

RISK MANAGEMENT

Category	Key Risks	Risk Management Tools
Legal / Regulatory 	Entity structure, contract enforceability, business/personal liabilities, shifts in public policy, environmental regulation, urban encroachment	Sound legal advice, up-to-date documents, contract management, property and casualty insurance, industry group participation, regulatory engagement
Operational 	Priority-setting, execution, equipment management, facilities maintenance and repair, systems and processes	Management systems and processes, effective day-to-day communications and decision making
Reputation / Marketing 	Market volatility (inputs and outputs), market access, consumer demand, trade restrictions, transportation, natural disasters, geopolitical environment, counterparty issues (relate to individuals/entities you do business with), disease or health scare, neighbor issues, input suppliers, customer concentrations	Marketing plans, contracts, revenue insurance, contract production, letters of credit, customer mix management, hedging sales prices and/or input costs, public engagement, customer communication, traceability, input supplier relations
Financial 	Profitability, liquidity, overall balance sheet position, cash management, access to capital, interest rates, credit obligations, funding growth, foreign exchange rates, accounting systems	Record keeping, financial management knowledge, meaningful tools and reports, enterprise accounting, rate management, life insurance, family living costs
Human Resources 	Management, labor supply, death, disability, divorce, business continuity, training/development, hiring the right people, systems, tools, compensation, benefits, immigration policy, partner disillusionment, retirement	Defined roles and responsibilities, job descriptions, regular performance reviews, delegated authorities, succession planning, life/disability insurance
Strategic 	Communication, disagreement on business vision, asset control (lease vs. own), decision-making, ownership structure, family issues, identification of blind spots, estate planning, counterparty issues (relate to individuals/entities you do business with)	Written strategic planning, strategic planning process, transition and estate planning, decision-making protocol, estate planning, landlord relationship plans
Production 	Weather, diseases, pests, technology, supply chain, land, water	Crop/product/service selections and mix, technology investment, yield insurance, production contracts
Technology 	Cyber breach, confidentiality & privacy, regulatory compliance, user access, security incident, disaster recovery, data governance, third-party, remote workplace infrastructure, availability	IT security standards, auditing, cybersecurity, software, insurance, IRP, PPI and IP inventories, MFA, network segmentation, access restrictions, air-gapped backups

Source: Risk management planning. Retrieved 4/18/22 from <https://www.northwestfcs.com>

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