

# ENTREPRENEURIAL RISKS



**AATMANIRBHAR BHARAT**

PM Formalisation of Micro Food Processing  
Enterprises Scheme (PM FME Scheme)

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ENTREPRENEURSHIP  
DEVELOPMENT  
PROGRAMME

# Entrepreneurship Development Programme (EDP)

Purpose of EDP:



# Objectives of EDP

To promote entrepreneurs & entrepreneurship

Provides inspiration to the people from the non business background to enter into trade, industry and business.

To raise awareness about resource availability

Aims to create awareness about underutilized technologies, resources, opportunities etc.

To encourage small and cottage industries

Informs people about the various schemes, opportunities etc. available so they may start their own business at small level initially

Promotes Independence

Encourages individuals to pursue self employment and provide employment opportunities to others by establishing business

Raise awareness about the various government programmes and assistance

Helps disseminate information regarding self-employment, government schemes, financial assistance, technologies etc.

Improve success rate of Entrepreneurs

Aims to cultivate qualities and traits that may lead to success such as innovation, decisiveness, vision, confidence etc.

# Objectives of EDP

To educate and train entrepreneurs in various domains

Educates entrepreneurs in various domains such as finance and business development

To develop entrepreneurs uniformly in all regions

Aims to develop entrepreneurs uniformly in all the regions of the country i.e. urban and rural

Assists in overcoming obstacles

Informs people about the various schemes, opportunities etc. available so they may start their own business at small level initially

Promotes Independence

Encourages individuals to pursue self employment and provide employment opportunities to others by establishing business

Raise awareness about the various government programmes and assistance

Helps disseminate information regarding self-employment, government schemes, financial assistance, technologies etc.

Improve success rate of Entrepreneurs

Aims to cultivate qualities and traits that may lead to success such as innovation, decisiveness, vision, confidence etc.

# Basic Characteristics of Entrepreneurs

## Curiosity



- Thirst for knowledge
- Desire to learn something new
- Asking questions (How? Why?)
- Helps to broaden mind
- Challenge Ideas
- Generate new Ideas
- Effective problem solving

- Driving force of work
- Motivates you to strive for excellence
- Encourages you to put extra hours at work
- Helps you advance towards your objective

## Passion



# Basic Characteristics of Entrepreneurs

## Self-Motivation



- Crucial life skill
- Important component of emotional intelligence
- Necessary for planning and strategizing the total business
- Essential for operation and growth of business

- Entrepreneur has to make quick and difficult decisions
- Necessary for driving the trajectory of business
- Have to make difficult choices and see them through to the end
- Take corrective action if outcome is unfavourable

## Decisiveness





# Basic Characteristics of Entrepreneurs

## Planner



- Necessary characteristic to keep things moving in the right direction at right time
- Strategizing the entire game in advance
- Determining how to make the best use of resources
- It is always easy to face a crises armed with plan
- Provides guidelines that causes minimum to no harm to a business

## Perseverance

- Entrepreneurs have ability to overcome obstacles
- Hurdles, obstacles, rejection etc. is part and parcel of being an entrepreneur
- Perseverance helps entrepreneurs to grow regardless of frequently they are rejected



# Basic Characteristics of Entrepreneurs

## Visionary



- Individuals who are able to create new market trends or maximize existing ones.
- Have a passion for research and are in tune with trends
- Always stay abreast of the latest trends
- Formulate a compelling business vision
- Foresee where their vision will lead than the average person

- A person's perception of his or her own abilities
- Believes in his abilities
- Has no fear of exploring uncharted territory
- Takes risks
- Makes difficult decisions
- Not an innate characteristic
- Can be acquired through practice

## Self-Confidence



# Basic Characteristics of Entrepreneurs

## Focus



- Entrepreneurs have a strong focus
- Must concentrate on goals to ensure their achievement
- Focus on customers to ensure their satisfaction
- Focus on employees to ensure their motivation

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## Adaptable



# Basic Characteristics of Entrepreneurs

## Creativity

- Creativity produces something novel
- Innovation is impossible without creativity
- Ability to capture and implement numerous ideas
- Creativity aids in generating solutions
- Helps in overcoming problems
- Aids in out of the box thinking



