

# Risk Assessment Activity

Use this activity to begin a discussion about the risks your co-op faces and how to manage them. To complete this activity, you'll need some writing materials like a whiteboard or notepad. Having a copy of the co-op's business plan and bylaws handy will also be helpful.

## Step 1: Situate Your Co-op

Spend 15 minutes outlining the context your co-op operates in. Ensure everyone is on the same page in understanding the co-op's operations, marketplace, finances, and business model. Using a [PESTLE analysis](#) may help this step. You can jot down some points on the following to help guide the activity:

- What the co-op does, who its members are, and how it operates;
- The co-op's financial position;
- The co-op's marketplace and key stakeholders like suppliers;
- The co-op's internal structure; and
- Relevant regulations that apply to the co-op.

## Step 2: Identify Risks

Next, spend some time identifying risks. To make this a bit more manageable, focus on a specific project, division, or product within the co-op. Alternatively, you could complete a brainstorming activity to name as many risks as you can, then identify the top 10 to 20 most pressing risks to use for the remainder of the activity. Be sure to hang on to the full list to revisit later.

Here's a list of some common business areas that may face risk to help guide your brainstorming:

- Financials, cash flow, debt, and asset management
- Human resources, skills, job safety, and labour costs
- Information technology, communications, privacy, and data management
- Competition, access to consumers, marketing, and user experience
- Legal compliance, decision-making, governance, and member engagement
- Product delivery, sales, inventory management, and supplier relations
- Natural disasters, health crises, weather phenomena, and climate change

## Step 3: Map Your Risks

Using a heat map, plot each of your risks. For each risk you've identified, discuss the following questions to help you figure out where to place it:

- How likely is it that this risk will occur?
- What are the impacts this risk will have on our co-op?
- What would be the cost of this risk occurring?

Potential Impact	Extreme	5	10	15	20	25
	High	4	8	12	16	20
	Medium	3	6	9	12	15
	Low	2	4	6	8	10
	Negligible	1	2	3	4	5
		Remote	Unlikely	Possible	Likely	Probable
		Likelihood				
	% ranges	0-10%	>10-25%	>25-50%	>50-90%	>90-100%

Source: [CGMA](#)

#### Step 4: Strategies for Risk Management

Once you've plotted your risks, you should have a clear sense of which ones need to be addressed sooner rather than later. Choose the five to 10 risks closest to the top right corner for a discussion on risk management. Hang on to the full list, as you'll want to have this discussion about all your risks at some point. For each of your most pressing risks, discuss the following questions:

- Can we feasibly change our operations to avoid this risk?
- Can we use new or different processes that remove or reduce this risk?
- Are there educational or staffing changes we can make to reduce the risk?
- Could the impact of this risk be mitigated by insurance?

#### Step 5: Keep Going

Great work! This activity is the first step towards building a risk management strategy. While not every co-op needs a comprehensive risk management strategy, co-ops of all sizes should spend some time thinking about the risks they face and how to manage them.