by identifying, monitoring and addressing risks to the deposit insurance funds; and by limiting the effect on the economy and the financial system when a bank or thrift institution fails.

The FDIC encourages bank lending to creditworthy small businesses. The FDIC also encourages small businesses that may have an inquiry or concern about the availability of credit to contact the FDIC Small Business Hotline at 1-855-FDIC-BIZ or www.fdic.gov/smallbusiness. Another FDIC web site, www.fdic.gov/buying/goods, provides resources to assist small businesses that may want to do business with the FDIC.

U.S. Small Business Administration (SBA)
www.sba.gov
SBA Answer Desk: 1-800-827-5722
The U.S. Small Business Administration (SBA) web site provides resources, answers to frequently asked questions and other significant information for small business owners.

U.S. Financial Literacy and Education Commission
www.mymoney.gov
1-888-My-Money (696-6639)
MyMoney.gov is the federal government's one-stop web site that provides financial education resources from more than 20 federal agencies.

Post-Test

Now that you've gone through the training, see what you've learned.

1. **Which type of risk is something that can generally be controlled?**
   a. Internal risks
   b. Systematic risks
   c. External risks
   d. Market risks

2. **It is possible to create a business plan that identifies every risk your business might face.**
   a. True
   b. False

3. **While reviewing your business plan you identified several risks that could halt, slow, or affect the profit of your business. What should you do with these risks?**
   a. List them by name.
   b. Rank them by importance.
   c. Identify the potential cost.
   d. All of the above.

4. **If you need help managing risks associated with your business, you should ______________________.**
   a. Work the risk by yourself.
   b. Seek outside assistance.
   c. Ignore the risks.
   d. Market the risks.

5. **Which of the following are common ways to avoid risk? Select all that apply.**
   a. Communicating risks you've identified to key employees
   b. Making your expectations clear to employees
   c. Developing support systems to care for your family needs
   d. Training staff on the business continuity plan
   e. Purchasing insurance
   f. Planning emergency contingencies

Evaluation Form

Your feedback is important. Please fill out this evaluation of the *Risk Management for a Small Business* training.

Training Rating

1. Overall, I felt the module was (check one):
   [ ] Excellent
   [ ] Very Good
   [ ] Good
   [ ] Fair
   [ ] Poor

Please indicate the degree to which you agree by circling a number.	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
2. I achieved the training objectives.	1	2	3	4	5
3. The instructions were clear and easy to follow.	1	2	3	4	5
4. The PowerPoint slides were clear.	1	2	3	4	5
5. The PowerPoint slides enhanced my learning.	1	2	3	4	5
6. The time allocation was correct for this training.	1	2	3	4	5
7. The instructor was knowledgeable and well-prepared.	1	2	3	4	5
8. The participants had ample opportunity to exchange experiences and ideas.	1	2	3	4	5

Please indicate the degree of knowledge/skill by circling a number.	None				Advanced
9. My knowledge/skill level of the subject matter **before taking the training**.	1	2	3	4	5
10. My knowledge/skill level of the subject matter **upon completion of the training**.	1	2	3	4	5

Instructor Rating

11. Instructor Name:

Please use the response scale to rate your instructor by circling a number.	Poor	Fair	Good	Very Good	Excellent
12. Made the subject understandable	1	2	3	4	5
13. Encouraged questions	1	2	3	4	5
14. Provided technical knowledge	1	2	3	4	5

15. What was the most useful part of the training?

16. What was the least useful part of the training and how could it be improved?