NEE 009
BUSINESS PLAN DEVELOPMENT

NATIONAL OPEN UNIVERSITY OF NIGERIA

NOUN

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Unit 1 Concept and Importance of a Business Plan

Unit Structure

1.1 Introduction

To start a business involves creative thinking, and strategic thinking to ensure that the business will succeed. These thoughts are put down in a written document to provide guide to the business sustainability and growth. The question now is, what is this document called? Your answer to this question will lead us to the topic of this unit "Concept and importance of business plan"

1.2 Intended Learning Outcomes

By the end of this unit, you will be able to:

- define the concept business plan
- enumerate the importance of business plan
- state the significance of planning in real-world applications.

1.3 Concept of Business Plan

It is a written guideline/polices that; helps an intended business owner to develop, manage and operate the business. Aiming at attracting sponsors or investor to finance or support the business at any point in the business.

Business plan is a road map or tool directing a business owner to know where you are going and how to get there. It can be referred a written document that guides the business owner on how to develop and run the business.

http://tinyurl.com/2ar5dwcz

1.4 Importance of Business Plan

i. Provide direction and state the strategies the business will follow in achieving its goals.
ii. Provides a guide to other future entrepreneurs
iii. Gives an in-depth understanding about the business processes, strength, weakness, opportunities and threats.
iv. Define what success means to them and how they are going to achieve it
v. Exposes the feasibility of the business idea, growth and sustainability.
vi. Helps attract investors and capital for starting up the business.
vii. Provides critical information concerning every sector of the business.

1.5 Significance of Planning in Real-World Applications

Planning helping helps in identifying and clarifies what must be done; explain the scope of the work to be done.

i. It helps in explaining to everyone their roles and responsibilities before the job is carried out.
ii. To helps the managers and the employees to be focused.
iii. Planning helps supervisors to understand all aspects of the work before they can delegate and assign duties.
iv. To ensure that the needed resources for both short and long term and where and how to provide them are spelt out.
v. It helps in identify overlapping jobs/tasks and the stages of the job/task (scheduling of equipment and personnel at any particular time)

1.6 Summary

As you have learnt that a business plan is a written document that guides the business owner in how to develop and operate the business. A business plan is written with the intention of attracting an investor to finance the start-up or next phase of the business. Business plan Provide direction and state the strategies the business will follow in achieving its goals. Provides a guide to other future entrepreneurs and gives an in-depth understanding about the business processes, strength, weakness, opportunities and threats

Self-Assessment Exercise

1. Define the concept business plan.
2. Enumerate the importance of business plan

1.7 References/Further Readings/Web Resources

Marsiwi, K, Syah,T.Y.R, Pusaka, S, & Indradewa, R. (2019). Investment feasibility analysis in financial aspects of startup business in lifestyle combining barbershop and coffee shop over pt. jeeva Work Corporation. *Journal of Multidisciplinary Academic*, 3(4), 97–100

Stogis V. The importance of financial analysis in business planning. *J Fin Mark*. 2023;7(4):186 https://www.alliedacademies.org/articles/the-importance-of-financial-analysis-in-business-planning.pdf

1.8 Possible Answers to Self-Assessment Exercise(s)

1. It is a written guideline/polices that; helps an intended business owner to develop, manage and operate the business. Aiming at attracting sponsors or investor to finance or support the business at any point in the business.

   OR

   Business plan is a road map or tool directing a business owner to know where you are going and how to get there. It can be referred a written document that guides the business owner on how to develop and run the business.

2. **Importance of Business Plan**
   - i. Provide direction and state the strategies the business will follow in achieving its goals.
   - ii. Provides a guide to other future entrepreneurs
   - iii. Gives an in-depth understanding about the business processes, strength, weakness, opportunities and threats.
   - iv. Define what success means to them and how they are going to achieve it
   - v. Exposes the feasibility of the business idea, growth and sustainability.
   - vi. Helps attract investors and capital for starting up the business.
   - vii. Provides critical information concerning every sector of the business.

