How to manage risk in your small business

Description

With such high failure rates for small and new businesses, every entrepreneur needs to learn to manage risk to improve their chances of thriving. That is because risk is an unavoidable part of business. When it comes to entrepreneurship;

> Risk is meant to be mitigated, not avoided.

There is not much to be gained where no risk is taken. Entrepreneurship is after all a game of courage.

Much like everything on everyoneâ??s Pinterest inspiration and motivation board, if you are in your comfort zone then you are not growing as an entrepreneur.

But courage does not mean blindly charging into every challenge presented to you. Thatâ??s a sure-fire recipe for failure.

And if you are like many entrepreneurs, failure is not an option. For entrepreneurs, our businesses are more than just means to ends.

They are part of our identity, our hopes and dreams. And those hopes and dreams need to be protected.

The answer to that? Risk management. So letâ??s look at a few ways to manage the risk of failure in your small business.

1. Plan your business

Business planning is the first step every entrepreneur should take. This could be in a formal document like a business plan, or a quick idea drafting session in a lean business plan.

You can get started right away planning your next big business with our free lean business plan template!

All great risk management strategies start in the planning stage. Itâ??s not fun to consider all the reasons you could fail while you are still in love with your business idea but prudent entrepreneurs know this exercise canâ??t be avoided.

For every element of your business you plan â?? your market plan, competition analysis, management and team structure â?? identify all possible threats at this stage.

This is the best time o start crafting risk management strategies to help you avoid threats. Remember, if you can forecast risk, you can manage risk.

1.1 Plan your growth

Growing a business is nearly every entrepreneurâ??s dream and is among the most common business goals. There are a lot of advantages to growth.

In addition to increased market share, profitability, return on investment, among other things, growth can be a good strategy for managing risk.

Generally, growing businesses tend to be better suited to overcome the threats they face. Growing businesses attract the best talent which is great for facing challenges.

They also tend to have a rainy day fund that can be accessed in challenging times. Finally, when a business grows, it tends to have a little more room to make mistakes and experiment.

Still, entrepreneurs need to future-proof their businesses even when their experiencing periods of growth.

This is part of a good risk management strategy. To do this, the best starting point is to plan for your businessâ??s growth.

When business growth is allowed to be a haphazard undertaking, the business is increasingly exposed to new risks without sufficient time to react and adapt.

And this could lead to the businessâ??s failure. As such, your growth projections should be a big part of your initial business plan.

This is why every Mut-Con business plan and financial projection includes up to 5-year projections.

These are supported by the goals, assumptions and strategies to be applied to achieve this growth.

In addition to this, these growth goals should always be updated to reflect the businessâ??s changing circumstances.

With these plans in place, you can overcome some of the trappings of rapid unplanned growth which include;

- Failing to evolve with your market and its needs
- Poor management development and succession plan
- Overexpansion
- Narrowing of business goals
- Failing to develop/ retain your talent
- And, the dreaded innovatorâ??s dilemma.

1.2 Budget your finances

Budgeting is an essential part of a businessâ??s financial management and yet many small businesses overlook it.

While a lot of accounting essentials are taken care of, budgeting is often overlooked. This results in a lot of challenges because if ever there was a need for proper resource planning, itâ??s most necessary among small businesses.

Unlike their larger counterparts, small businesses tend to work with very constrained resources. A single delayed payment or one overlooked bill from a supplier could spell disaster for the business.

To make matters worse, small businesses usually have little to no bargaining power to find temporary relief from these challenges.

As such, with even the smallest events threatening the very survival of the business, budgeting is essential for risk management in every small business.

As an entrepreneur, you need to keep a good record of your expected inputs and outputs in the short, medium and long term.

Should you find yourself in any kind of deficit, you must get ahead of it in time. If a stitch in time saves nine, a budget in time saves entire businesses. In addition to keeping an accurate budget, you must analyse variances.

You can apply some basic accounting ratios and get a better understanding of the discrepancies between your expected and actual figures.

This will help you not only find areas where you are under or overperforming but also unlock potential opportunities and threats in your micro and macro business environment.

1.3 Plan for seasonality

Few businesses are blessed with an industry thatâ??s not prone to seasonal fluctuations. Like blankets for the winter and ice cream for the summer, your product will thrive in some seasons better than others.