## Risk Taker

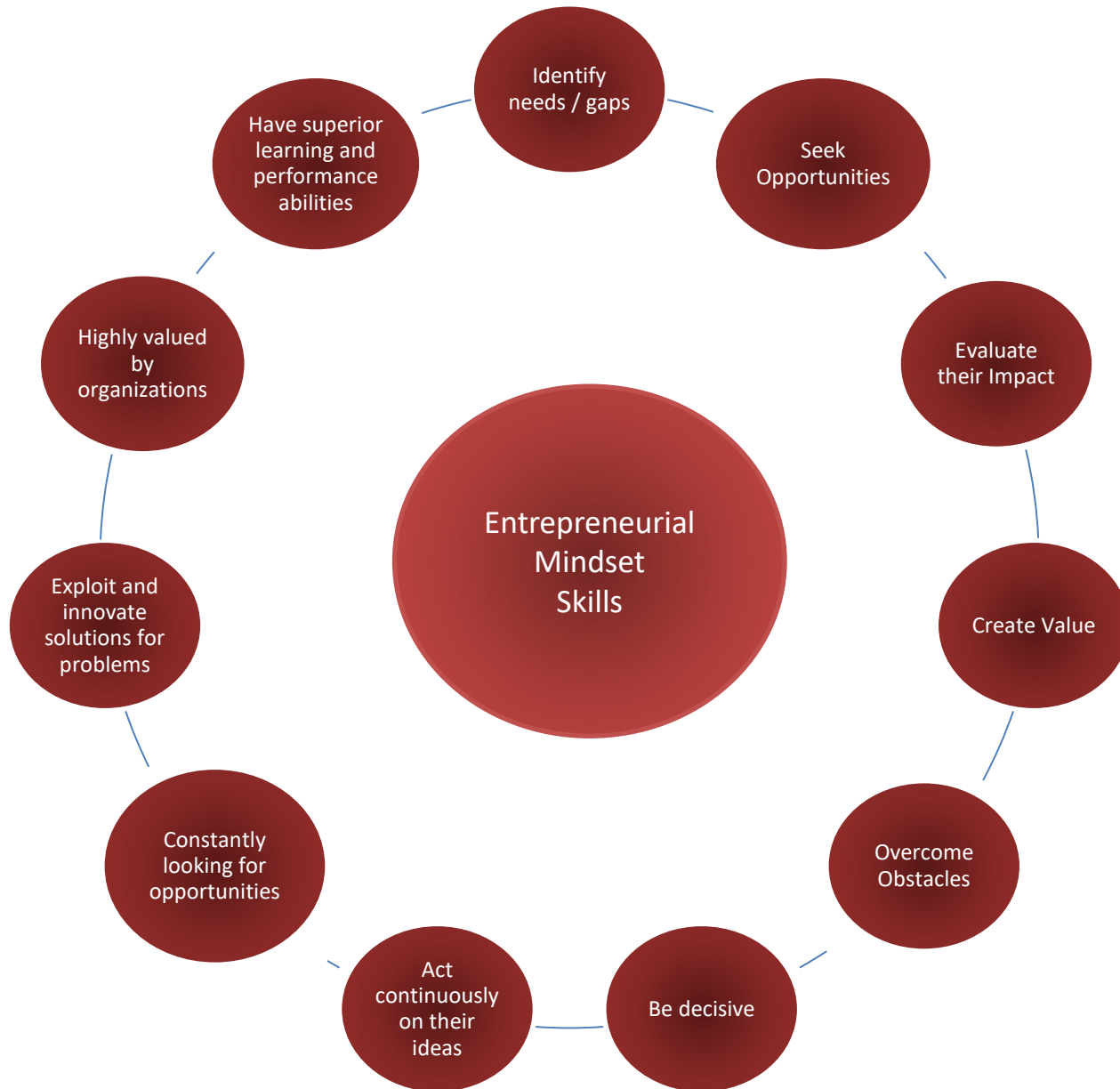


- Entrepreneurs are courageous
- Willing to take risks
- Do not hesitate
- Are diligent before taking risk
- Evaluate the risk and consider potential outcomes before taking the risk

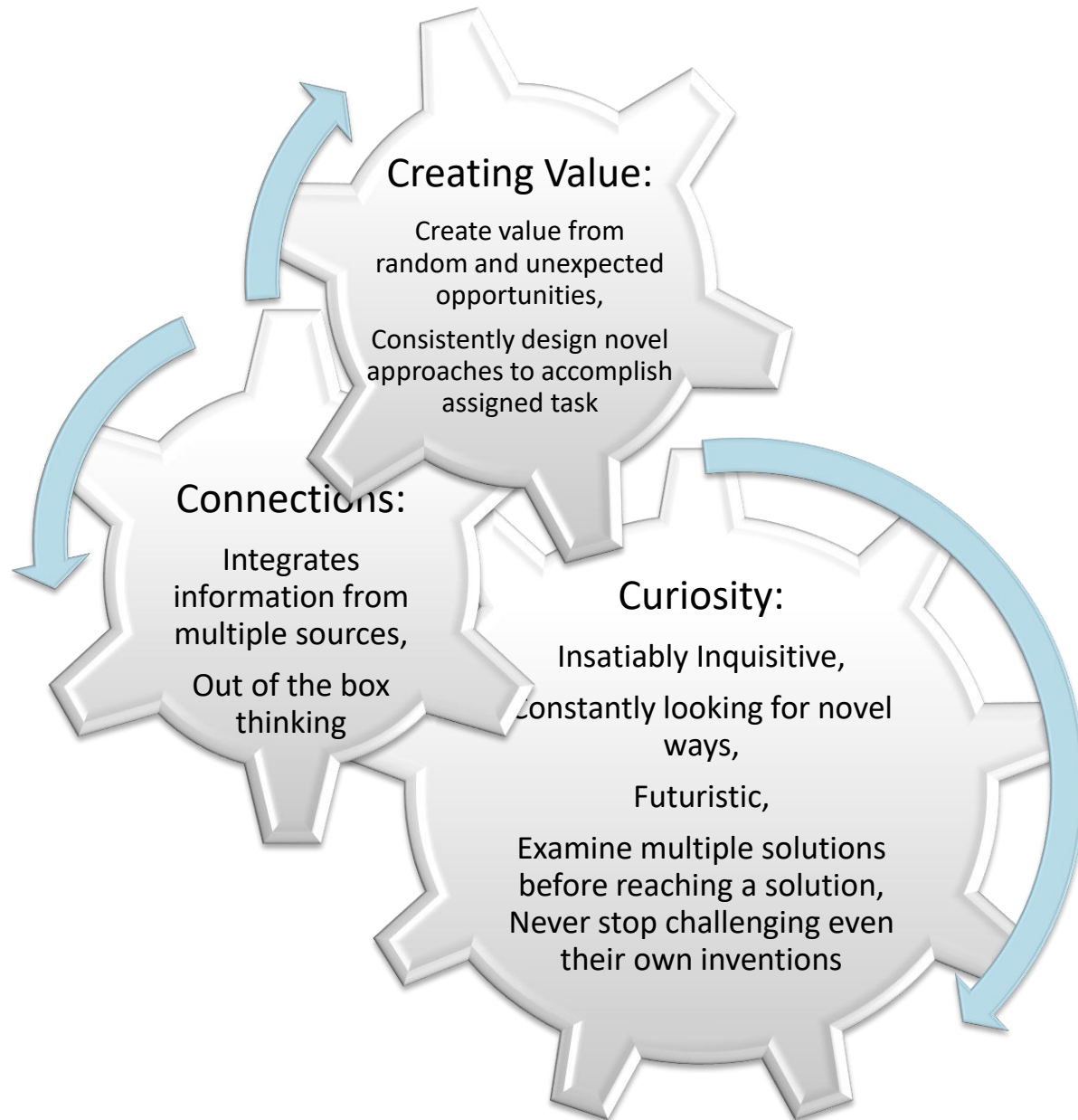
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ENTREPRENEURIAL  
MINDSET