Unit 2 Business Plan Writing Strategies

Unit Structure

2.1 Introduction

Indeed, to start a business you need to have ideas on the type of business, whether product or services, location and cost implications. An idea thing you should do is to document your ideas. In this unit you will be exposed to business plan writing strategies.

2.2 Intended Learning Outcomes

By the end of this unit, you will be able to:

- explain the strategies for drafting a business plan
- examine the key components in the business plan.

2.3 Strategies for Drafting a Business Plan

Business ideas proposal writing should contain:

1. Cover/ Title Page
2. Table of Content
3. Executive Summary
4. Vision and Mission of the Business
5. Product/Service Idea Description
6. Proposed Organisational Structure
7. Market Analysis
8. SWOT Analysis,
9. Financial Analysis
10. Appendix to the Business Plan

2.4 Key Components in the Business Plan

1. Title Page

i. Business name
ii. Logo
iii. Date of formation of the business.
iv. Contact address
v. Website
vi. Email address.
vii. Non–disclosure statement on the cover page to be signed by any person you are giving the plan to.

2. Table of Contents

i. Put the content of your business in sections to guide any person reading your business plan.
ii. Each section or chapter should have a heading which must be reflected at the table of content.
iii. One can read the information on the table content to decide whether to read further based on the captions on the table of content.
iv. Use the suitable words or phrases for each content heading.

3. The Executive Summary

This is a short summary of your plan and your business model. The shorter or concise the plan is the better. It should include;

i. Your business title/ name
ii. Location
iii. Mission and vision of the business
iv. History/origin of the business
v. Management and advisors
vi. Products and services offered
vii. Target market to serve
viii. Your business's competitive advantages
ix. Financial start-up and projections.

It should include how you are going to finance the business,

- What do I want to do?
- How do I want to do it?
- Why am I doing it that way?

4. Vision and Mission of the Business

The vision in a business plan shows what an organisation or company is expecting to achieve. The mission statement is all about what the business is all about and where the business is going in the business. The mission statement exposes what an organisation wants to be and whom it wants to serve.

5. Product/Service Idea Description

Here you should state the following

a. list the products and services you are offering to the target markets (the consumers)
b. Price model for the product and services
c. Sales/ distribution strategies
d. What value the products and services add to consumers
e. what makes your products and services different from other competing products and services
f. Size of the business, the relationship with other business that will help your business to grow (networking)
g. Facilities to be used: Existing facilities, future ones to be added, buying or leasing

6. Proposed Organisational Structure

It deals with the management and staffing of the business.

a. State people who will make up the management team.
b. Job descriptions and their needed qualifications and skills for their work
c. Do you need experts and at what level?
d. Do you need outside mangers and advisers like lawyers, insurance agents, and accountants?

7. Market Analysis

Marketing analysis tends to provide answers to the following questions from your potential investors would like to know about your business. Such questions as what they are willing to send in your business and need to send such, your target market how large they are,