This poses a risk for entrepreneurs. If you fail to build a strategy for your business to survive these downturns, what is usually a temporary setback can lead to permanent closure.

Thatâ??s why itâ??s important for your risk management strategy for you to understand this seasonality. In reality though, this is not as always as simple as ice cream and blankets.

Not every business will follow the seasons of the year. Some businesses may not even follow calendar months.

But every business will have some sort of pattern to its performance, particularly when it comes to sales.

This seasonality is also not limited to sales and some elements of your business may have completely independent seasonality. An example could be an input whose supply fluctuates throughout the year causing seasonality in your input costs.

If you canâ??t adjust your prices in response, which is usually the case, then this could cause seasonality in your profits as well.

Some industry factors may cause seasonality in the availability of personnel for your business. What this means for you as an entrepreneur is that you need to develop an analytical mind.

Look at every aspect of your business, what trends and patterns can be observed? A lot of great business tools will come pre-packed with some analytics and data visualisation for your to uncover these insights.

Once you have unearthed some patterns, try to reverse engineer some real-world causes. You can now manage this risk by putting in place strategies to keep your business thriving when these tougher seasons come around.

Sometimes this can translate to just having a nest egg to survive these downturns.

Either way, the less the chance of these seasons catching you off guard the less the risk of them collapsing your business.

1.4 Get the right business funding at the right time

Your business needs funding to grow and thrive. Business funding is like the lifeblood of any business. However, not all funding is created the same.

In addition to there being a number of organisations that offer business funding, the type of funding they offer differs as well.

Before even getting into detail about the right kind of funding for your business, we have to consider that getting funding too early in your business may pose its own threats.

There are many advantages to a lean start-up, and these can be lost to funded businesses.

There is nothing inherently wrong with getting your business funded, itâ??s actually a good thing. But sometimes circumstances can conspire and it leaves you with some disadvantages and exposes you to some risk.

So the prudent entrepreneur needs to plan their business funding. This is not only an important element of your business plan but is an ongoing exercise.

You should always have a comprehensive funds needs assessment for your business. This will help you make sure you always get the right funding for the right need in your business.

Matching the right funding to the right needs is an important part of managing risk. It does not guarantee success, but it definitely mitigates a lot of the risk associated with business funding.

And to truly supercharge your risk management, you should always be open to alternative ways of financing your business.

You donâ??t always need to get additional money for your business. Generally, the more you avoid external funds while you meet your funding needs the more you reduce the risk of failure.

2. Build a great team

Unless you plan on being a solopreneur, the success of your business will rest on how good a team you build.

Employees who understand and believe in your companyâ??s vision are the best investment you can make.

Support this investment with an environment that supports a culture of intrapreneurship then no goal is beyond your business.

And this includes the goal of overcoming any challenges your business may face. No one understands the threats your business faces on a daily basis better than your employees.

They are in the proverbial trenches, and they have an intimate understanding of your risk exposure.

Your support and salespeople will be the first to know if a product isnâ??t striking the right code. Marketing has the best understanding of the threats your competition poses.

Production has the best idea of how to improve efficiencies and boost margins on products. This knowledge will often prove to be the difference between surviving or being crushed by threats.

As such, build a team that is both skilled and motivated to identify and overcome risks in your business. Hereâ??s how;

2.1 Reward your team

Few memes are as common on the internet as employee-related memes.

Whether itâ??s employees bemoaning the poor rewards from their employees or just expressing the dread of working where they work, lousy employers keep us entertained on the internet.

If you are the pizza party and casual Friday as opposed to real employee appreciation employer then you might not be laughing with the rest of us but your problems are much bigger than being the butt of the joke.

Despite it being a well-documented fact that employees go where they are appreciated, employers seem to be willing to overlook this important facet of a successful business.

No one can argue the positive impact a great team can have on your business.

Equally, no one can argue the risks your business is exposed to when your team is not motivated, or even worse when you build a poor team.

Hence the astute entrepreneur knows a strongly motivated team is an integral part of managing risk. The first risk you manage is the risk of losing all your skilled employees.

Secondly, by retaining the best minds, they will help you avoid all the other risks your business is exposed to.

But reward for the modern employee is a much more complex proposition than just adding money.

Money is still a big part of it but it goes far beyond that and as already mentioned, pizza parties and casual Fridays wonâ??t cut it.