# Entrepreneurial Mindset



# Key Components of Entrepreneurial frame of Mind

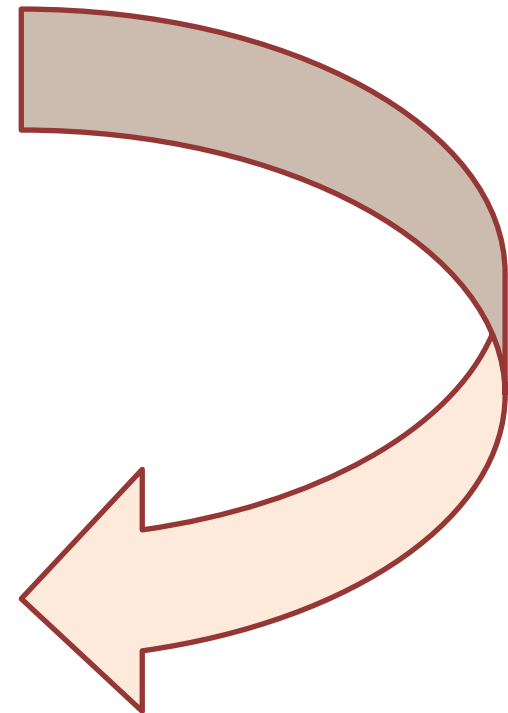


# Developing Self-Confidence

Fear  
&  
Worry



Focus  
&  
Action

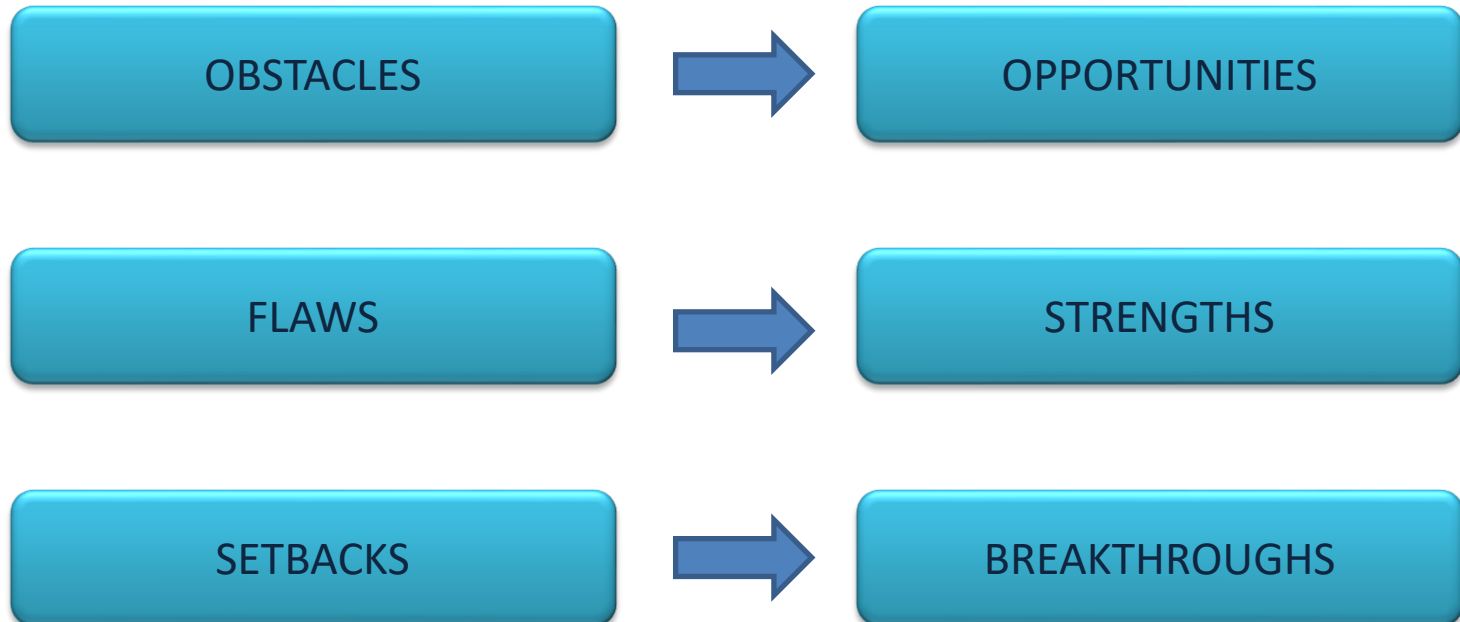




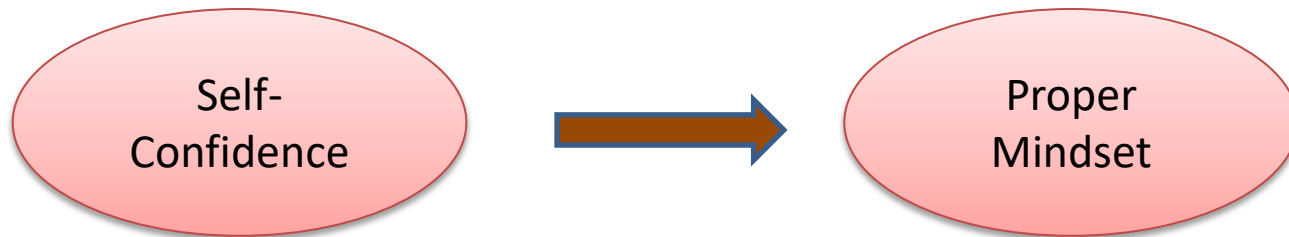
# Developing Self-Confidence

The ability to channelize your fears and worries into focus and action helps to develop Self Confidence.

**Self Confidence helps turn :**



# Developing a positive frame of Mind



- Positive focus is a daily exercise that could be employed to begin concentrating on success

## How to develop a positive frame of Mind?

- Developing a positive frame of mind requires us to simply make a list of our top five achievements – personal or professional, big or small. Record for why these reasons are important to you and what can you do to build on this achievement. Self confidence will automatically soar high and fear for future will start to lessen.

# Creating your own system of Self-Confidence

1

Think first about what gives you Confidence?

(Any activities, connections, deeds, successes etc. in your response)

2

After doing so, list those ten most effective confidence habits on paper.

This becomes the foundation of your system of self-confidence.

3

Put this list in open and check and follow it everyday.

If you implement it, your self-confidence will rise with each passing day.



# Creating your own system of Self-Confidence

An instrument you may use to maintain your confidence throughout your career is a self-confidence system that builds on the knowledge that gives you that confidence.

## **Steps involved in creating your own system of Self-Confidence:**

### **1. Identifying the factors that give you confidence:**

Think first about what gives you confidence. You are free to include any number of activities, connections, deeds, and successes in your response. In the field of entrepreneurship, this can entail closing a deal, starting a fresh marketing initiative, or bringing on board a new worker. On a personal level, this may entail getting enough rest, eating healthily, exercising frequently, and maintaining your best appearance.

### **2. Write them on a piece of paper and put it out in open for ready accessibility:**

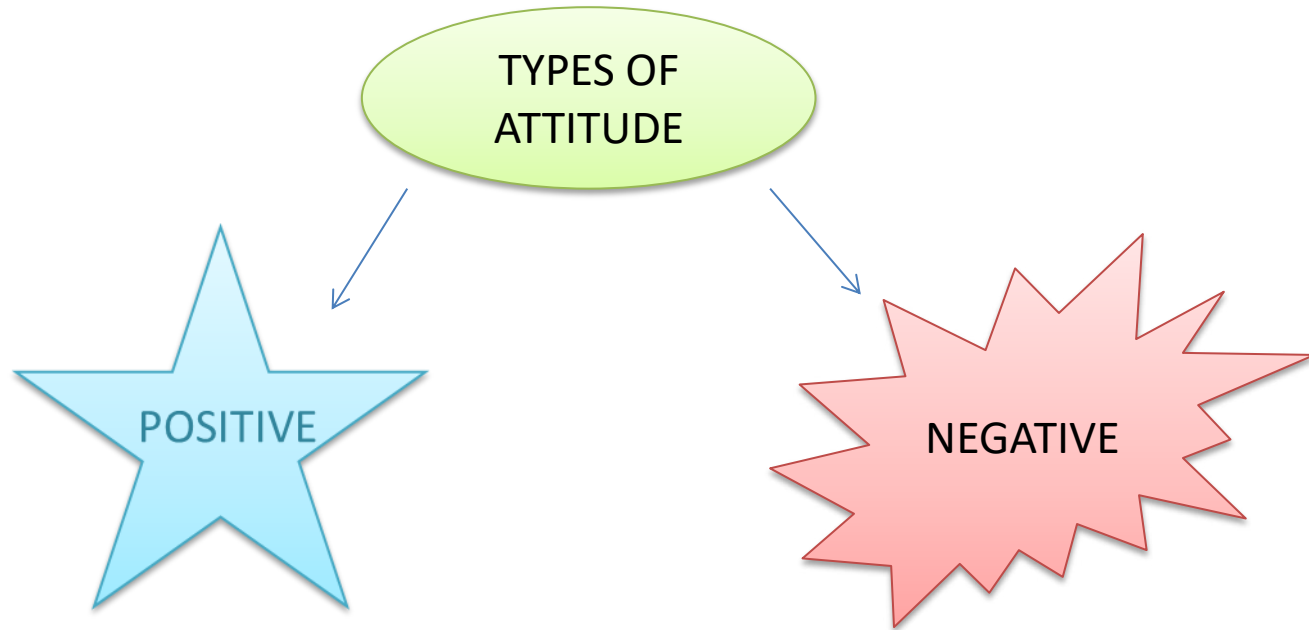
After doing so, list your ten most effective confidence habits on paper. This becomes the foundation of your system of self-confidence. You are aware that performing these actions will boost your confidence. It is that simple. Additionally, this system is easy to apply because it was created by you. Put out the list in open for ready accessibility.