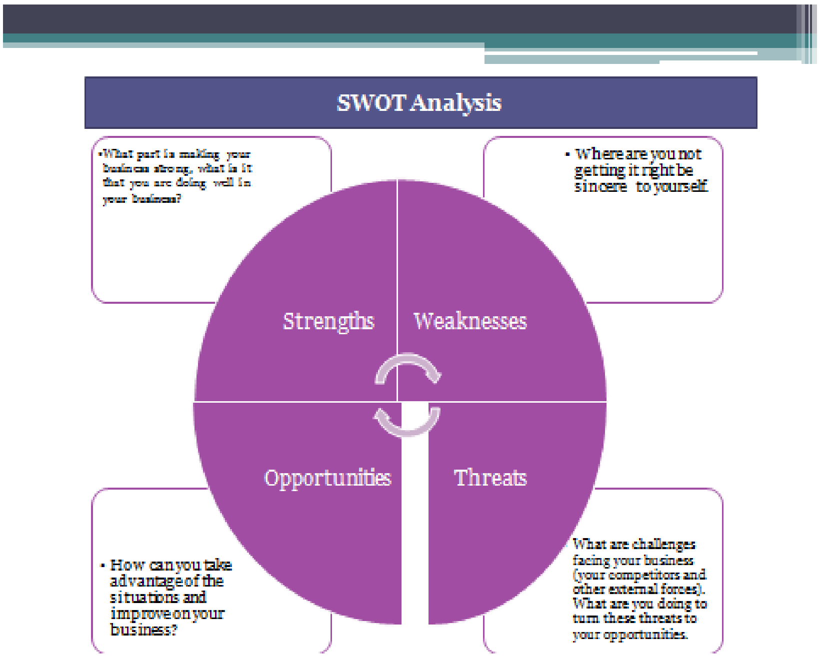
i. Who is Your Customer?
ii. What would they be Willing to Spend, and Why Would they buy your Product?
iii. What is the Psychographics of your Customer?
iv. What is your Customer Profile?

8. SWOT Analysis

SWOT analysis is an acronym that stands for the followings in a business plan

Strength: What part is making your business strong, what is it that you are doing well in your business?
Weakness: Where are you not getting it right be sincere to yourself

Opportunity: How can you take advantage of the situations and improve on your business?
Threat What are challenges facing your business (your competitors and other external forces). What are you doing to turn these threats to your opportunities?



9. Financial Analysis

Financial analysis is a guide for evaluating a business or individual's financial situation. This can be done by carrying out a review of the business financial statements, such as their income statement or balance sheet. Financial analysis takes into consideration the economic trends to determine what impact the financial situation will have in the company. It will help you make valuable decisions about where to invest your money.

10. Appendix to the Business Plan

Appendix is the last section in the business plan which includes all supporting materials. It is the end of document in a business plan such as details of market research carried about the business, photos of your products, information about the competitors in the business. Reference letters from business associates, business and personal tax returns etc

2.5 Summary

As you have learnt that a business plan is a written document that guides the business owner in how to develop and operate the business. A business plan is written with the intention of attracting an investor to finance the start-up or next phase of the business. Your business plan should include the following sections: a good business plan includes sections on (1) Title Page, (2) Table of Contents, (3) Executive Summary, (4) Vision and Mission of the Business (5) Proposed Organisational Structure t (6) Market and Business Analysis, (7) Business and Market Development, (8) Marketing and Sales, (9) Financial Analysis (10) an Appendix.

Self-Assessment Exercise

1. Explain the following key components in the business Plan,
    a. The Executive Summary
    b. Product/Service Idea Description
    c. Financial Analysis

2.6 References/Further Readings/Web Resources

Les Nunn, L. & McGuire, B. (2010). The importance of a good business plan *Journal of Business & Economics Research,* 8 (2) https://core.ac.uk/download/pdf/268111322.pdf

Marsiwi, K., Syah, T.Y.R., Pusaka, S., & Indradewa, R. (2019). Investment feasibility analysis in financial aspects of startup business in lifestyle combining barbershop and coffee shop over pt. jeeva Work Corporation. *Journal of Multidisciplinary Academic*, 3(4), 97–100

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2.7 Possible Answer to Self-Assessment Exercise(s)

a) Executive Summary

This is a short summary of your plan and your business model. The shorter or concise the plan is the better. It should include;

i. Your business title/ name
ii. Location
iii. Mission and vision of the business
iv. History/origin of the business
v. Management and advisors
vi. Products and services offered
vii. Target market to serve
viii. Your business's competitive advantages
ix. Financial start-up and projections.
x. It should include how you are going to finance the business

b) Product/Service Idea Description

Here you should state the following

i. list the products and services you are offering to the target markets (the consumers)
ii. Price model for the product and services
iii. Sales/ distribution strategies
iv. What value the products and services add to consumers
v. what makes your products and services different from other competing products and services
vi. Size of the business, the relationship with other business that will help your business to grow (networking)
vii. Facilities to be used: Existing facilities, future ones to be added, buying or leasing

c) Financial Analysis

Financial analysis is a guide for evaluating a business or individual's financial situation. This can be done by carrying out a review of the business financial statements, such as their income statement or balance sheet. Financial analysis takes into consideration the economic trends to determine what impact the financial situation will have in the company. It will help you make valuable decisions about where to invest your money.