It starts with building a culture where your employees are valued contributors who know their efforts are appreciated.

Give recognition where itâ??s due. In addition to culture, a positive working environment is necessary.

And with all of that sorted, fair pay and benefits are just the icing on the top that will have the best minds clamouring to join your team.

2.2 Upskill your team

> â??What if I train my team and they leave? Well, what if you donâ??t and they stay?â?•

That quote pretty much sums up the dilemma faced by many entrepreneurs when it comes to offering training for their teams.

Many tend to fear bearing the cost of said training only for these team members to enrich other businesses.

Well, there is a far darker prospect than this, failing to train your employees and they stay at your business. The potential losses are far greater here.

The risks posed by an unskilled team are far greater than the risks of losing a skilled team. Plus, if your team is rewarded and appreciated, why would they want to leave?

It mostly just boils down to entrepreneurs making excuses for building poor working cultures.

But in a world as dynamic as the modern business world, risk management is hinged on a solid skills development strategy for your team.

Even the most brilliant minds donâ??t stay competitive for long without additional instruction.

Not to mention the ever-expanding gap between the formal education system and the demands of the work environment.

As a modern employer, you are in luck, upskilling your team is easier and cheaper than ever. Thanks to the internet and similar developments, knowledge is always at our fingertips.

YouTube alone is enough to become proficient at almost anything. The information-sharing culture that thrives today makes it easy to tackle any challenge.

For us, it would be a platform like Stack Overflow. Thanks to the support on there we have been able to build websites well beyond our own scope and upskill in the process.

Not to mention the blogs, forums, communities and knowledge bases that a lot of service providers provide as part of their service.

This is a huge part of why we added Mailchimp, Shopify, and Hubspot to the Mut-Con partner ecosystem.

The long and the short of it is you need to upskill your team to empower them to help your business manage risks and thrive, and you simply donâ??t have an excuse not to do it.

2.3 Embrace intrapreneurship

For any business, your employees will always have a better understanding of its finer operations.

You, your board and your management might have a birdâ??s eye view of the business, but your employees have the best in-depth view. And when it comes to managing risk, this is an invaluable skill.

This is because this in-depth understanding of your business makes your employees best suited to both identify and deal with business risks.

Your customer support will always be in the best position to identify when your brand is no longer resonating with clients.

Equally, your marketing team is best suited to identify if the market is evolving from what the business is doing.

This goes for your production, sales, finance, HR and every other team. They can identify these micro threats you are not aware of. And they can help you solve them.

Thatâ??s why you should embrace intrapreneurship. When you build a culture of intrapreneurship, employees adopt an enterprising spirit within the business.

As entrepreneurs in charge of their divisions or departments, they are invested in the success of the business as much as you are.

This means that managing risk and ensuring the businessâ??s survival becomes a big part of their job. This is true even if risk management is not an explicitly defined part of their jobs.

And with their unique understanding of the businessâ??s threat, your employees will significantly boost your businessâ??s risk management efforts.

In this regard, intrapreneurship is not only a tried and tested strategy for business growth but for risk management as well.

3. Manage your finances well

Funds are some of the scarcest resources for a business. Even in times of profitability, there is only so much money your business has.

Despite this, many entrepreneurs still allow poor financial management to thrive in their businesses.

As a result, poor financial management is often cited as a common cause of business failure.

Even where business failure is discussed in a list, 4 or 5 of the points cited can be boiled down to poor financial management.

Clearly, proper financial management is key to managing risk in your business.

Unfortunately, many entrepreneurs fail at this not from a lack of trying but because they overlook the nuanced elements of a good financial management strategy.

Despite popular belief, proper financial management involves more than just keeping accounting records and paying taxes on time.

It includes a whole host of activities including but not limited to;

1. Establishing and enforcing the right payment terms for your clients,
2. Ensuring payment terms with your creditors are favourable to your business,
3. Properly accounting for all the funds that flow through your business,
4. Knowing the essentials of financial management as a business owner, even if you bring in a professional,
5. Budgeting, forecasting and analysing variances in the short, medium and long term,

6. Setting benchmarks across time and against your competition and analysing your performance,
7. Paying your taxes,
8. Investing in the right tools,
9. Bringing in experts to make sure you are going in the right direction,
10. And investing any excesses and surpluses in your business.

The list is by no means exhaustive but is a good starting point for your own financial management.

