



Created by RHONDA ABRAMS

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## ANALYZING RISK FACTORS

### Assess the Risks

Running a business entails a measure of risk. Even a company with highly qualified management and well-conceived strategies might be affected by outside events.

Some types of risk any company—including yours—faces include:

- **Competitive risk.** Competitors may drive down prices, market their product or service more aggressively, or substantially enhance their offerings; new competitors may enter the field.
- **Market risk.** The economic health, needs, or desires of the target market may change.
- **Operational risk.** Critical aspects of your operations may change—suppliers may go out of business; equipment or technology may change.
- **Financial risk.** The cost of materials, energy, or labor may rise substantially.
- **Execution risk.** You may not be able to achieve the results planned in the time predicted, or you may not be able to manage your growth.
- **Economic risk.** The health of the overall economy may change, or specific financial factors, such as interest rates, may have a negative effect.