### **3. Check the list everyday and follow rigorously:**

Check the list everyday and follow it . Your self-confidence will rise every day if you can implement these ten habits into your daily schedule. This can be an incredibly valuable tool in the world of entrepreneurship. Tell your team about it so they can understand and support the things that give you confidence.

# Attitude and Business

- An attitude is a set of emotions, beliefs and behaviour towards a particular object, person, thing or event. They are often a result of upbringing and experience and upbringing which can be developed over a period of time.



- A person's attitude affects everyone he/she engages with, including their staff, suppliers, investors, existing and potential clients etc.

- Maintaining a positive attitude in business and at personal front is very important as it affects the outcomes of all our actions and helps us tide through difficult times with ease. People with an entrepreneurial mindset are often the ones with a positive attitude.

# Positive Attitude

## People around



Positive attitudes are contagious, and those around you will absorb your positive energy if you maintain one.

## Stakeholders



Clients will be excited to work with you, and everyone in your company will feel good. You'll be able to maximize your company's success in this way.

## Personal benefits



When you take a positive attitude, you will feel in charge, confident, and perform at your best.

## Productivity



It helps in improving customer service, boosting productivity, changing your marketing approach, creating a new product or service, educating your staff, or examining your cost structure etc.

# Negative Attitude

## People around



Negative attitudes are unwelcoming, but those around you will absorb your negative energy you maintain.

## Stakeholders



Customers won't buy from you, people won't want to be around you, and your staff won't be motivated. The performance of your business will suffer as a result.

## Personal drawback



Your confidence will decline, your performance will suffer, your mental abilities will become paralysed, and your health may even be impacted.

## Productivity



It impacts customer service, reduces productivity, brings down the performance of your staff as well

# How to maintain a Positive Attitude?

## Consider the positive features

Keep your attention on the advantages of the circumstance.  
Try to overlook the negative information available



## Consider your thoughts.

Think about how you approach various scenarios.  
Face your negative thoughts head-on and change them to good ones.



## Possess a positive outlook on other people.

Keep a cheerful outlook toward everyone you interact with, regardless of how depressed you may be.





# How to maintain a Positive Attitude? (Conti...)



## Concentrate on what went well

Focus on the positive aspects and your accomplishments.  
Things that did not go as expected can be viewed as growth chances.



## Carefully choose your associations

Avoid negative people and surround yourself with those who are optimistic  
Focus on improving your company's performance



## Always keep your Company's goal in mind

Check the continued applicability of the Objectives of your Company by revisiting them. Ensure that all of your current actions support your objectives.

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# RISK TAKING



# Taking Risks



- The ability to take chances is maybe more important than ever for business ownership success.
- To grow their businesses to where they are now, many small business entrepreneurs have taken calculated risks.
- Taking a chance does not entail starting a firm with unrealistic expectations.
- Risk-taking in business takes meticulous planning and dedication.

## Why should entrepreneurs and small businesses take risks?

1. In the future, you won't have any questions
2. By taking chances, you can learn
3. Without risk, innovation is impossible
4. Opportunity is directly linked to risk
5. Risk-takers enjoy a competitive advantage



# Justification for risk taking in Entrepreneurship

## In the future, you won't have any questions:

- No matter how well they are planned, calculated risks cannot be guaranteed to be profitable
- However, you shouldn't let this stop you from taking chances
- You must carefully weigh the risks you incur if you want your firm to flourish.

## By taking chances, you can learn:

- Even if some risks may not be profitable, an optimist who takes chances will always see failure as an opportunity to improve
- For a business to grow, its owners must be willing to try forth novel ideas
- Keep in mind that not all risks are advantageous, and if you fail, learn from it and move on

## Without risk, innovation is impossible:

- Innovation involves changing how people behave. It entails applying fresh ideas as well as imparting what we already know
- It entails applying fresh ideas as well as imparting what we already know
- If you won't consider the chance that your project will fail, innovation is impossible

# Justification for risk taking in Entrepreneurship

## **Opportunity is directly linked to risk:**

- Businesses should operate continuously for development based on the constantly evolving needs of the customer
- A clever businessman is aware of the needs of their customers and the ever changing market trends and market demands
- they are creative emergency responders who value methods that are constantly changing for bringing products to market

