This tool helps you to identify, assess and mitigate potential risks so you avoid negative future outcomes.

Risk assessment is essential to effectively model, plan and operate your business and to acquire funding and investment. Partners and potential investors require that you have identified and assessed risks and can explain how your business deals with them.
1: IDENTIFY RISKS

Internal risks
- Team (suitability, missing members)
- Organization (gaps in team’s abilities)
- Knowledge (market, safety or other data)
- Financial (solvent, credit)
- Operational (equipment, resources)

External risks
- Technology & Infrastructure (availability, access)
- Institutions (culture, norms, rules & regulation, politics)
- Market & Economics (competitors, new entrants, value chain dependencies, GDP growth, trade relations, interest rates, exchange rates)
- Environment (climate change, environmental degradation)

2: ASSESS RISKS

For each risks identified:
- How likely is it that it will occur?
- What is the level of negative impact?

On the basis of this analysis, select the most important risks to mitigate (high impact and/or high likelihood of occurrence).
3: MITIGATE RISKS
Create a plan to mitigate the risks. Common strategies are:

- Prevention - minimization of either the probability of a risk’s occurrence or the impact of it
- Reduction - dropping certain high-risk activities, reducing their scope, planning for them in greater detail and depth, allocating more time or resources to manage the activities
- Preparation – responding with a contingency plan in case the problem emerges
You are ready to start reducing or eliminating the risks that present the greatest threat to your business’s success.

This tool is based on the ‘Risk Assessment’ spreadsheet by Varthana.

Partners:

With support of:
RISK ANALYSIS guidelines for consultants
Version 1.0

WHEN?

Use at any point when there is a need to identify, assess and mitigate risks. Particularly useful when preparing to apply for funding, creating or improving a business model, or expanding the network of partners and community members.
PREPARE EXAMPLES IN ADVANCE
Identify risks either for the participant business or a similar one in a similar sector and environment. This helps participants to understand the kind of input needed and the scope of the exercise. Tip: if the Contextual Forces tool has been used with the enterprise, it probably contains descriptions of risks which make a good starting point.

INVITE A DIVERSE GROUP
Participants with different backgrounds and from different areas of the business should participate. Having a range of different perspectives helps to ensure that no risk is overlooked.

PAY SUFFICIENT ATTENTION TO EXTERNAL RISKS
Internal risks are usually easier to identify and manage. However, both are equally important to the success of a project.

USE THE RISK CATEGORIES FLEXIBLY
The internal and external risk categories are not rigid. This depends on the particular activities or business of the enterprise. Some risks may also have both internal and external elements. Place the risks in the category that you think will most likely lead to an actionable plan for mitigation.

TAKE FINANCIAL CONSTRAINTS INTO ACCOUNT
The choice of mitigation measures depends on the specific situation of the enterprise. If the enterprise does not have money to invest, it can only implement strategies that draw on its current resources, share the risk or involve contingency planning.

THE TOOL CANNOT QUANTIFY RISKS
The tool cannot provide a quantified analysis of potential upcoming risks (impact and likelihood). It helps identify and assess principal risks.
TIME
Approximately 4 hours; up to 1 day depending on the scope of the enterprise’s activities.
In a day workshop, you can take up to 90 minutes for the first two steps, including a break to consolidate and discuss results. The final step (plan) can take up to 2 hours.

MATERIALS
Large print, drawing or slide of the worksheet; pin board or whiteboard; workshop materials (markers, cards, lots of Post-its, etc.)
Keep documentation with examples of risks handy in a document or on cards.

TEAM
You will need one facilitator and one or more people representing the main parts of the client enterprise.
For larger groups: have people in smaller groups fill in each section of the plan and briefly present the outcomes.

DOCUMENTATION
Work with Post-its so you can add and remove elements easily.
RISK ANALYSIS

This tool helps you to identify, assess and mitigate potential risks so you avoid negative future outcomes.

IDENTIFY RISKS

Internal environment:  

External environment:

ASSESS RISKS

IMPACT

PROBABILITY

ACTIONS FOR MITIGATION:

Prevention:  

Reduction:  

Preparation: