

# Risk Assessment – A Flexible Risk Management Policy

## What Is Flexible Risk Assessment?

Owning a business comes with intrinsic risks, and actuaries are not the only ones to be vulnerable. Financial risk assessment can help you identify your main areas of vulnerability so you can implement measures to improve your company's attitude towards risk. By being fully aware of all the factors that can impact the health of your business, you can make more powerful decisions and take advantage of every opportunity.

## What Is Risk and Why Is Flexible Risk Assessment So Important?

Businesses face many different threats that can compromise their ability to achieve their financial objectives. Some are internal, others external. Some are inherent to their environment, while others have to do with their own strategies. Some emanate from their suppliers, while others stem from their clientele or staff... This is why the goal of risk assessment is not necessarily to avoid risk altogether, but rather to identify and [monitor risks](#) to address them in a way that can minimise their impact.

When performing a risk assessment, Public Health and Safety professionals look at qualitative risk, quantitative risk, generic risk, site-specific risk, and dynamic risk to exercise better control over workplace hazards. They pinpoint any situations or practices that could cause harm and develop risk reduction policies to make sure everyone's safety at work is guaranteed.

The business risk assessment process also involves several – ever changing – elements that all need to be taken into account, hence the notion of “flexible” risk assessment. The process addresses an organisation's overall safety by providing information on how its various activities impact its financial and operational health. Working with the right tools will allow you to carry out assessments to pinpoint and control factors that may cause harm to your business.

## What Types of Risks Are Businesses Exposed to?

The risks that affect businesses come in various forms, which is why it is so important to be able to rely on a well-rounded solution. Their causes can be natural, human, political, operational, or economic.

Strategic risk is a good example of a threat that can manifest itself at any time during the course of your business activities. As trends change and evolve, manufacturers and service providers must keep up with the demand. Similarly, when choosing to work with a new partner, business owners need to gain insight into the soundness of their organisation. Through a Debtor Risk Assessment, you can learn about other companies' ability to honour their financial commitments in the form of a [score](#).

Financial risk affects businesses and public structures whose work involves multiple transactions at a time, for example, implying that they need to manage credit decisions on a constant basis. The [@Credit Opinion](#) recommended by Coface offers a clear index which indicates profitability and overall credit risk.

A [Business Report](#) can reveal operational risks within an organisation's make-up, systems, or work processes. By analysing relevant data, risk assessments provide information that can help you protect your business's financial safety.

Once you have a clear idea of how your partners manage their workplace, people and activities, you need to make sure that you won't be negatively impacted by potential changes in their situation. [Portfolio management](#) allows

you to monitor your business partners throughout the year, so you can adjust your strategy immediately should they show any signs of becoming less trustworthy.

#### <How to Be Flexible About Risk Assessment?

Given the number of factors to keep in mind when building a reliable risk assessment policy, one might think that flexibility doesn't have its place. And yet, it is precisely by being flexible about how you consider the risks inherent to your environment and business that you can best prepare to overcome them. Flexible risk assessment practices translate into a flexible risk management strategy, which also makes you and your staff more responsive.

Having the tools at your disposal to analyse potential sources of issues is especially important. Monitoring these risk triggers allows you to act well before these concerns become actual problems with negative consequences. Through a well-rounded risk assessment strategy, you can devise an effective plan of action for every threat.

Risk reduction can also mean making sure that everyone in your organisation is aware of the risks in questions. Every department should have people trained to recognise and handle the risks that could affect their work.

Finally, knowing the errors of the past is the best way to avoid repeating them. Creating a record of all the risks that have threatened your business since its earliest days and reviewing your risk history automatically or manually will help you detect negative patterns.

Risk assessment is an integral part of a sound risk management strategy. Identifying and understanding a risk is the best way to avoid, prevent, or contain it in an agile and flexible way. Implementing risk assessment as a habit for your business will allow you to gain clarity on what is working within your organisation and what is not, providing solid groundwork to improve your decision-making. Build a strategic plan and prepare to take advantage of opportunities. This will allow you and your people to focus on your growth by eliminating potential curveballs.

With Coface's expertise as a credit insurer at your disposal, you can expand your horizons all while protecting your business against any eventualities.

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