## **Risk-takers enjoy a competitive advantage:**

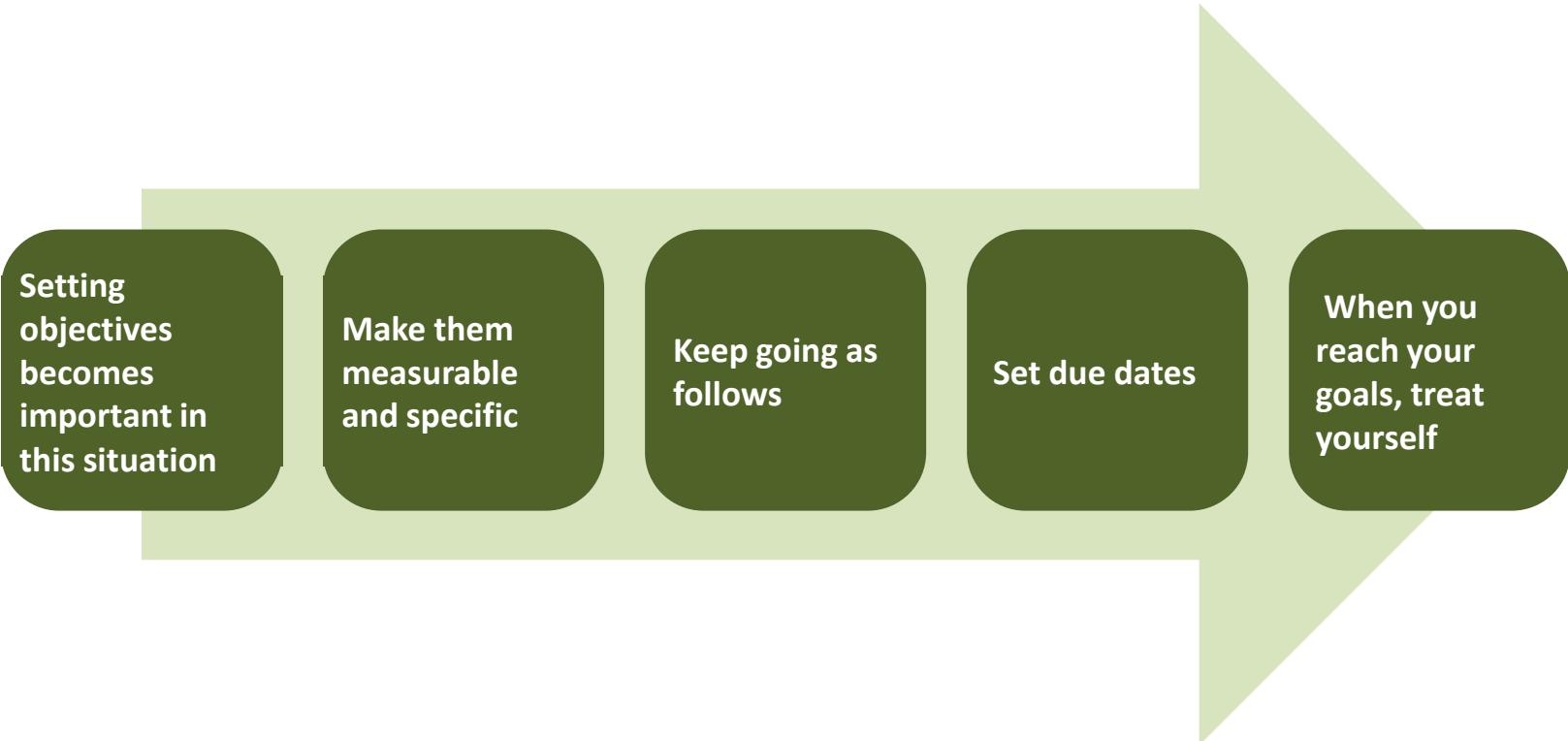
- Those that are willing to take risks already have a competitive advantage because the bulk of people have a tendency to avoid doing so
- They are the ones who set the standard and pave the way with bold inventions, fresh ideas, and new products
- Risk-takers are the best at changing course when things become tough

5

# GOAL SETTING

# Goal Setting

- Nothing makes you happier as an entrepreneur than knowing that your business is headed in the correct way
- Your company's success or failure will depend on the direction it goes in, and of course, we all want our enterprises to be successful
- You must first decide where you want to go before you can choose a course of action



**Setting objectives becomes important in this situation**

**Make them measurable and specific**

**Keep going as follows**

**Set due dates**

**When you reach your goals, treat yourself**

# Goal Setting

## Setting objectives becomes important in this situation

Setting goals for your business is crucial. It offers a course to take and the drive to accomplish a set objective.

Without goals, your company is just operating rather than achieving anything. Employees have motivation and purpose to work hard when they know what they are striving for

## Make them measurable and specific

Spend some time thinking about your goals before you decide to pursue them. They must be explicit so that you are aware of your goals clearly

They must also be measurable in order for you to know when and how you've succeeded in achieving them. Make sure your goals are clear so you can track your progress and know when you've succeeded



# Goal Setting

## Keep going as follows

You can set goals, but they are pointless if you don't stick to them. Maintaining enthusiasm to work toward your goals and avoiding becoming bogged down in the routine are crucial.

Regularly review your objectives with your team and assess your progress to make sure you're moving in the right direction.

## Set due dates

Any goals you simply have floating about with no specific deadlines will always be disregarded and put on the back burner

Establishing deadlines can help you and your team members recognise that these are actual, reachable goals that must be achieved

# Goal Setting

When you reach your goals,  
treat yourself

Giving yourself and your team rewards motivates them to work hard and serves as the vital confirmation that tasks are being successfully accomplished.

Your team members will be more inspired to accomplish even more if you make them feel good about their accomplishments



# Management Abilities

- The knowledge and aptitude needed to perform specific management duties or activities are known as managerial talents.
- Studying and exercising will help you learn this information and abilities.
- They are also gained by performing appropriate duties and activities.
- As a manager, you can learn each ability through research and application.



# Categories of Management Abilities

Essential to a successful management process are three types of abilities:



Technical Expertise

Conceptual Knowledge

Human Interpersonal Management Skills

# Technical Expertise

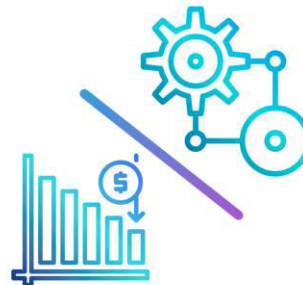
- These abilities are necessary to launch a business, develop its products and services, and design its internal systems
- The management skills are related to the mechanics of performing tasks:  
What will be required of you?  
How will you achieve this?
- As the name implies, these skills provide managers with the knowledge and capability to employ different techniques to achieve their goals.
- Technical competencies extend beyond machines, production tools, and other equipment.
- In addition, these abilities are required to increase sales, design various products and services, market them, etc.
- For first-level managers, technical skills are most essential.
- As we ascend the levels of a hierarchy, technical skills become less important.





# Project Management Skills

- ❖ A project is any endeavour that is limited in time, money, or other resources and has a specific objective.
- ❖ Project management competencies are also technical competencies. However, these skills may also fall under the other category of interpersonal or human skills. This is essential, as project management requires technical expertise.
- ❖ Additionally, they will need the ability to effectively manage and collaborate with others to implement the project.
- ❖ Clearly, these skills are not only applicable to your professional life. However, you also have numerous personal endeavours. Therefore, these management skills are crucial for your development as an individual, business owner, and manager.
- ❖ Using project management skills, you will create the project plan, organize, direct, and oversee its execution.