Units 3 Market Research and Analysis

Unit Structure

3.1 Introduction

In developing a market plan, your need to understand your desired customer, select or develop a product or service that will meet their needs. A better understanding of your customers will help to identify channel of creating awareness and delivery of your products to the desired customers.

3.2 Intended Learning Outcomes

By the end of this unit, you will be able to:

- explain the concept market research and analysis for drafting a business plan
- identify the tools/methods use for marketing research.

3.3 Market Research and Analysis

Market research is the process of gathering information about your market, customers and competitors. It helps you to identify the customers you want to sell your product or service to; what they need, their perception of your product or services. It enables you to identify and analyse the market size and your competitors. Market research should be carried at intervals to gather information on your products and competitors around to enable improve on your product and services.

American Marketing Association: defined market research and analysis as "The systematic gathering, recording and analysing of data about problems relating to marketing of goods and services.

Also, market research are activities carried out to manage marketing work, gather information, record and analysis all the data collected on the problems relating to sale of goods and services from producer to consumer.

Kotler: defined Marketing research is systematic problem analysis, model building, and fact finding for the purpose of improved decision making and control in the marketing of goods and services
This involves understanding the market and customer needs. This includes:

1. Consumer behaviour analysis,
2. Promotional analysis,
3. Retail analysis,
4. Sales analysis,
5. Competitors' analysis
6. Gap analysis

3.3.1 Market Research Tools

i. Questionnaires and file Surveys
ii. Focus groups
iii. Personal interviews
iv. observation method and
v. Experimental research.

The choice of the method /tools depend on factors such as time available, funds, number of respondents to be covered, respondents' location and literacy levels.

3.4 Summary

To ensure that the vision and mission of your business succeed it is always good to carry out feasibility study of your customers perceptions on your products and service. This is done determine whether the product is still meeting their needs or whether to introduce a new product. Marketing research and analysis helps in identifying how to promote your product or service, and develop a competitive strategy. As a business owner, you are gathering market research every time to communicate with your target market or check out the prices of your competitors.

Self-Assessment Exercise

Enumerate the tools/methods use for marketing research and analysis.

3.5 References/Further Readings/Web Resources

Kotler, P. & Armstrong, G. (2010). Principles of Marketing -13th Ed., Upper Saddle River, New Jersey: Pearson, Inc., 488 – 516

Les Nunn, L. & McGuire, B. (2010).The importance of a good business plan *Journal of Business & Economics Research,* 8 (2) https://core.ac.uk/download/pdf/268111322.pdf

Marsiwi, K, Syah,T.Y.R, Pusaka, S, & Indradewa, R. (2019). Investment feasibility analysis in financial aspects of startup business in lifestyle combining barbershop and coffee shop over pt. jeeva work corporation. *Journal of Multidisciplinary Academic*, 3(4), 97–100

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3.6 Possible Answers to Self-Assessment Exercise(s)

1. Market Research Tools

i. Questionnaires and file Surveys
ii. Focus groups
iii. Personal interviews
iv. observation method and
v. Experimental research

Unit 4 Financial Projections and Funding

Unit Structure

4.1 Introduction

To start any business, you need funding to back up your business idea. You have to think of how get the required fund and how to allocate the available fund. In this unit you will study financial projection and funding in a business plan.

4.2 Intended Learning Outcomes

By the end of this unit, you will be able to:

- define the concept financial projection and funding in a business plan
- discuss importance of financial projection and funding in a business plan.

