



Big Risks for Small Businesses

Marcellus Brown 15 May 2019

Rayners Lane Consultants Ltd




Objectives



- Introduction to risk management
- Think about your business
- Look ahead to see what may come along
- Manage the risks and opportunities



Running Your Company

- ▶ Why are you running your company?
 - ▶ Benefits you are getting
 - ▶ What if it fails?
 - ▶ Exit plan
 - ▶ Closure point
- 



Company Lifecycle

Lifecycle

- ▶ Start-up
- ▶ Growth
- ▶ Running
- ▶ Closedown
- ▶ After Company closure

Issues can occur

- ▶ During life of a company
- ▶ Type of company
 - ▶ Limited Company
 - ▶ Partnership
 - ▶ Sole Trader
- ▶ After company is dissolved



Company Operation

Business as Usual / Sustain

- ▶ Marketing
- ▶ Sales
- ▶ Invoicing
- ▶ Receiving payments
- ▶ Delivery
- ▶ Customer Service

Projects

- ▶ Transformations
- ▶ Compliance



Risks



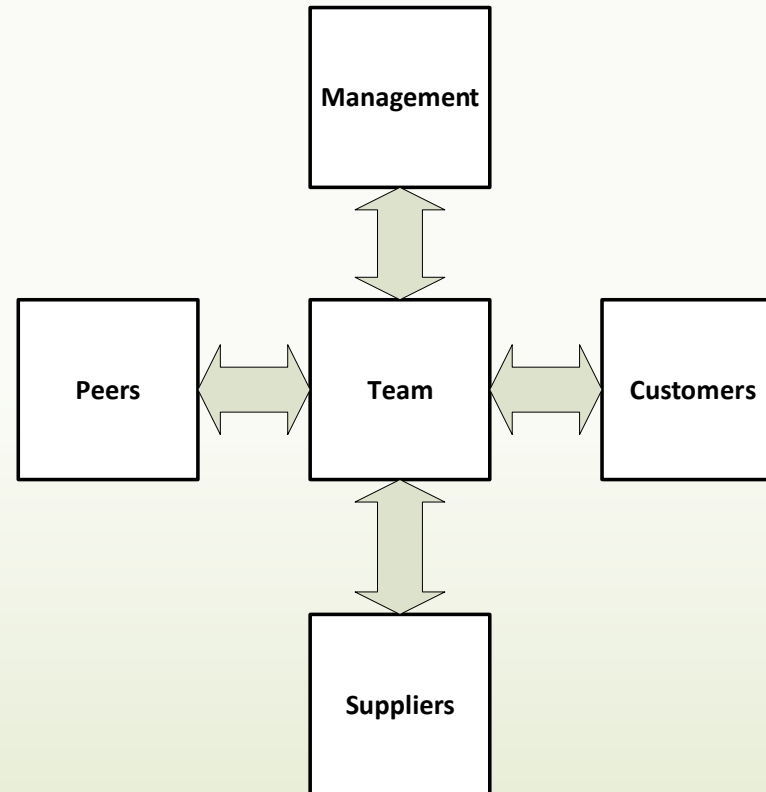
- ▶ Issue – a risk that has transformed into a problem (problems only exist in the mind)
 - ▶ Computer – has come to end of life (beyond economic repair)
 - ▶ Fileserver/disk drive failed
- ▶ Risks
 - ▶ A computer has a life and may fail
 - ▶ A fileserver/disk drive may fail at any time
- ▶ Risk plan
 - ▶ Computer failure – replace with new computer and restore data
 - ▶ Fileserver/disk drive – replace and restore data



Risks to a business

- Business interruption
 - Cyber security
 - Cash flow
 - Key owner/employee
 - Legal
 - Liability
 - Property
 - Reputation
 - Suppliers
- 

Stakeholder Overview





Planning Horizons



- ▶ Tomorrow is more certain than one week away
- ▶ A week away is less certain than a month away
- ▶ A month away is more certain than a year away
- ▶ In today's business
 - ▶ Rate of change
 - ▶ Velocity of change
 - ▶ Volatility
 - ▶ More uncertainty



ABCD Methodology

- Assumption (Survey of your business)
 - All positive statements e.g. a computer will last for ever
- What if the assumption is not true
 - Identify risk
 - How likely/probable
 - What is the impact if it happens
- Risk register – review regularly **AND TAKE ACTION**
- Create risk plans for high probability and high impact
- NOTE: Minimal work with weekly progress/project reviews