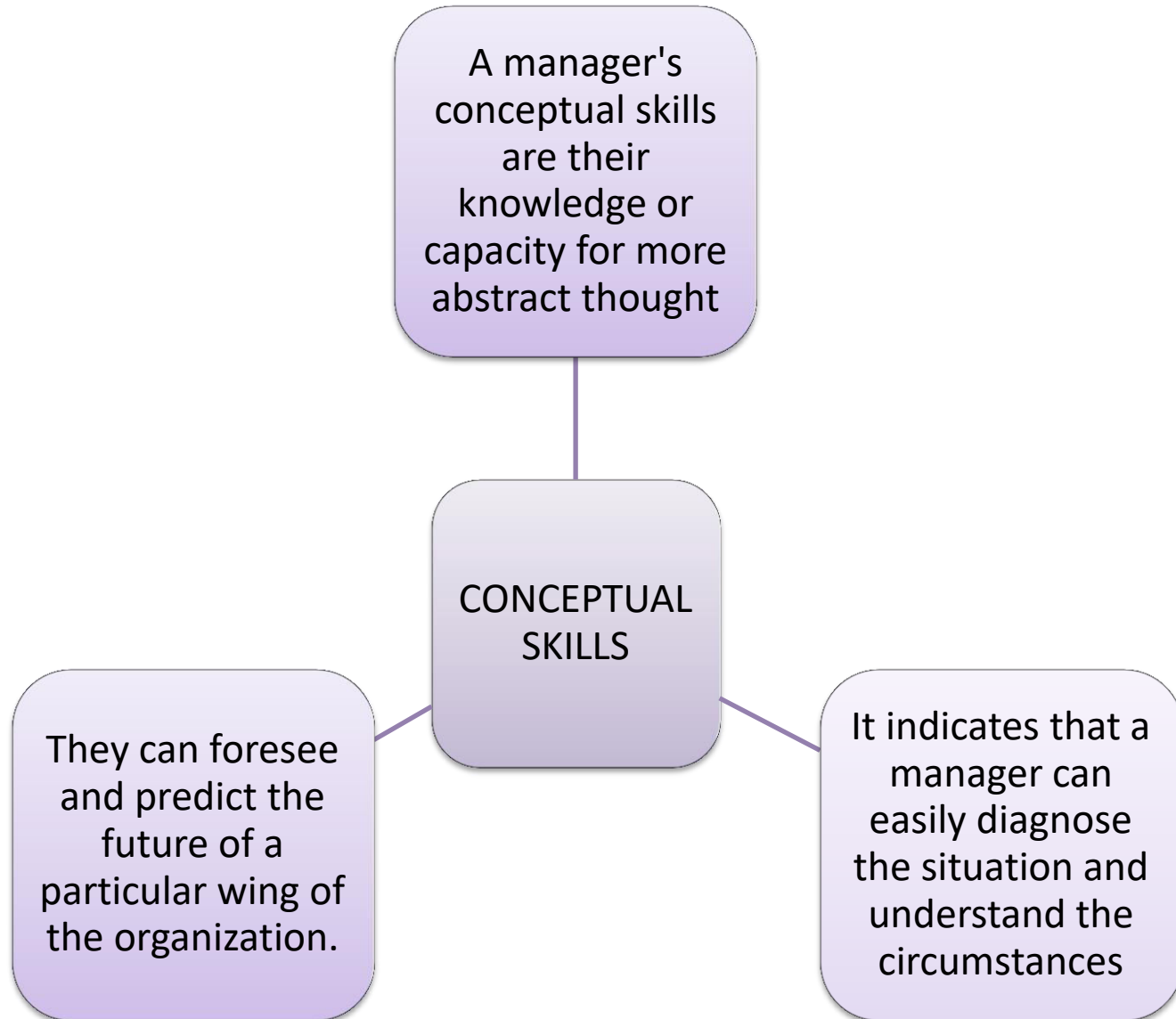


# Additional Technical Competencies



Additional Technical Competencies add value to organizations. All these managerial competencies form part of technical management competencies.

# Conceptual Skills





# Components of Conceptual Skills

## Skills in Strategic Thinking

Strategic thinking is a crucial component of conceptual skills. You must see things that others cannot. You must plan ahead and improve your strategies based on your experience and knowledge.

## Analytical Abilities

Conceptual skills also include analytical skills. You must be analytical in order to make the best choices. This is the ability to see something in numbers, relate different pieces of information, and draw conclusions based on those observations.

## Entrepreneurial Skills

Additionally, entrepreneurial abilities can help you make your vision a reality. Entrepreneurial skills will provide you with the ability to think of abstract concepts, connect the dots, and alter the course of history.

# Conceptual Skills

The conceptual abilities aid managers in looking beyond their department's objectives



As one ascends the managerial hierarchy, the significance of these abilities will increase.

Conceptual abilities make the manager's take decisions that support the overall business objectives.

Conceptual abilities are essential for top-level managers, less important for middle-level managers, and unnecessary for entry-level managers.



# Interpersonal Skills

- Interpersonal management skills relate to the management of crucial social processes within an organization. These abilities demonstrate a manager's people-management expertise.
- Working with people is one of the most important management duties. Without people, management and managers will be unnecessary.
- These skills will allow managers to become leaders and inspire employees to achieve greater success.
- Additionally, these skills assist manager's in maximizing human potential within the organization. These competencies are essential for managers at all organizational levels.



# Conflict Management Competencies



Ⓢ The most important skills in human resource management are conflict resolution or conflict management skills. As your business expands, you will develop increasingly intricate procedures. Additionally, you will have a larger number of team members with varied competencies and skills. However, they will not always agree on all significant matters. It is typical for them to disagree on numerous topics and engage in conflict. Therefore, conflict is a fact of life in the majority of organizations, and conflict resolution skills are a crucial component of management abilities.

Ⓢ Conflict and disagreement are normal and healthy up to a certain point. You must manage them appropriately. As a manager, you will be required to permit such conflicts. Conflicts that result in improved decisions and methods of operation. However, the conflict will become counterproductive to the company's performance at some point





# Communication Skills



- ✚ Communication skills are another important and essential set of competencies
- ✚ Every manager is responsible for communicating with customers, team members, partners, investors, stakeholders, etc.

✚ Communication is a daily responsibility for managers. You cannot effectively manage without communicating with your team. Therefore, you require communication skills.

✚ These abilities are also part of interpersonal or human management abilities.





# Negotiation Expertise

- ❖ There are negotiation skills in addition to communication skills.
- ❖ This is a skill that is useful in all aspects of your life, not just business and politics.
- ❖ As a manager, you must first develop exceptional listening skills.
- ❖ Additionally, be more analytical and prepared to reach a professional and equitable compromise as a result of your negotiation efforts.
- ❖ These are additional managerial skills required for an entrepreneurial career.





## Teamwork Skills

➤ Working in a team maximizes the utilization of each member's unique abilities. It is an excellent educational opportunity.

➤ Teamwork will assist you in enhancing the effectiveness and performance of your business. If you want to be a real manager, you must have excellent teamwork skills.



# Time Management Skills

Time management skills are one of the most important self-management skills. Personal ability to organize and prioritize time is time management.

Your productivity will reflect the productivity of your organization.

Time management entails performing the correct task, in the correct manner, at the correct time. Therefore, you will not procrastinate, will complete the most important tasks on time, and will have more time in your life. You will avoid frustration and begin to feel more fulfilled by doing so.



Therefore, in general, time management skills will:

- Assist you in scheduling your own time,
- How to establish priorities,
- Increase your individual efficiency,
- Help you commence delegation
- Aid you in understanding how you spend your time.



# Adaptability Skills

Adaptability skills are a set of skill set which defines as a capacity of an individual to change his actions, course or way to deal with getting things done to suit another circumstance.

Being adaptable in your profession can mean you can react rapidly to evolving thoughts, responsibilities, desires, patterns, strategies and other procedures at work.

Adaptability skills help you acquire and utilize diverse management skills that aid in the expansion of your business.

By showcasing your adaptability skills, you are revealing that how well-motivated are you to try new and exciting things.

Being adaptable additionally implies having soft skills like communication, interpersonal, critical thinking and problem-solving skills.