Applying the above should go a long way in dealing with the threats of poor financial management such as poor cash flow.

Itâ??s important to remember that even profitable businesses are at risk of failure if proper financial management is not prioritised.

4. Analyse your businessâ??s performance

Analysing the data your business produces can help you improve performance across the board. As a business, we have always prided ourselves in data-backed decisions.

We strive for a future where thereâ??s no guesswork in entrepreneursâ?? decisions. Having come to be as a company in the boom of big data and analytics, the field is a huge part of our identity.

This is nothing new though. Financial institutions have been using data technics to manage risks since the dawn of business, and the opportunity to use data to excel has grown for small business owners.

Data is not only everywhere, but itâ??s also now easier to understand. For starters, almost all the tools you use in your business including your ERP, CRM, accounting system, social media manager, and even your hosting account will come with data analysis and data visualisation modules that make it easy to immediately dive into the data at all levels of your organisation and get a deeper understanding of what is happening.

Additionally, you can add to this with a stack of great free data analysis tools like Hotjar, DIIB, Google Analytics, and many many more to enrich your data.

You can turn your business into a data-centric machine on par with the biggest brands at no extra cost. Just a little elbow grease.

And this will be essential for your risk management strategies. When you analyse the right data, you become aware of potential threats well ahead of time.

Considering a stitch in time saves nine, this could save your business from failure. If you are not sure where to start, remember that a good analytics consultant goes a long way.

5. Diversify your business

Investors call diversification the only free lunch in finance and itâ??s easy to see why. In finance, diversifying your portfolio is when you add a number of different investments in one portfolio in order to reduce potential losses in the event of a market downturn.

Simply put, donâ??t put all your eggs in one basket. This is wisdom that extends beyond just financial investment.

Smart farmers diversify the crops they plant to hedge against the risks of crop diseases, pest attacks, and adverse movements in the market price of yields as well as to keep their soil healthy. Itâ??s a risk management strategy that applies pretty much everywhere.

And you should apply it to your business. While there is a lot to be gained in being a specialist in your field, the risks are too great. Particularly for small businesses.

Should demand for that specific skill, product or service ever wane, your business is unlikely to survive.

Donâ??t get us wrong, diversification doesnâ??t mean doing anything and everything you can get into. No. Instead, be strategic.

Find areas of growth that are a natural fit for what you currently offer. We didnâ??t start with a full stack of digital marketing solutions in 2017.

Instead, we started with PPC ads and email marketing. We didnâ??t even have social media marketing until 2021, a full 5 years after we started.

But based on the feedback acquired from clients and analysing our market, we have grown and diversified to adapt to our clientsâ?? needs.

Even now we continue to grow and we look to invest in public relations as a solution soon in the future.

Thatâ??s how you need to look at your business to manage the risk of obsolescence.

Itâ??s not this thing you set up once off and hope for the best, but an evolving organism that should always be flexible enough to bend to the whims of the market you serve.

6. Grow your business

We have often internally debated whether or not itâ??s an option to grow your business. Surely, entrepreneurs have to have to be able to run their businesses as they are.

Without a need to change, without growing. While some compelling arguments have been made for this being possible, our experience as consultants has us arguing otherwise.

One of the only constants in business is change. The business environment is always in a state of flux.

A lot of the risks businesses are exposed to arise from this constant change. As such, your business will need to adapt to thrive and avoid becoming a victim of these risks.

However, itâ??s very hard to see any business adapting without growing. Itâ??s difficult to see any system, in nature or artificial adapting without growing.

Thatâ??s why we advise entrepreneurs to pursue growth in their businesses actively. To effectively manage risk, hereâ??s what your growth strategy needs to entail;

6.1 Embrace new technologies

Technology has a carrot-and-stick relationship with entrepreneurs. It has the ability to reward or punish them greatly.

Whether you fear the risks posed by failing to adopt new technology or appreciate the opportunities it represents, you canâ??t successfully manage risk without embracing it.

Think of some of the brands that dominated the business landscape in the recent past. Though reasons can be more complex, many of their demises can be attributed to poor technology adoption.

Think of Blockbuster Video and its fall, Yahoo getting overtaken by Google. Think of your favourite retailers who went the way of the dodo because of more flexible online stores.

