

Small-Scale Food Processing
Risk Management Plan & Assessment of Risk

Risk Management Plan and Assessment Matrix

Business risk management can be the type of concern that may give most business owners many sleepless nights. Those involved in the processing of food products are exposed to many of the risks of other business, but also are exposed to food security risks.

In an effort to identify and address these risks the development of a risk assessment matrix can help address the risks and be the basis for the development a risk management plan.

Risk management is an ongoing process. A risk management plan will identify the risk controls that can be developed into the policy/procedures to help control the risks. However, once developed the plan should be regularly reviewed to determine when modifications to the controls and risk policies need to be made. This on-going process indicates that the business is taking these issues seriously.

Address each risk individually by conducting regular risk review and assess the progress and effectiveness of your selected risk strategies, whether start-up, expanding, or exiting, require a number of services to make a smooth transition.

A good risk management plan can limit costly and stressful problems, and may also reduce insurance claims and premiums. The Small Business Development Center of Western Australia has identified five steps to developing a good risk management plan. The following five steps are a summary of the five steps. For more information refer to the article at www.smallbusiness.wa.gov.au There are five steps to developing your risk management plan.

STEP 1: Identify the risk.

Identify where or under what circumstances the risk occurs. For example, a particular work site, department, work section,

STEP 2: Determine how likely the risk will happen and what the consequences will be if the risk does happen.

Identify risks that are likely to affect the achievement of your business goals.

Describe the risk. What can happen? Consider how and why it can happen. Describe the consequences of the risk – what happens if the risk eventuates?

STEP 3: Risk Assessment

This step involves analyzing whether there is a policy in place and if it is adequate to address the risk or limit the consequences that could happen.

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STEP 4: Risk Strategies

The objective of this stage is to develop cost effective options for treating each risk. Determine the best treatment option from the five methods below.

1. Eliminate the risk by discontinuing the activity or removing the hazard i.e., not undertaking the activity that is likely to trigger the risk.

Consider the following factors when determining the validity of this option to avoid the risk: What will happen if the activity is not undertaken?

- Is the risk level too high to proceed or continue with the activity?
- Is the cost of the required controls higher than the benefit of the activity?
- Will the failure of the activity have critical consequences for other areas of your business?
- Consider the reasons for avoiding the risk. Is your business unnecessarily risk averse?
- Will the risk avoidance increase the significance of other risks or lead to the loss of opportunities for gain?

2. Accept the risk simply take the chance to incur the negative impact. You may already be doing all things reasonable to reduce the risk but it can't be completely eliminated.

3. Reduce the likelihood of the risk occurring in order to reduce the negative outcomes. Can the likelihood of the risk occurring be reduced? Through preventative maintenance, or quality assurance and management, change in business systems and processes.

4. Reduce the consequences in the event that the risk occurs. Can the impact of the consequences be controlled or reduced if the risk occurs? Through contingency planning, minimizing exposure to sources of risk or separation or relocation of a business activity and resources.

5. Transfer the risk totally or in part may be achieved through moving the responsibility to another party or sharing the risk through a contract, insurance arrangements, or partnership/s and joint ventures.

STEP 5: Monitoring and Review

Risk management is an ongoing process. Even if the existing control measures are adequate you need to regularly review whether anything has changed which may impact on the risk issues you have identified. Once the Proposed Controls are completed reassess the risk by conducting regular risk reviews and reviewing the progress and effectiveness of your selected risk strategies.

TO DO: Using the matrix template identify business and food processing risks that could but the incubator and/or business being assisted in a compromised position. The risks could be related to the facility, equipment, physical structure, it could be process related. List 10 examples of potential risks and a policy of how it could be limited or controlled.