# Conventional Interpersonal Management Skills



All of these skills are helpful and are required in developing, maintaining and establishing relationships within and outside the Company

# Common Enterprise Threat



- ⊕ Companies face numerous business risks that affect their capability to achieve objectives if not carefully monitored.
- ⊕ Companies face a variety of business risks that threaten their ability to achieve their objectives if they are not properly monitored and navigated.
- ⊕ Business risks range from financial and reputational risks to compliance and cybersecurity risks, all of which can have a significant impact on a company's strategic plans if business leaders fail to mitigate them.
- ⊕ Trying to avoid these risks altogether can inhibit the business growth.
- ⊕ A company must take calculated risks in order to distinguish itself in market, outrun competitors, acquire and retain customers and generate profits.



# Types of Common Enterprise Threat

Financial Dangers

Legal & Compliance Risk

Cyber security Risk

Operational Risk

Reputational Risk



# Financial Dangers

When a company extends credit to customers, there is a chance that those customers will stop making payments, resulting in a decrease in revenue and earnings. When a lender extends business credit for purchases, a company also faces credit risk. If the company lacks sufficient funds to repay the loans, it will default.

Currency risk, also known as exchange-rate risk, can result from the fluctuation of one currency's price relative to another. For instance, if a U.S. company agrees to sell its products to a German company for a certain amount of euros, but the value of the euro suddenly increases at the time of delivery and payment, the U.S. company loses money because it now costs more dollars to purchase euros.

Businesses with a relatively high debt-to-equity ratio are deemed to be at a greater financial risk, as lenders view them as having a greater likelihood of defaulting on payments and going bankrupt. A company could be financially weak or at a risk if it lacks sufficient funds to manage its payments and falls behind on its loans.

A company faces liquidity risk when it is unable to convert its assets to cash. This type of business risk frequently arises when a company requires a large amount of cash to meet its short-term debt obligations. For example, if no buyers come forward, a manufacturing company may be unable to generate cash by selling obsolete machines.

**Financial Risks**

# Financial Risk Management

Aim to operate on a lean budget with low overhead and minimal debts, and save as much money as possible to maintain a consistent cash flow.



When looking for loans, prioritize those with the lowest possible interest rates.



Observe fluctuations in foreign currency exchange rates.



Make regular debt payments on time.



- ✿ If a company derives the majority of its revenue from one or a small number of clients, the financial risk associated with the loss of one or a few clients could be substantial.
- ✿ Businesses may wish to diversify their customer base so that the loss of a single customer would not have a devastating effect on their bottom line.

# Legal & Compliance Risk

1

- If a business violates government laws or regulatory requirements, it faces compliance and legal risks.
- A business may be at risk of non-compliance if, for instance, it fails to comply with environmental regulations, such as pollution and hazardous waste standards.

2

- In certain industries, such as financial services, consumer protection laws have been enacted.
- A variety of lending and financial disclosure regulations must be followed by both small and large banks.

3

- Companies can also expose themselves to legal risk by breaching agreements with suppliers and other business partners, which could result in lawsuits.
- Employers are also required by law to provide safe and healthy working conditions for their employees, and different industries may be subject to varying safety regulations.

4

- In addition, businesses must comply with equal opportunity laws that prohibit discrimination against job applicants and employees.

5

- Companies violating laws and regulatory standards subject themselves to a series of punishments including imprisonment of employees, fines, reputational damage among customers and stakeholders.

# Ideas for Legal & Compliance Risk Management

1

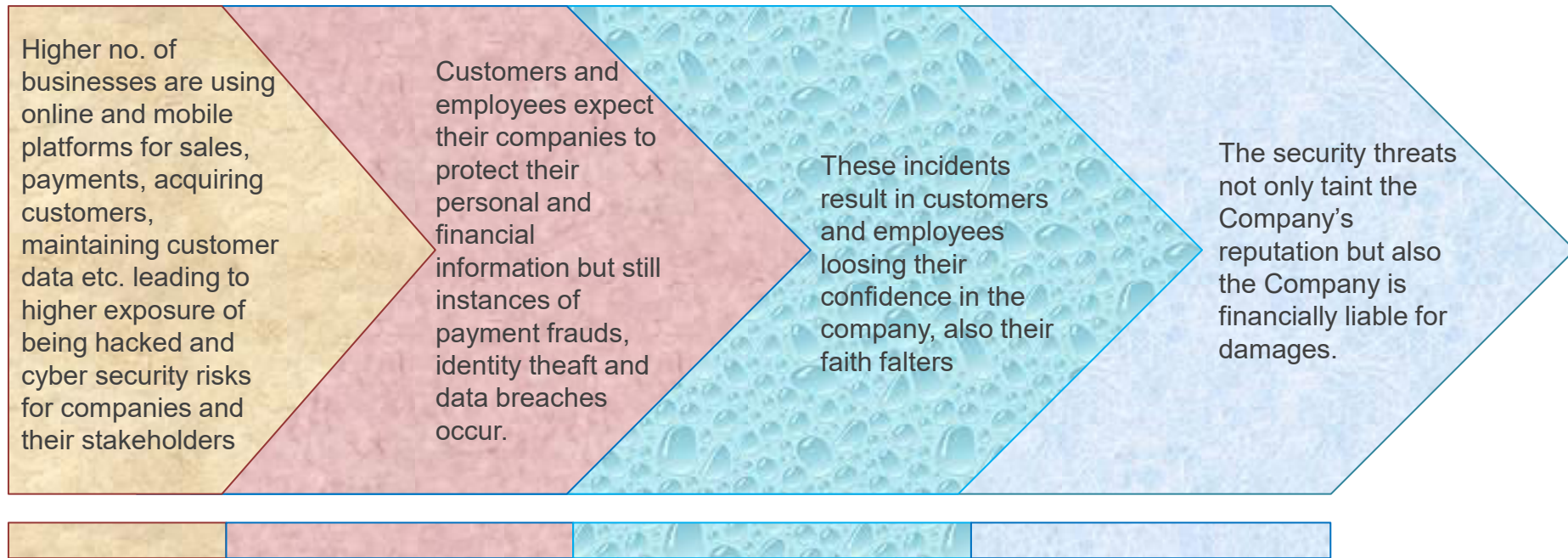
- Always hire legal professionals and HR personnel's from the relevant field having updated information on applicable laws and can defend the company against legal matters and disputes arising between customers, employees, suppliers and partners.

2

- Look for investments in technology based solutions that may help in ensuring automatic compliance with certain regulations. Example: software's on time keeping that make sure employees are paid in accordance with the assigned working hours.



# Cybersecurity Risk



# Managing Cybersecurity Risk

1

Investment in fraud detection tools and security solution software's can help in managing security risks.

2

Proper employee education on how to safeguard the company's data on employees part would be helpful

3

One of the basic rules is not opening and accessing any links in emails or sharing data without encryption.