Using SWOT



- Strengths (internal)
 - Weaknesses (internal)
 - Opportunities (external)
 - Threats (external)
- Create risk plans from weaknesses
 - So problem areas can be assessed and plans can be created
 - Add to risk register
 - E.g. Single printer in despatch fails
 - Threats
 - Assessed and plan written
 - Add to risk register
 - E.g. Competitor takes major customer



Overhead



- ▶ Risk management should be in place
 - ▶ It should not turn a business/project to stone
 - ▶ Reuse of available information
 - ▶ Knowledge sharing
 - ▶ Experience sharing
- ▶ Part of business setup/project initiation
- ▶ Part of tracking progress
 - ▶ Project reporting
 - ▶ Company reporting



Risks



- ▶ Highly likely and high impact risks
 - ▶ Create risk plans
 - ▶ Risk register updated and copied to Project Board (Programme manager)
 - ▶ Review project plans
- ▶ All risks
 - ▶ Look at mitigation
 - ▶ Look at avoidance
 - ▶ Insurance
 - ▶ Transfer
 - ▶ Root causes
 - ▶ Cascading risks
- ▶ From M_o_R
 - ▶ Probability
 - ▶ Impact
 - ▶ Proximity
- ▶ Directors can be caught after a limited company has been closed down (the law is changing)



Summary



- Introduction to risk management
- Think about your business
- Look ahead to see what may come along
- Manage the risks and opportunities



Any Questions?



Contact info



- Marcellus Brown
- Email: marcellus.brown@raynerslaneconsultants.co.uk
- Web: www.raynerslaneconsultants.co.uk
- Mob: 07714 882421



BACKUP SLIDES



Reference Material



- ▶ Cadle, James; Paul, Debra; Turner, Paul. Business Analysis Techniques: 99 essential tools for success (Kindle Location 878). BCS Learning & Development Limited. Kindle Edition.
- ▶ Sutton, David. Information Risk Management: A practitioner's guide (Kindle Location 5). BCS Learning & Development Limited. Kindle Edition.
- ▶ TSO 2009, Managing Successful Projects with Prince 2
- ▶ TSO 2010, Management of Risk: Guidance for Practitioners

