METHODS OR TECHNIQUES TO CONTROL BUSINESS RISKS

The various methods commonly used for controlling business risks are as follows:

(i) Analysing the potential results in terms of gains or losses;
(ii) Accepting those risks which lead to benefits for the firm;
(iii) Substituting the risky process with a safer alternative;
(iv) Trying to control or minimise losses arising from the risk;
(v) Avoiding risk through efficient planning, scientific forecasting and marketing research;
(vi) Adopting proper risk management techniques;
(vii) Taking advantage of likely opportunities and threats through changes in products, prices of products, channels of distribution, and sales promotion techniques;
(viii) Reducing losses from technological obsolescence through continuous R&D.
(ix) Reducing risks through prompt collection of debts, inventory control and management, etc.

METHODS OF SHIFTING RISKS

(1) Hedging
(2) Underwriting

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(3) Sub-contracting
(4) Insurance
(5) Developing a risk management plan
(6) Employing the services of an internal control consultant

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ABILITY TO COPE WITH ENTREPRENEURIAL RISKS

To be successful as an entrepreneur, the individual concerned must be prepared to face the incidental risks and challenges and must possess the following abilities to cope with entrepreneurial risks:

(1) Ability to sacrifice personal capital
(2) Ability to invest personal time and health
(3) Ability to abandon a steady pay package
(4) Ability to estimate the interests of consumers and third parties in the business venture
(5) Ability to adhere to deadlines
(6) Ability to rely on cash flows
(7) Ability to repose trust in employees