4.3 Concept of Financial Projections and Funding in a Business Plan

Projection is determining what is going to happen in the future by analysing what happened in the past and what is happening now which will help you forecasting for the future. In business you can use this method predict demand for goods or services, income and propose the expenses of a business, Financial Projections answers the following questions:

i. What are the funds that are required to run the business that is the operating fund?
ii. How to fund the purchase of business assets/facilities
iii. What is the cost of the product and services?
iv. The marketing activities cost.
v. How to repay loans and time frame
   a) What are your expected income, profit, and gross margin per month?
   b) How do you intend to maximise income and reduce cost?

4.4 Importance of Financial Projection and Funding in a Business Plan

1. A financial forecast is an estimate of future financial outcomes for a company, and it's an integral part of the annual budget process. It informs major financial decisions, such as whether to fund a capital project, undertake a staffing increase or seek funding. Businesses use material information from their financial forecasts on their balance sheets and other disclosures.
2. A financial forecast gives businesses access to cohesive reports, allowing finance departments to establish business goals that are both realistic and feasible.
3. It x-rays to the management valuable insights into the past performances of the business and helps in predicting the future.
4. Serve as the basis for budgeting decisions;
5. Show investors and creditors that your organisation has a plan and is prepared for unforeseen events that may impact revenues and budgets;
6. Provide a barometer for those making material financial decisions;
7. Ensure that an organisation is prepared for the best- and worst conditions;
8. Establish controls and raise awareness of a broad range of internal and external variables that can have short- and long-term impacts;
9. Help keep business leaders from being blindsided by events that could impact performance; and Prepare businesses for increases in demand for their goods and/or services — aka, growth

4.4 Summary

In a business there always need to think of the source of funding and how to manage the business. These include income statements, balance sheets, fund to buy equipment, salaries, cash flow statements, and capital expenditure budgets.

Self-Assessment Exercise

Define the concept financial projection and funding in a business plan.

4.5 References/Further Readings/Web Resources

Les Nunn, L. & McGuire, B. (2010).The importance of a good business plan *Journal of Business & Economics Research,* 8 (2) https://core.ac.uk/download/pdf/268111322.pdf

Marsiwi, K, Syah,T.Y.R, Pusaka, S, & Indradewa, R. (2019). Investment feasibility analysis in financial aspects of startup business in lifestyle combining barbershop and coffee shop over pt. jeeva work corporation. *Journal of Multidisciplinary Academic*, 3(4), 97–100

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4.6 Possible Answer to Self-Assessment Exercise(s)

1. Financial projections and funding in a business plan
   Financial Projections answers the following questions
   i. What are the funds that are required to run the business that is the operating fund?
   ii. How to fund the purchase of business assets/ facilities
   iii. What is the cost of the product and services?
   iv. The Marketing activities Cost.
   v. How to repay loans and time frame
      c) What are your expected income, profit, and gross margin per month?

d) How do you intend to maximise income and reduce cost?

Unit 5 Marketing and Sales Strategy

Unit Structure

5.1 Introduction
5.2 Intended Learning Outcomes
5.3 Concept of Marketing Strategy
5.4 Types of Marketing Strategy
 5.4.1 Interactive marketing strategy:
 5.4.2 Digital marketing strategy:
 5.4.3 Internet or online marketing
5.5 Processes of Choosing Marketing Strategy
5.6 How to Identify Target Customer Segments
5.7 Summary
5.8 References/Further Reading/Web Resources
5.9 Possible Answers to Self-Assessment Exercise(s)

5.1 Introduction

In your business you have think and outline how you will attract and retain our customers Also state how sales will be carried out to achieve the vision and mission of or business using different strategies. This will introduce us the topic Marketing and sales strategy in a business.

5.2 Intended Learning Outcomes

By the end of this unit, you will be able to:

- discuss the concept marketing strategy
- explain the types of marketing and sales strategy
- examine the process of choosing marketing strategy
- explain how to identify target customer segments/ target audience.