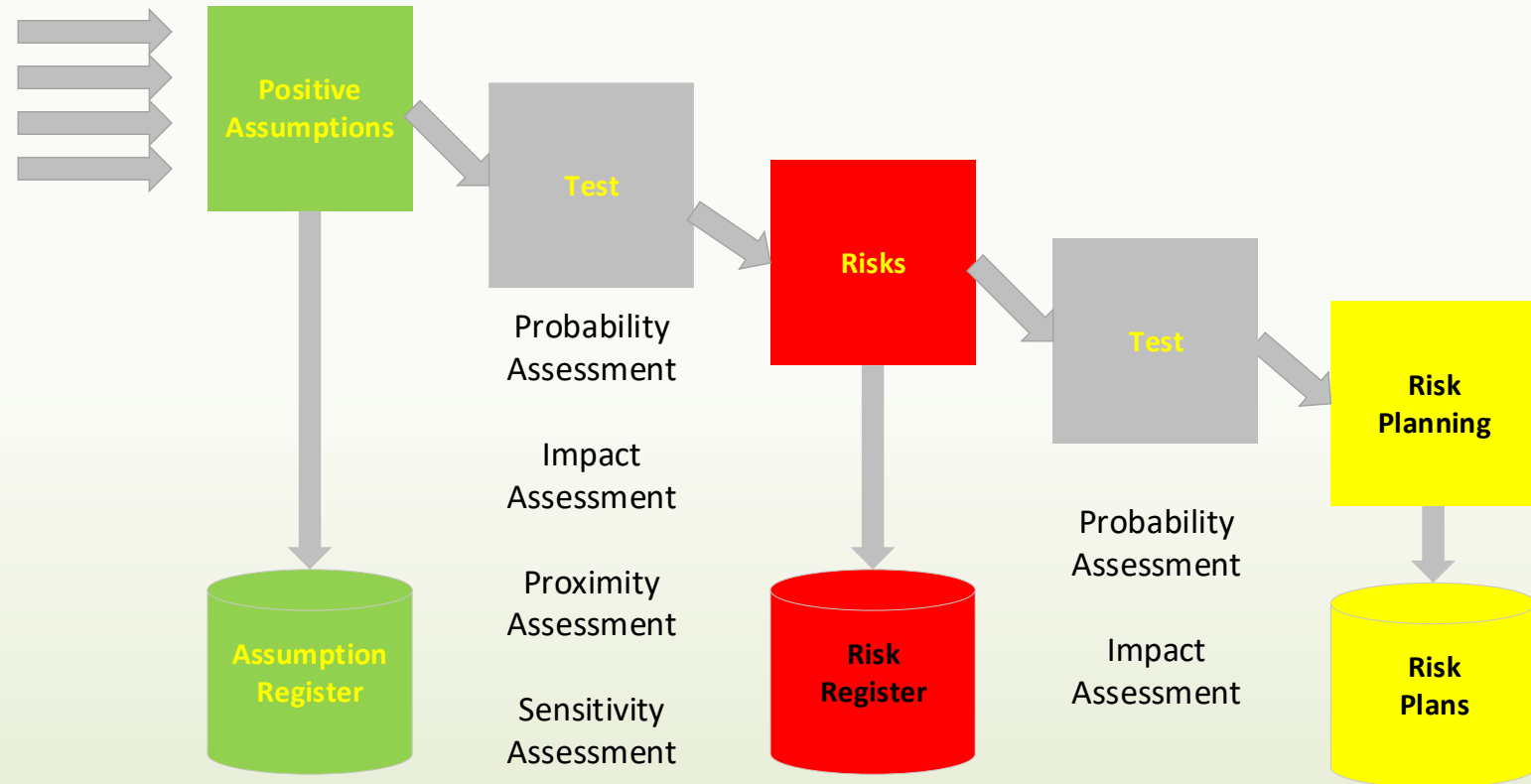


Maturity CMM (Now CMMI)

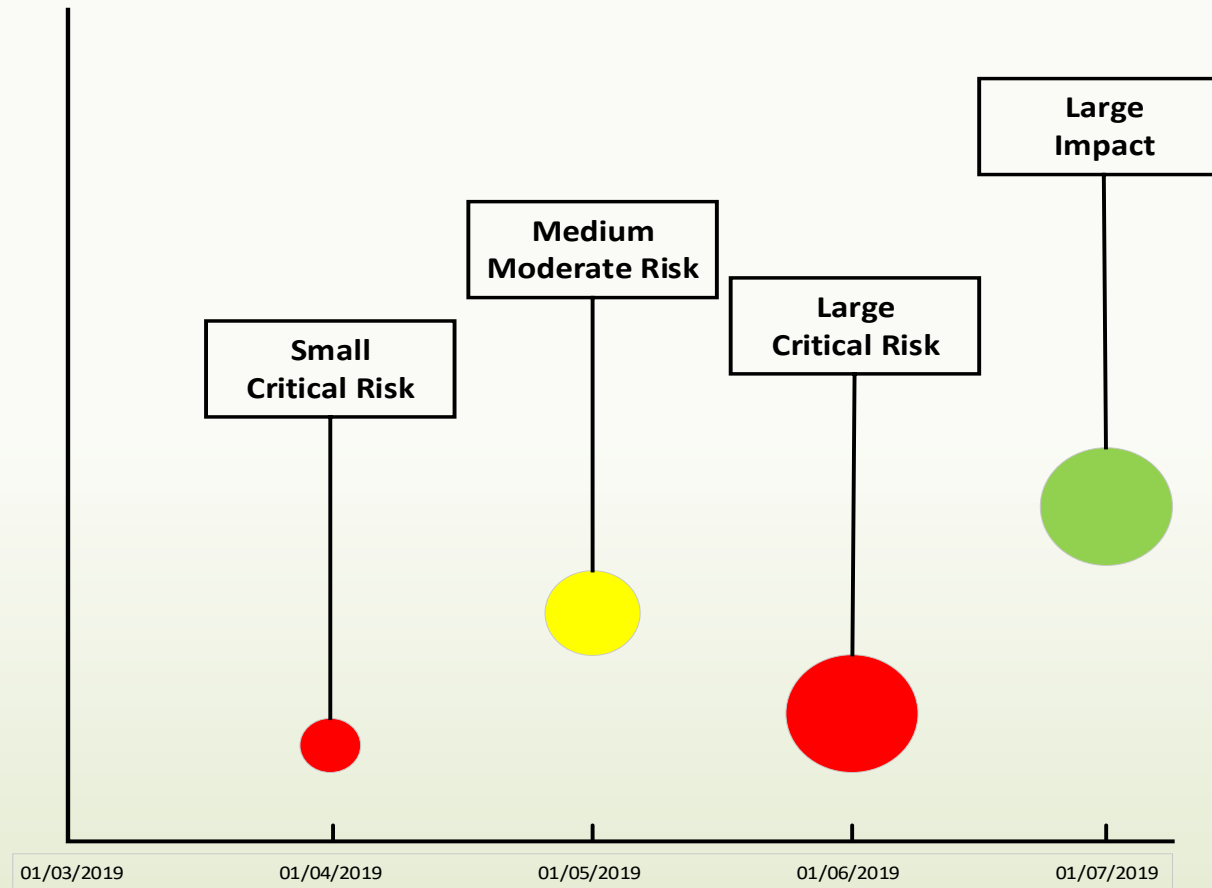
- Maturity levels
- Level 0 Incomplete (Heroic)
- Level 1 Performed process CMMI - Initial
- Level 2 Managed process
- Level 3 Established process CMMI - Defined
- Level 4 Managed CMMI – Quantitatively Managed
- Level 5 Optimising