From these cases, some common threads emerge. Technology will either bring some competitive advantage that makes your competition overcome you, or itâ??ll bring about such a massive shift in the way your industry operates that it renders businesses that fail to adapt outdated.

And this is a risk businesses are always exposed to. From the most technical of fields to businesses that seemingly employ no technology at all, technological risk is ubiquitous.

As an entrepreneur, itâ??s important to keep your pulse on your industry developments when it comes to technology.

You could subscribe to a few blogs and YouTube channels or even follow industry leaders on social media.

Whatever you do, make sure that as soon as any new trends start to make their mark on your industry you have a plan to evolve to accommodate them.

Just be careful not to mistake fades for genuine industry trends and evolution. Your business cannot afford to pursue every idea that gets proposed.

Thatâ??s a risk to your business in its own right.

6.2 Innovate in your business

Changing the game should be your number one goal as an entrepreneur, after all, change is a constant in business, so if you are not part of the change, you are being left behind.

And this significantly increases the risk of obsolescence for your businesses. And with the risk of obsolescence comes the risk of failure.

As such, no risk management strategy is ever complete without a comprehensive plan to innovate. Innovation should be baked into every level of your business.

It should exceed just your products but be expanded to include your processes, your management, and every single element that has a bearing on your success.

It should also be a priority that is embraced across your organisation. Employees should not only be taught to innovate but be actively encouraged, empowered and rewarded to do so.

A good example would be Googleâ??s 20% time. From its inception, Google has allowed employees to dedicate up to 20% of their work time to â??sideâ?• projects.

This can be anything that meets their fancy and imagination. And this has yielded amazing results. The policy has led to the innovation of some of Googleâ??s most profitable products.

And a similar approach can do wonders for your business as well.

Whatever route you decide to take, remember that your business needs to be a market leader. Always. Even when you are making less in revenues than your competition, the rest of your operation should set the market on fire.

6.3 Always be flexible and ready to pivot

Even as strong an advocate for planning as we are -seriously we talk about it in almost every post â?? we will be the first to admit the value of flexibility.

In fact, we have cited failure to run a business flexibly as a possible reason why a business may fail. As already stated, change is constant in business and you should always change with your environment.

Not every iconic product was always created the same way it is today or used the same way we use it today.

Not every iconic brand has always done things the same way they do today or provided the same products and services.

Some brands, like Nintendo, pre-date the products they are most famous for today. If Nintendo had stubbornly stuck to board games in the video game era we doubt they would have found the success they have today.

Their competition on the other hand, Sony, was always in consumer electronics but pivoted into console gaming long after the industry had evolved and similarly found a lot of success.

Two different examples of pivoting and flexibility that found iconic brands success in the gaming industry. And your business needs to learn from this.

If you fail to do so, you run the risk of missing out on great opportunities. Worse yet, you run the risk of being left behind as your industry evolves forward.

Either way, you need to always be open to change in order to successfully manage risk in your business.

7. Understand your market

Success goes to entrepreneurs who build customer-centric businesses. Though arguably not the most important stakeholders in a business, that honour goes to a team, no one can argue the importance of your clients.

Seriously though, build an amazing team, thatâ??s what holds the key to a successful business.

But back to clients, they are an essential component of your businessâ??s success as well.

Anything that risks you losing any part of your market share puts your business at significant risk of failure.

No risk management strategy can succeed without strategies to increase your competitive advantage and growing your market share.

Hereâ??s how to infuse risk management into your marketing plans;

7.1 Understand your market and its changing needs

Businesses are built to serve. Without a solid market and an equally solid go-to-market strategy, your business is likely to fail.

In fact, without investing in understanding your market beforehand you run the risk of building a business no one has a use for.

A business that is going to serve a purpose has a clear answer for the 4Ps of marketing. These are product, price, promotion and place.

In essence, you need a product that solves an existing problem, sell it at the right price, promote it to your target audience and make sure the product is accessible to them.

Thatâ??s the recipe for a brand that offers value. A careful analysis of these four factors is key to how you manage risk.

At any given time, if these four factors are not optimized, you are at risk of failure, and you should adjust as needed.

Your 4Ps strategy must be dynamic and adaptable because no market stays the same.

As the needs of your consumer change, technology advances or your competition adopts different strategies, you must change each affected element in the strategy to make sure you retain your advantage.

7.2 Understand your competition and its changing tactics

Imitation is the most sincere form of flattery. If you doing something good, expect to see others trying it out too. If not, then you might be doing something wrong.