5.3 Concept of Marketing Strategy

Marketing strategy can be defined as the total instrument and plans aimed at achieving the objectives of marketing services and products in an organisation. The marketing objectives inform you what you should do, but the marketing strategy provides and guides on how to do it to achieve the objectives or goals. The marketing strategy is centred on customer's needs and wants. As a marketer, you cannot serve or satisfy all your customers in the same way because there are individual differences in our needs and wants. So as a marketer or company, the customers should be grouped into segments according to their needs and wants.

The process of grouping your buyers or customers into groups using their different characteristics such needs, behaviours, demographic, geographic factors to serve each separate marketing program is known as market segmentation. Marketing strategy answers two questions: which customer will be served? And how do you create value for each? Developing a marketing strategy helps you know your customers' needs, identify your organisational goals, advertise a method for your targeted customers, and reach them on time. According to Shaw (2021), a marketing strategy encourages you to convince customers to buy the products and services you provide. Also, Marketing strategy has been defined as an "organisation's integrated pattern of decisions that specify its crucial choices concerning products, markets, marketing activities and marketing resources in the creation, communication and/or delivery of products that offer value to customers in exchanges with the organisation and thereby enables the organisation to achieve specific objectives." (Varadarajan 2010, p. 119)

5.4 Types of Marketing Strategy

According to Lake (2019), marketing strategy can be grouped into three types, namely;

1. Interactive marketing strategy
2. Digital Marketing Strategy
3. Internet or online marketing

5.4.1 Interactive marketing strategy

This type of strategy allows active participation among the consumers and marketing campaigns. Here, the marketer identifies the customers' needs and their preferences, and the customer's needs are responded to immediately by the marketer.

5.4.2 Digital marketing strategy

This involves using a digital platform to communicate to your consumers about your product and services. You can use channels like text messages, creating online links through your website, podcasting, mobile marketing, and sending emails.

5.4.3 Internet or online marketing

This type of marketing strategy uses internet connectivity for interaction between the marketers and the customers. In this process, the internet is used in conducting market search to find out the needs and wants of the consumers. Then the products are sold or services rendered to the desired consumers through the internet.

5.5 Processes of Choosing Marketing Strategy

Step 1
Identify the marketing goals of your firm: Defining your organisation goals, aims and missions; find out your organisational strength and weaknesses. Your corporate mission statement and goals will help you determine the marketing goals you want to achieve, how to get the finances, the type of audience you are targeting, and how you will reach them.

Step 2
Who are your intended target audience: identify the customers you want to serve, where they are, their interests, preferred choices, educational background, language, income level, needs and wants. This will help you in the manufacturing and distribution of your product and services. You cannot publish a book for higher learning intuitions and take it to primary

schools for sale. Nor can you establish an academic library in primary school and expect the pupils to patronize you; no, it cannot work.

Step3

Select the right marketing strategy: Choose the right approach to use in your marketing process based on your overall goals and the identified targeted customers. Identify the best to serve the identified customers bearing in mind that you have other competitors. Before selecting your marketing strategy, you must find out other competitors, both the existing and future ones.

Step4

Evaluate your strategy: Always find out if the marketing strategy you choose meets the expected results. If the result is negative, you have to change the strategy and use another approach until you achieve your goals.

5.6 How to Identify Target Customer Segments

Identifying target customer segments involves defining specific groups of potential customers who are most likely to be interested in your product or service:

i. **Market Segmentation:** Divide the broader market into smaller segments based on shared characteristics, such as demographics, psychographics, behaviour, or preferences.
ii. **Buyer Personas:** Create detailed profiles of ideal customers within these segments, including their needs, challenges, and motivations.
iii. **Segment Prioritization:** Prioritize segments based on factors like size, growth potential, and alignment with your business objectives.