(2014, Sutton, D)

Process Overview



Bubble Chart





PESTLE

- Political influences
 - Economic influences
 - Sociocultural influences
 - Technology issues
 - Legal issues
 - Environmental issues
- 



Resource Audit

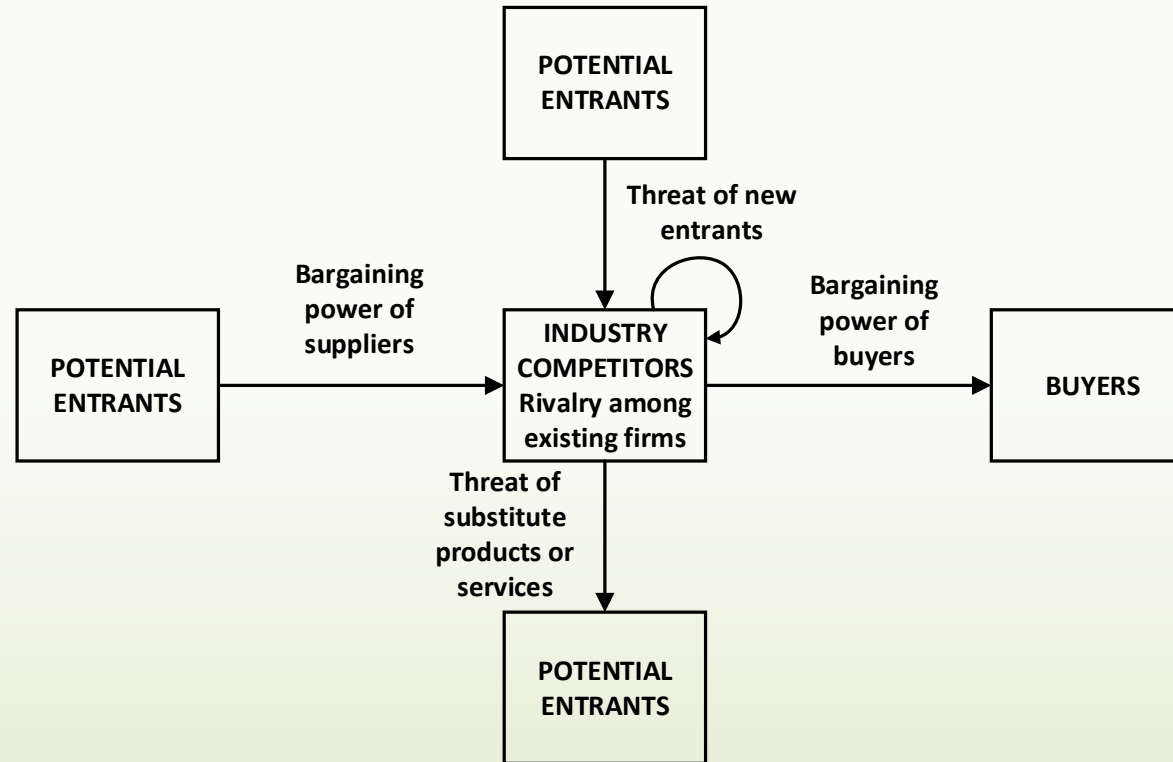
- ▶ Variants/Aliases
 - ▶ Tangible resources
 - ▶ Financial
 - ▶ Physical
 - ▶ Intangible resources
 - ▶ Technology
 - ▶ Reputation
 - ▶ Know-how
 - ▶ Culture
 - ▶ Human resources



