



Risk Analysis

Erasmus+



After successful completion of this session you will learn:

- ✓ how to **identify risks**
- ✓ how to **assess risks**

Helpful to manage risks before and at the time of their occurrence



Illustration: <https://www.exploreinsiders.com/business-risks-every-enterprise-should-watch-out/>

Risk:

Risk implies future uncertainty about deviation from expected earnings or expected outcome.

Business risk:

The term business risks refers to the possibility of a commercial business making inadequate profits due to uncertainties - for example: changes in tastes, changing preferences of consumers, strikes, increased competition, changes in government policy, obsolescence etc.

Starting Point = Product Development

High Motivation / Money spent: \$20.000 / Time spent: 6 months

Next Stage = Business Development

Legal Challenges / Strong Competition / Lack of Funding

Starting Point = Product Development

High Motivation / Money spent: \$20.000 / Time spent: 6 months

Next Stage = Business Development

Legal Challenges / Strong Competition / Lack of Funding

Result: final product can't be sold / negative attitude

Risk: internal & external factors not checked properly

What could have been done better?

There are different factors
which can determine the success or failure

To be aware of
Strong Points

To be aware of
Weak Points

To identify
Opportunities

To identify
Threats

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**SWOT-Analysis is a helpful tool
for simple risk assessment**

S - Strengths

What makes your business/product/team internally outstanding

W - Weaknesses

What needs to be internally improved about your business/product/team

O - Opportunities

external factors that can help your business/product be more competitive

T - Threats

external factors that can harm your business/product

S - Strengths

1. What is your strong asset?
2. What do you do well?

W - Weaknesses

O - Opportunities

T - Threats

S - Strengths

- team with business competences
- experience from previous projects

W - Weaknesses

O - Opportunities

T - Threats

S - Strengths

W - Weaknesses

1. What is your weak point?
2. What resources do you lack?

O - Opportunities

T - Threats

S - Strengths

W - Weaknesses

- lack of money for development
- lack of technology know-how
- ...

O - Opportunities

T - Threats

S - Strengths

W - Weaknesses

O - Opportunities

T - Threats

1. What happens in the market?
2. What events can help you?

S - Strengths

W - Weaknesses

O - Opportunities

- public grants for business development
- strategic partnership
- ...

T - Threats

<p>S - Strengths</p>	<p>W - Weaknesses</p>
<p>O - Opportunities</p>	<p>T - Threats</p> <ol style="list-style-type: none">1. What do your competitors do?2. What events can harm your?

S - Strengths

W - Weaknesses

O - Opportunities

T - Threats

- arrival of new competitors
- introduction of new regulations
- ...

S - Strengths

- team with business competences
- experience from previous projects
- ...

W - Weaknesses

- lack of money for development
- lack of technology know-how
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O - Opportunities

- public grants for business development
- strategic partnerships
- ...

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Tendency to be
too much optimistic

especially in the field of
New Product Development (NPD)

Like in other aspects of life, also in business
perfect projects without mistakes & surprises happen seldom



More important is to be aware of possible risks,
and know how to handle them before & when they occur



Google Glass





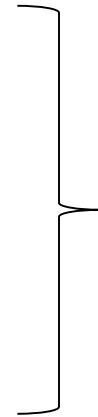
Google Glass

HOW-TO

Does Google Glass Pose Safety, Health and Security Risks?

Google Glass ranks among the most anticipated of wearable technologies. But a pair of glasses with a small computer screen above one eye is bound to raise concerns about security, privacy, and even the health and safety of the person wearing it.





Risk Analysis (in detail)

Example Risks in Business Projects You May Face

- time delays
- unexpected costs
- product malfunctions
- people leaving the team

Example Risks in Business Projects You May Face

- time delays
- unexpected costs
- product malfunctions
- people leaving the team
- legal barriers
- funding cut
- unhappy clients
- unfit partners
- ...

Why analyzing your business projects always look at potential risks from two perspectives



Why analyzing your business projects always look at potential risks from two perspectives



Inside

factors

related to your
company/product

Why analyzing your business projects always look at potential risks from two perspectives



Inside

factors

related to your
company/product

Outside

factors

related to the environment in which
your company/product operate

Inside

- Product
- Time
- Team
- Money
- ...

risks created by your actions

Inside	Outside
<ul style="list-style-type: none">■ Product■ Time■ Team■ Money■ ... <p><i>risks created by your actions</i></p>	<ul style="list-style-type: none">■ Legal■ Market■ Clients■ Partners■ ... <p><i>risks created by actions of others</i></p>

Product

- Quality

*e.g. clients wont
buy the product due
to humbugs, poor
quality, ...*

Product	Time
<ul style="list-style-type: none"> ▪ Quality <p><i>e.g. clients wont buy the product due to humbugs, poor quality, ...</i></p>	<ul style="list-style-type: none"> ▪ Delays <p><i>e.g. project will take more time than expected</i></p>

Product	Time	Team
<ul style="list-style-type: none"> ▪ Quality <p><i>e.g. clients wont buy the product due to humbugs, poor quality, ...</i></p>	<ul style="list-style-type: none"> ▪ Delays <p><i>e.g. project will take more time than expected</i></p>	<ul style="list-style-type: none"> ▪ Resources <p><i>e.g. project manager will leave the team during the project</i></p>

Product	Time	Team	Money
<ul style="list-style-type: none"> ▪ Quality <p><i>e.g. clients wont buy the product due to humbugs, poor quality, ...</i></p>	<ul style="list-style-type: none"> ▪ Delays <p><i>e.g. project will take more time than expected</i></p>	<ul style="list-style-type: none"> ▪ Resources <p><i>e.g. project manager will leave the team during the project</i></p>	<ul style="list-style-type: none"> ▪ Cost changes <p><i>e.g. project will lead to higher costs than previously planned</i></p>

Legal

- Regulatory burdens

e.g. product will not be compliant with new regulations

Legal	Market
<ul style="list-style-type: none"> ▪ Regulatory burdens <p><i>e.g. product will not be compliant with new regulations</i></p>	<ul style="list-style-type: none"> ▪ Change in conditions <p><i>e.g. recession, strong competition with similar solutions, ...</i></p>

Legal	Market	Clients
<ul style="list-style-type: none"> ▪ Regulatory burdens <p><i>e.g. product will not be compliant with new regulations</i></p>	<ul style="list-style-type: none"> ▪ Change in conditions <p><i>e.g. recession, strong competition with similar solutions, ...</i></p>	<ul style="list-style-type: none"> ▪ Reputation <p><i>e.g. clients will be unhappy with the product/service performance</i></p>

Legal	Market	Clients	Partners
<ul style="list-style-type: none"> Regulatory burdens <p><i>e.g. product will not be compliant with new regulations</i></p>	<ul style="list-style-type: none"> Change in conditions <p><i>e.g. recession, strong competition with similar solutions, ...</i></p>	<ul style="list-style-type: none"> Reputation <p><i>e.g. clients will be unhappy with the product/service performance</i></p>	<ul style="list-style-type: none"> Relationships <p><i>e.g. our technology partners will raise prices during the project</i></p>

RISK ANALYSIS

- is a way which might help you to identify and assess factors that could negatively affect the success of your business project(s).
- It allows you to examine the risks that you as a team, and your business project may face, and helps you decide with strategic decisions.