5.7 Summary

In this unit, you learnt that marketing strategy encourages you to convince customers to buy the products and services you provide. Also, a marketing strategy helps in grouping your buyers or customers into groups using their different needs, behaviours, demographic, geographic factors and other characteristics to serve each separate marketing program is known as market segmentation. You also learnt that there the different types of marketing strategies include interactive, digital and internet or online marketing. Also, the factors that should be considered in developing a marketing strategy for your business are your business goals, funds available and infrastructure. The processes or steps in developing a marketing strategy include identifying your firm's marketing goals, your intended target audience, choosing the right strategy to use, and evaluating your strategy

Self -Assessment Exercise

1. Explain the process of choosing marketing strategy

5.8 References/Further Readings/Web Resources

Lake, L. (2019). The different types of marketing strategies. https://www.thebalancesmb.com/types-of-marketing- strategies-2295338.

Shaw, A. A. (2021) Types of Marketing Strategies. https://www.marketingtutor.net/types-of-marketing- strategies/

Varadarajan, R. (2010). Strategic marketing and marketing strategy: domain, definition, fundamental issues and foundational premises. Journal of the Academy of Marketing Science, 38(2), 119-140.

5.9 Possible Answers to Self-Assessment Exercise(s)

1. **Processes of Choosing Marketing Strategy**

Step 1: Identify the marketing goals of your firm: Defining your organisation goals, aims and missions; find out your organisational strength and weaknesses. Your corporate mission statement and goals will help you determine the marketing goals you want to achieve, how to get the finances, the type of audience you are targeting, and how you will reach them.

Step 2: Who are your intended target audience: identify the customers you want to serve, where they are, their interests, preferred choices, educational background, language, income level, needs and wants. This will help you in the manufacturing and distribution of your product and services. You cannot publish a book for higher learning intuitions and take it to primary schools for sale. Nor can you establish an academic library in primary school and expect the pupils to patronize you; no, it cannot work.

Step3: Select the right marketing strategy: Choose the right approach to use in your marketing process based on your overall goals and the identified targeted customers. Identify the best to serve the identified customers bearing in mind that you have other competitors. Before selecting your marketing strategy, you must find out other competitors, both the existing and future ones.

Step4: Evaluate your strategy: Always find out if the marketing strategy you choose meets the expected results. If the result is negative, you have to change the strategy and use another approach until you achieve your goals.

Unit 6 Risk Assessment and Mitigation

Unit Structure

6.1 Introduction
6.2 Intended Learning Outcomes
6.3 Concept of Risk Assessment
6.4 Procedures for Risk assessment process
6.5 Concept of Risk Mitigation
6.6 Risk Mitigation Strategies/ Management
6.7 Summary
6.8 References/Further Readings/Web Resources
6.9 Possible Answers to Self-Assessment Exercise(s)

6.1 Introduction

Risk assessment and mitigation are key segments of the day by day activities of people. Starting from a we live our lives how you get money, go to work and do businesses are exposed to mishaps. To enjoy you daily life activities certain decisions are taken to avoid these mishaps or unexpected result. These decisions must be made on whether the risk is acceptable or unacceptable. If the risk is acceptable, then appropriate risk mitigation activities should be conducted, and if unacceptable, activities must not be undertaken.

6.2 Intended Learning Outcomes

By the end of this unit, you will be able to:

- explain the concept risk assessment
- discuss mitigation strategies
- outline the procedures for risk assessment process
- explain the risk mitigation strategies/ management
- enumerate the steps in implementation of risk mitigation plan.