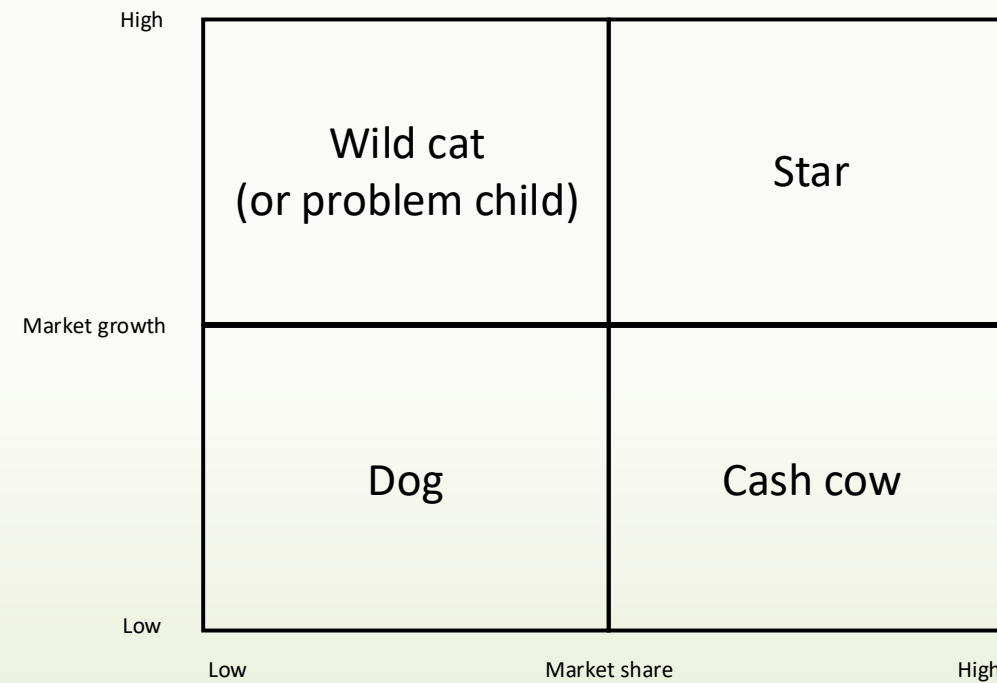
SWOT Analysis

Internal	Strengths <ul style="list-style-type: none">• Alliance with Supplier 1• Alliance with Supplier 2• Alliance with Supplier 3• E-commerce expertise• Good development, implementation and support using agile delivery• Content Management System (CMS)• Current customer base• Determining non-viable business• Employee engagement• Rapid expansion	Weaknesses <ul style="list-style-type: none">• Vertical Market• Small market share• Videos on the web (Vimeo, 2014)• Only based in one country• Only one brand
	External	Opportunities <ul style="list-style-type: none">• Government support for Internet• Social Welfare Policies• Economy is growing• Unemployment is reducing• Smartphone usage increasing• Mobile device power increasing• Green initiatives
	Positive	Negative

Porters Five Forces Framework



Boston Box





Horizon scanning

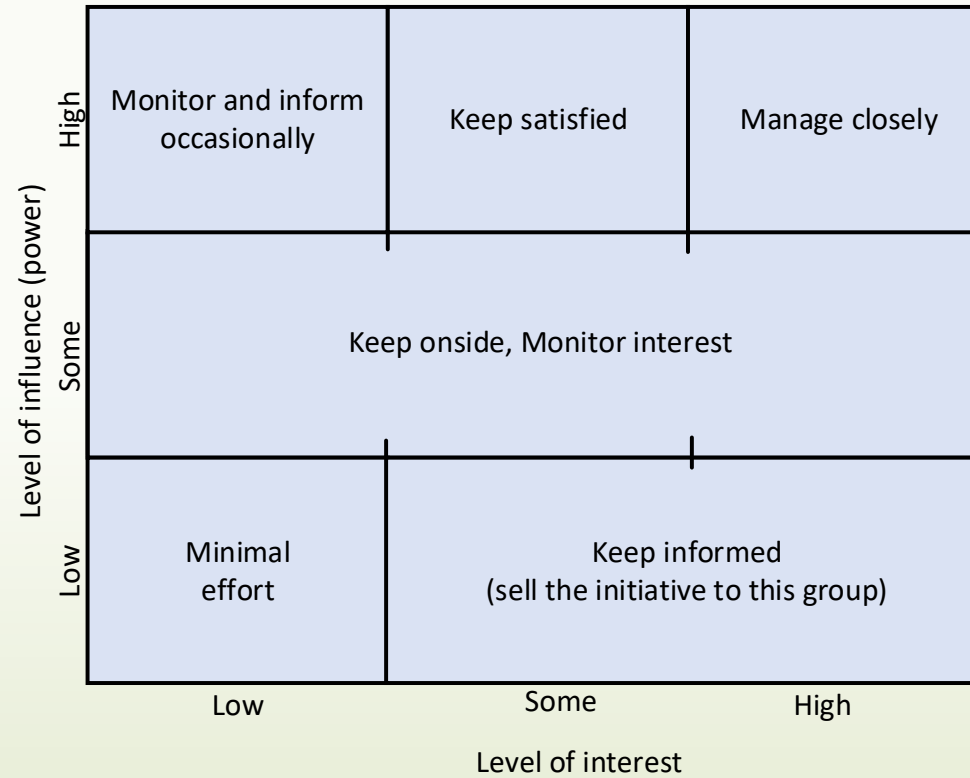
- ▶ From M_o_R (TSO 2010) “Horizon scanning is the systematic examination of likely future developments that are at the margins of current thinking and planning.”

Probability Impact Grid

➤ From M_o_R (TSO 2010)

Probability	0.9	Very High 71-90%	0.045	0.09	0.18	0.36	0.72
	0.7	High 51-70%	0.035	0.07	0.14	0.28	0.56
	0.5	Medium 31-50%	0.025	0.05	0.1	0.2	0.4
	0.3	Low 11-30%	0.015	0.03	0.06	0.12	0.24
	0.1	Very Low up to 10%	0.005	0.01	0.02	0.04	0.08
			Very Low	Low	Medium	High	Very High
			0.05	0.1	0.2	0.4	0.8
			Impact				

Power and Influence Grid (PIG)





Key Performance Indicators (KPI)

- ▶ Value monitored

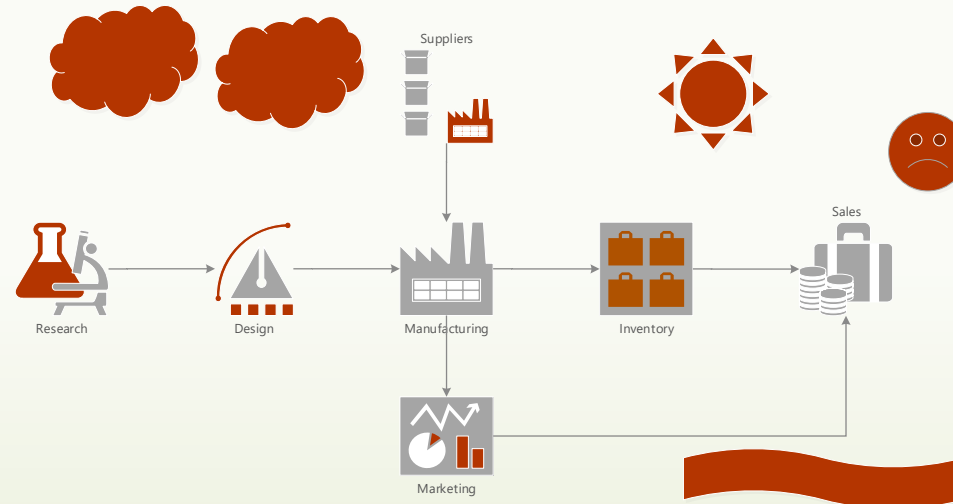
- ▶ Servers
- ▶ Type
- ▶ Compliant
- ▶ Non-compliant




- ▶ Licences

- ▶ Product
- ▶ Type
- ▶ Licences
- ▶ Seats

Rich Picture

➤ Graphical representation of system and environment



<p>Background</p>  <p>Give your drawing a professional background. Select one on the Design tab.</p>	<p>Drag Drop</p>  <p>To put a shape between two connected shapes, drag it onto the connector between them.</p>	<p>Add Data</p>  <p>Add power to diagrams with data. On the Data tab, select Link Data to Shapes.</p>	<p>Finished with these tips? Select the Tip Pane and press Delete</p>
-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	-----------------------------------------------------------------------