**Business  
Week 24: Risk Management**

**Handout 1: Understanding Business Risks**

**Objective:**

* Learn to identify and manage business risks.

**1. What is Risk Management (风险管理)?**

Risk management is the process of identifying, assessing (评估), and taking steps to minimize or manage risks that can negatively affect a business.

**2. Types of Business Risks**

There are different types of risks that businesses face:

1. **Financial Risks (财务风险):**  
   These risks involve the financial stability of a business, such as losing money, unexpected costs, or changes in market conditions.

*Example:*  
A restaurant faces financial risk if it doesn’t manage costs like food or staff salaries properly, causing the business to lose money.

1. **Operational Risks (操作风险):**  
   These are risks related to the daily operation of a business, including machinery failure, supply chain problems, or human errors.

*Example:*  
A factory faces operational risk if a key piece of equipment breaks down and production stops.

1. **Reputational Risks (声誉风险):**  
   This risk involves the public’s perception of the business. Negative news or customer experiences can harm the business’s reputation.

*Example:*  
A company’s reputation might suffer if it is involved in a product recall or if customers complain about poor service.

1. **Legal Risks (法律风险):**  
   These risks involve potential lawsuits or violations of regulations that can harm a business financially or legally.

*Example:*  
A business may face legal risk if it doesn’t follow employment laws or product safety regulations.

**3. Risk Assessment (风险评估)**

Risk assessment is the process of identifying potential risks and evaluating how likely they are to happen, as well as how damaging they might be.

**Steps in Risk Assessment:**

1. **Identify Risks (识别风险):**  
   List all the potential risks your business could face.
2. **Analyze the Risks (分析风险):**  
   Evaluate how likely each risk is and what impact it would have on your business.
3. **Evaluate and Prioritize (评估和优先级):**  
   Rank the risks from most to least critical and determine which ones need immediate attention.

**4. Activity: Risk Identification and Analysis (20-25 min)**

**Task:**  
In small groups, choose a business (e.g., a coffee shop, tech startup, clothing store) and complete a basic risk assessment.

* **Step 1:** Identify at least **5 potential risks** for your business.
* **Step 2:** For each risk, discuss:
  + **How likely is it to happen?** (e.g., high, medium, low)
  + **What would be the impact on the business?** (e.g., high, medium, low)

**Guiding Questions:**

* What risks are unique to your type of business?
* Which risks are most urgent to address?

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**5. Homework:**

Write a short report identifying the main risks your business could face and explain how you would assess them (use risk assessment steps).

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**Handout 2: Insurance and Contingency Planning**

**Objective:**

* Learn about insurance and contingency planning as tools to manage risks in business.

**1. Insurance (保险)**

**What is Business Insurance?**  
Business insurance helps protect your business from unexpected financial loss due to risks. There are different types of insurance for different types of risks:

1. **General Liability Insurance (一般责任保险):**  
   Protects your business from lawsuits and claims for injury or damage caused by your business.

*Example:*  
If a customer slips in your store, general liability insurance can cover the cost of their medical bills.

1. **Property Insurance (财产保险):**  
   Covers damage to business property like buildings, equipment, or inventory.

*Example:*  
If a fire damages your store, property insurance can help pay for repairs.

1. **Worker’s Compensation Insurance (工伤赔偿保险):**  
   Provides compensation for employees injured while working.

*Example:*  
If an employee is hurt while working in your warehouse, worker’s compensation can cover their medical costs and lost wages.

1. **Product Liability Insurance (产品责任保险):**  
   Protects your business if a product you sell causes harm to customers.

*Example:*  
If a defect in a toy you sold causes injury, product liability insurance can help cover costs.

**2. Contingency Planning (应急计划)**

**What is Contingency Planning?**  
Contingency planning involves preparing for unexpected situations and setting up strategies to respond effectively.

**Why Is It Important?**

* Helps businesses continue functioning even when things go wrong.
* Prepares businesses for emergencies like a sudden financial crisis or natural disaster.

**Steps in Contingency Planning:**

1. **Identify Possible Emergencies (识别可能的紧急情况):**  
   Think about what could go wrong. This could include power outages, cyber-attacks, or supply chain disruptions.
2. **Develop Response Plans (制定应对计划):**  
   For each emergency, create a clear response plan that outlines how your business will react.
3. **Prepare Resources (准备资源):**  
   Set aside emergency funds or backup systems to ensure the business can operate during a crisis.

**3. Activity: Create a Contingency Plan (20-25 min)**

**Task:**  
In small groups, choose a potential risk or emergency for your business (e.g., fire, supply chain failure, loss of key employees) and create a contingency plan.

* **Step 1:** Identify the risk and discuss its potential impact.
* **Step 2:** Create a plan to respond if this risk occurs.
* **Step 3:** Discuss how your business would minimize damage and recover quickly.

**Guiding Questions:**

* What resources (e.g., money, tools) would you need to respond to the crisis?
* Who is responsible for carrying out the plan if it happens?

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**4. Homework:**

Write a contingency plan for your business in case of a **cyber-attack** or **natural disaster**. Identify at least **3 steps** you would take to minimize the impact on your business operations.

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**Summary of Key Learnings:**

* **Risk Management (风险管理):** Identifying and managing risks to reduce negative impact on the business.
* **Insurance (保险):** Protecting the business from financial loss through various types of coverage.
* **Contingency Planning (应急计划):** Preparing for unexpected events to ensure the business can continue to operate effectively.