6.3 Concept of Risk Assessment

A risk assessment can be defined as the process of identifying what may cause harm to your business and your workers. You have to decide to take enough precautions to prevent any harm coming to workers. The aim of any risk assessment is to make sure that no one gets injured at business place such as accidents or any mishaps that affect the business

6.4 Procedures for Risk Assessment Process

Step-1: Identify the hazard:
Step-2: Decide who might be harmed
Step-3: Evaluate the risks and decide on the precautions:
Step-4: Record the findings and put them into place.
Step-5: Review the risk assessment:

6.5 Concept of Risk Mitigation

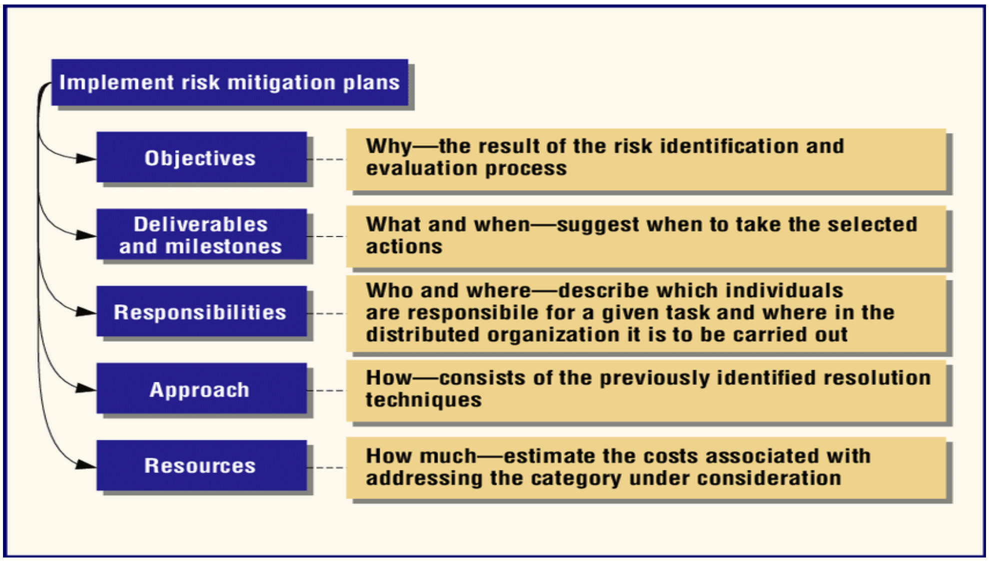
Risk mitigation is a strategy employed by an organisation to reduce the effect of business risk. The managers of a business must agree and identify that there are certain threats/ weaknesses that are existing or will exist in their business. The knowledge will enable the management to device appropriate methods of handling these problems. The threats can be natural disasters, cybercrimes and competitors in the same business.

6.6 Risk Mitigation Strategies/Management

The mitigation strategies include:

i. Identifying the Risks
ii. Assessing the risks
iii. Determine the order for dealing with threats
iv. Monitoring and track the risks
v. Implementation of plans
vi. Adjustments of plans

Steps in Implementation of Risk Mitigation Plan



Adopted from https://www.researchgate.net/publication/266560531_Persson_Mathiassen_2010_-_A_Process_for_Managing_Risks_in_Distributed_Teams/figures?lo=1.

6.7 Summary

In our every life we experience hazard and accept many risks. The most important aspect of this is being able to identify or forecast the existence of such hazard and taken precaution measure to avert it or lessen the effect is vital to our lives and business growth. It is always advisable identify any hazard, assess the risk, manage the risk and communicate the report between risk assessors, risk managers and those affected by both the risk and the decisions taken before the final policy on the decisions are taken.

Self-Assessment Exercise

i. Explain the concept risk assessment.
ii. Discuss mitigation strategies.
iii. Outline the procedures for risk assessment process.

6.8 References/Further Readings/Web Resources

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6.9 Possible Answer to Self-Assessment Exercise(s)

1. A risk assessment can be defined as the process of identifying what may cause harm to your business and your workers.

2. The mitigation strategies include

i. Identifying the Risks
ii. Assessing the risks
iii. Determine the order for dealing with threats
iv. Monitoring and track the risks
v. Implementation of plans
vi. Adjustments of plans

3. Procedures for Risk assessment process

Step-1: Identify the hazard:
Step-2: Decide who might be harmed
Step-3: Evaluate the risks and decide on the precautions:
Step-4: Record the findings and put them into place.
Step-5: Review the risk assessment

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