Mut-Con clients know the goal is not to avoid competition but to exceed them in every aspect.

We encourage our clients to strut into the most competitive markets with the confidence that they will leave their mark.

The goal is not to be the only one who does what you do but to be the one who does it best. But to do this, you need to have a good understanding of your competition.

Competition analysis can be a bit tough and overwhelming. Not every business that does what you do is necessarily your competition.

Some businesses may pose a competitive threat while providing a completely different service from yours.

The best way to do your competitive analysis is to put yourself in the shoes of a potential client. After you build the ideal buyer persona, go through a typical buyer journey.

Any business that provides a solution for the problem your ideal client has is your competition. Choose about three to five and get a deeper understanding of them. The ability to focus is important here

Once you understand what makes your competition tick, itâ??s time to draw up a strategy for setting yourself apart.

This strategy will help you manage the risk of being swallowed by your competition. But remember that your competition is always evolving.

As such, itâ??s important to keep regular tabs on them to make sure your business always offers superior value.

7.3 Understand how marketing is evolving in your industry

Marketing is a very fluid field. From door-to-door salesman of the early days to the 3D billboards utilised by modern businesses, the way businesses reach potential clients is always evolving.

This evolution is not only driven by technological advances but by consumer preferences as well.

Businesses that fail to stay ahead of these changes run the risk of losing their market to better-marketed businesses.

Particularly in industries where there is not a lot of brand loyalty. A good example is entertainment.

Few are loyal to any particular streaming service. Netflix, Disney +, Paramount and so on, the brand doesnâ??t change much.

In addition to the quality of programming and pricing, promotion will affect any serviceâ??s subscriber numbers.

And with many subscribing to many services, promotion will affect active user numbers.

A good example would be Netflixâ??s amazing promotional push leading to their show Wednesday being one of the most-watched streaming shows ever.

On the other hand, Netflixâ??s failure to promote some shows has led to shows that could have had a good following going unnoticed.

And this has continued to threaten the streaming giantâ??s position at the top. And this is a risk your business could be faced with too.

When, how and where you promote your business could determine whether you succeed or fail. Despite user rates of over 7.1 billion people, some businesses are still not promoting their businesses on social media.

Thatâ??s just one example. To fully manage risk in your business, stay ahead of relevant marketing trends in your industry.

This can be a little overwhelming, particularly for a small business owner, but a great business consultant like Mut-Con can go a long way in helping you keep your marketing relevant.

8. Prioritize compliance in your business

A common mistake among small business owners is to assume that compliance matters somehow donâ??t affect them.

While common issues like tax compliance may get some attention (sometimes, not always), a lot of others often get overlooked.

A good example would be data management laws and the POPI Act. Having come into the business of consulting during a time when aggressively SPAM emailing tactics were being passed off as email marketing, we are surprised this hasnâ??t really changed much.

Despite complaints, many small business owners will plough on with these poor practices and hope for the best.

And this is just one example. One example that stands out to us because of our proximity to the issue as digital marketers.

Many industries have these small requirements that go overlooked by business owners. And these pose great risks to many businesses.

No risk management strategy can be complete without a tangible plan to keep a business compliant. And this compliance needs to extend to the easiest-to-overlook requirements.

Getting up to code may not be as complex as initially seems. Many industry regulators will usually keep a list of compliance requirements for your business to meet.

Additionally, your fellow entrepreneurs are usually able to help in this regard. Particularly those who have been operating in the industry for long.

Finally, a consultant with some industry expertise will prove invaluable in this regard. Whatever path you choose to take, the best time to get your business compliant is now.

Whenever issues creep up, itâ??s usually too late or too painful to do anything about it.

And that applies even if you think your business is small enough to get away with non-compliance indefinitely.

9. Consider the long-term implications of decisions

Consider this, 1^365 is equal to 1, while 1.01^365 is equal to 37.7834343329. Thatâ??s a daily growth of 0.01 daily resulting in growth from 1 to almost 38 in just a year, 380%.

Now consider that calculation over a period of 3, 5, or 10 years. Itâ??s astronomical. This exponential growth works for threats just as it works for opportunities.

Any risk, no matter how small, can be compounded over time. This is why entrepreneurs need to take a long-term view of their businesses.

