INFORMATION SHEET

Risk Management Strategy

A few practical steps to finding someone to guide you

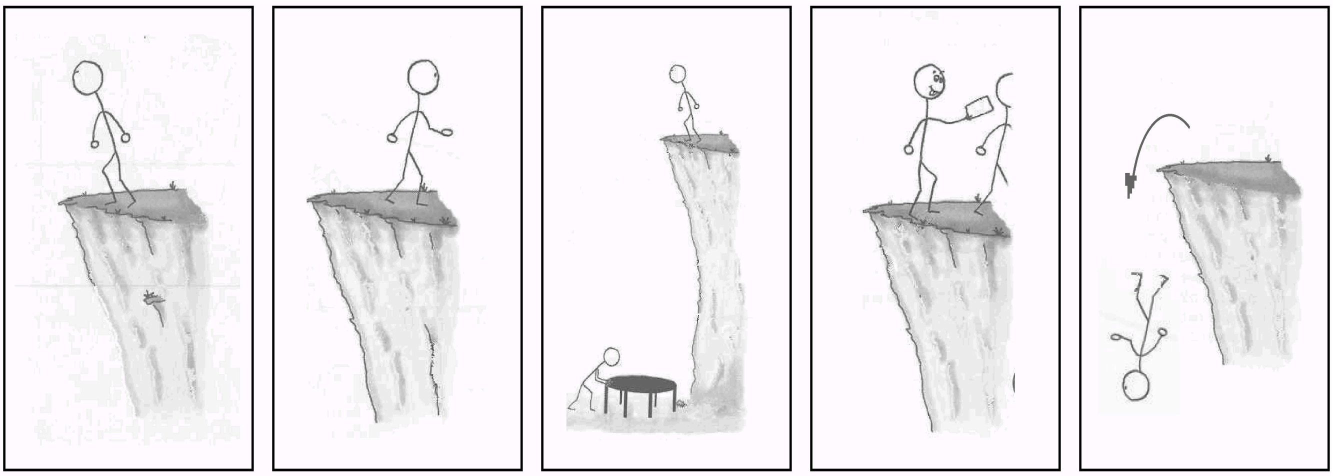
Risk management is a crucial part of working for yourself, and requires a step-by-step process to help you work out what risks are worth it, and which ones are not.

This process goes hand-in-hand with the **Cost Benefit Analysis** process, so please see our information sheets about that as well.

Also, for those of you with a strong stomach for expletives, we recommend watching the fabulous Sarah Knight in her Ted Talk: The Magic of Not Giving a F***

Firstly, think about the following steps:
Step 1 - Risk event: What are some of the possible things that could happen to adversely affect your project, your creative practice, or your business? This could take a long time to brainstorm the various possibilities.
Step 2 - Risk timeframe: When is this event likely to happen?
Step 3 - Probability: What are the chances of it happening? High, moderate or low?
Step 4 - Impact: What's the expected outcome of the event? Again, this could involve multiple possibilities so make the time to brainstorm your ideas.
Step 5 - Factors: What events might forewarn or trigger the risk event? How will you know it's on it's way?

Now, work through the ways to handle that risk:



Your project | Avoid | Mitigate | Transfer | Accept

Now, here are your options…

1. Avoid The Risk

You can change your plans completely to avoid the risk. This is a good strategy for when a risk has a potentially large impact on your project or your business. Think of another option or an alternative way to go – or stay with the status quo and don't take the jump.

2. Mitigate The Risk
Mitigating against a risk is probably the most commonly used risk management technique. It's also the easiest to understand and the easiest to implement. Mitigation means that you've thought of various ways to limit the impact of a risk. If the risk occurs, the problem it creates is smaller and easier to fix.

3. Transfer The Risk
Transference is a risk management strategy that isn't used very often and tends to be more common in projects where there are several parties or people involved. Essentially, you transfer the impact and management of the risk to someone else. That someone else could also include your insurance provider, or another creative practitioner. Normally transference arrangements are written up into project contracts.

4. Accept The Risk
Accepting the risk means that you have identified what could happen, and logged it as part of your risk management strategy. You have decided to jump, acknowledging the risks, and you're ready to accept the consequences.

This is a good strategy to use for very small risks, as they won't have much of an impact on your business or project if they happen, and could be easily dealt with if or when they arise. It could take a lot of time to put together an alternative risk management strategy or take action to deal with the risk, so it's often a better use of your resources to do nothing for small risks. Remember, being a creative entrepreneur means jumping off cliffs from time to time. And a final point…

5. Exploit The Risk
Acceptance, avoidance, transference and mitigation are great to use when the risk has a negative impact on the project. But what if the risk has a positive impact? Your risk could be something that could benefit you, your business or your project. Look for ways to make the risk happen, or for ways to increase the impact if it does. Risk could be the best thing that ever happened to you and your business – in fact, for creatives it's basically a must.

Here are some more resources to hep you work out your Risk Management Strategy:

Preparing a risk management plan and business impact analysis
https://www.business.qld.gov.au/running-business/protecting-business/risk-management/preparing-plan
Risk Management in the Arts
http://www.circuitwest.com.au/resource/risk-management-in-the-arts/
Risk Management for Creative, PR, Marketing and Ad Agencies
https://www.thehartford.com/business-playbook/risks-creative-agencies-pr-marketing-firms
"Innovation is Creativity x Risk Taking" **article**
http://www.huffingtonpost.com/robert-f-brands/innovation-is-creativity-_b_1772304.html
The Risk Management Process
https://scu.edu.au/risk_management/index.php/8/

Now, to the **practical application** of these ideas. Start by thinking through the risk events that could impact on your project, your business or your creative work. Just use this chart as a guide, we recommend brainstorming on a large piece of paper first.

RISK EVENT	RISK TIMEFRAME	PROBABILITY	IMPACT	FACTORS

Now, how are you going to manage those risks?

RISK EVENT (from above)	STRATEGY TO MINIMISE / AVOID / MITIGATE /TRANSFER/EXPLOIT?

If you found this info sheet helpful, please visit

www.creativeplusbusiness.com

for more resources aimed at helping creative businesses.

creative + BUSINESS