What is seemingly harmless today can be the threat that brings your business down in the future. Particularly if itâ??s something you do regularly.

10. Build a great support system

Resist the urge to have a go at business alone. Building a great support system is one of the key factors to keeping your sanity in your entrepreneurial journey.

Not only that, itâ??s a great risk management strategy. Whether helping you starve off the risk or burnout or giving you a sounding board for your ideas, a support system is great for entrepreneurs.

You should build a system with a balance of entrepreneurs and personal relationships. This system should be robust enough to give you support in and out of work.

A good support system will ideally consist of a network of entrepreneurs, family and friends, and professional support. Hereâ??s how they each fit into your risk management strategy;

10.1 Network with other entrepreneurs

We love how entrepreneurs often form communities. We ourselves founded the Mut-Con mastermind because we believe in the power of community.

Across many platforms like social media and even in person, entrepreneur communities thrive.

These vary widely and wildly, from specialist ones dedicated to specific industries or geographic areas to broad ones that welcome everyone but they all have one thing in common, they bring business owners and business enthusiasts together.

Despite this, a lot of entrepreneurs still fail to take advantage of them. This is a shame because a great business community is a great risk management tool. It offers two important things.

First is the ability to ask questions, and sound off ideas. Thereâ??s a reason big companies have boards. Dialogue can often unearth unforeseen risks in business decisions.

As a small business owner, you may not afford to hire a board, but a business community is the next best thing.

The second is the ability to learn. Learn from people on the same journey as you, who have traversed some of the risks you are exposed to. Also to learn not just from history but in real-time.

You may not have the time to learn all the risks you are exposed to as they come at you, but conversations in these communities can keep you up to speed.

So join one, join one ASAP. It could be the difference between your business thriving or tripping at the next hurdle.

10.2 Grow your personal circle

Entrepreneurship can often be a very lonely journey. Many entrepreneurs are so invested in their journeys it leaves little time for anything outside the business.

And this adds an element of risk to the business. This is the risk of you the entrepreneur burning out and losing the ability to carry your business to success.

This can manifest in many ways. It can be a loss of motivation, inspiration, drive, or a complete disruption to your mental health.

It probably doesnâ??t come as a surprise that mental health isnâ??t great among entrepreneurs. Yet this is a risk that often goes overlooked among business owners. You need to stay ahead of it.

Make sure to build a strong personal base to grow as an entrepreneur. Tend to your relationships outside of your business.

Lean on your family and make the most of their company to find work-life balance. Build friendships that transcend your entrepreneurial life.

Thereâ??s absolutely nothing wrong with being friends with colleagues, employees, clients or anyone from your work life, but friendships need to be exactly that, friendships.

They need to offer you an opportunity to detangle from the daily stresses of running a business. And those are plenty.

The more you invest in keeping a healthy mind, the greater you reduce the risk of driving yourself into a mental space where you canâ??t see your business to success.

10.3 Consider a good business consultant

A lot of great businesses have been built on the back of a great technical mind coupled with a great business mind.

While all the praise tends to be heaped on the Bill Gates, Steve Jobs and Mark Zuckerbergs of this world, their visions only came to life because their technical minds were coupled with some great business thinkers.

And the converse is true. Some skilled business people have been able to build amazing technical businesses with the help of great technical minds.

The lesson? You can never discount the value of a great support system. A good business consultant can be a game changer on your journey to a successful business.

All you need is your relevant skill, and you can still start and grow a successful business. Donâ??t hesitate to invest in one.

Business consultants are a great resource to add business sense to an already incredible business idea.

To validate and business-proof ideas at any stage of the business journey. They give you the freedom to focus on what matters, your product and your clients.

Importantly though, they help you identify the threats that could derail your mission and help you overcome them.

A good business consultant can help your business manage risk without you having to sacrifice opportunities.

You shouldnâ??t avoid risk, but manage it!

Small businesses fail, but itâ??s not all doom and gloom. With the right strategies in place, you can protect your venture from failure.

Whatâ??s important is to understand your business, understand your industry, and understand your local and global economy.

As daunting a task as it seems, there are a few areas to focus on thatâ??ll set you up for success. We have touched on a few, but the list is of course not exhaustive.

Weâ??ll continue to learn and weâ??ll continue to share. In the meantime, weâ??d love to hear a few strategies you have employed to future-proof yourself.

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