# Operational Risk

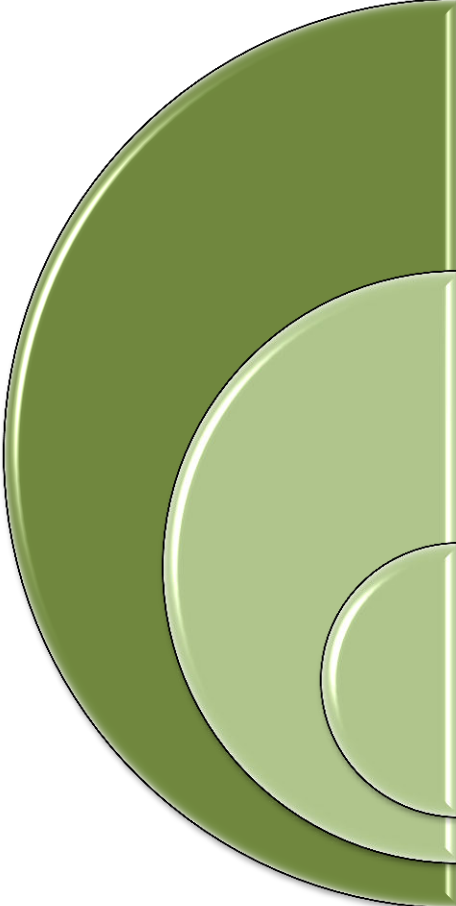
## Operational Risk

An operational risk arises when the day-to-day activities of a business may decrease its profits

It could be due to simple employee errors or undercharging or over charging customers

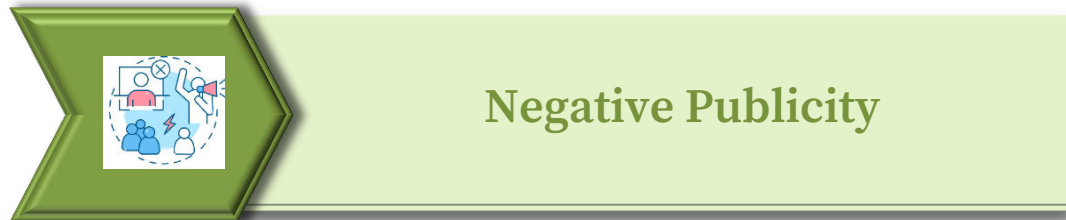
A natural calamity like floods, storm, fire etc. might destroy or damage the company's physical assets resulting in disrupted operations

# Managing Operational Risk



<p>Proper and regular employee training for upgrading their skills and keeping them abreast with the latest developments in the field will help minimize internal mistakes</p>
<p>Always have a contingency plan to shield your business against external factors that may impact company's operations</p>
<p>A food joint impacted by a calamity may partner with another nearby coffee shop, restaurant or bar to use their kitchen and sell food</p>

# Reputational Risk



# Managing Reputational Risk

## Tracking Reviews

Attention should be paid to the online and offline reviews of the customers and employees of the company

## Training Workforce

Workforce should be trained regularly to deliver outstanding customer service, resolve complaints, apologize (if required) and offer refunds as and when deemed necessary

6

INSURABLE RISK IN  
BUSINESS

# Insurable Risk in Business

- ✦ An insurable risk is covered by an insurance company. These risks include potential losses due to unexpected and unintended events, such as client lawsuits, accidental property damage, and medical bills for workers injured on the job
- ✦ Carriers generally insure risks when they believe they can charge high enough premiums to pay covered claims and profit. So, whether a risk is insurable depends primarily on the frequency of related accidents and the size of the resulting losses.
- ✦ For example, a carrier insures a commercial building for up to \$2 million in fire damage because only a small percentage of policyholders have incidents resulting in claims. The premiums the insurer collects exceed their projected losses even if they pay \$2 million each time.





# Types of Insurable Risk in Business

## Pure Risks

They have no potential upside, and you can't eliminate your exposure to them.

For example, the chance of someone stealing your company's car is a pure risk

## Speculative Risks

They can result in either gains or losses, and you choose whether to expose yourself to them or not.

For example, investing in the stock market is a speculative risk

- Generally, insurers only cover pure risks
- they can only insure pure risks that result in reasonably predictable and measurable losses. That data is necessary to set appropriate policy premiums and pay out claims.

# Types of Pure Risk



## Personal Risk:

- ◆ Business owners and their employees face many physical hazards while fulfilling their responsibilities
- ◆ Insurance carriers usually cover any loss of income or benefits they suffer due to illness or injury from their work.

## Example:

- ◆ A general contractor takes on a variety of construction projects. When clients require services outside of his expertise, he delegates the work to one of his employees who specializes in that area.
- ◆ The general contractor and his employees face personal risks in this scenario. Construction often involves working with dangerous machinery in hazardous conditions, and physical injury could cause both parties to experience losses.



# Types of Pure Risk

## Property risks:

- Businesses often rent or purchase property to facilitate their operations, such as equipment, buildings, and vehicles. Insurers are generally willing to cover damage to that property from causes like theft, accidents, and weather events.

## Example:

- A landscaper specializes in renovating the backyards of single-family homes. He needs special tools and equipment to complete his projects and purchases the necessary machinery.



- In this situation, the landscaper and his clients face significant property risks. If an accident were to occur during a renovation project, the landscaper could damage his equipment and his client's residence.



# Types of Pure Risk



## Liability risks:

- Businesses are vulnerable to lawsuits from third parties, such as when their products or services cause someone bodily injury. Insurance companies usually cover the associated legal fees.

## Example:

- An office of Certified Public Accountants (CPAs) offers financial services to consumer and business clients, including tax preparation, retirement planning, and investment advice.
- As a professional service provider, the CPA office is vulnerable to lawsuits. Clients could claim negligence and sue them for not exercising due care. In addition, CPAs keep sensitive client information and risk cyber liability if they suffer a data breach.



# Risks not covered by Business Insurance



⊕ Some business risks are uninsurable. It'll be expensive and difficult, if not impossible, to get coverage for them on the standard or E&S insurance markets. For example, here are some of the primary types of uninsurable risks:

⊕ **Speculative:**

If you voluntarily take a risk hoping that it'll benefit you, you won't be able to insure yourself against the losses you might experience. For example, no carrier will cover your business venture

⊕ **Gradual:**

Gradual, inevitable losses are beyond the scope of business insurance. For example, you can't take out a policy to cover normal wear and tear of commercial property

⊕ **Catastrophic:**

Some risks are too expensive to insure because the premiums necessary to justify coverage are unreasonable or the cost of losses is so high as to be inestimable. For example, the risk of global war would be uninsurable



# Developing an Insurance Risk Management Plan

- ④ Businesses must develop a plan to manage the various risks they face
- ④ Insurance policies should play a pivotal role, as they're one of the best tools business owners have to protect themselves from personal, property, and liability risks



- ④ Business owners must also have a plan to protect themselves. It should include steps to reduce the likelihood of related incidents and mitigate losses if accidents occur
- ④ It's best to consult an insurance agent for assistance with your risk management plan. They can tell you what risks typically affect businesses like yours, which ones are insurable, and how to protect your business beyond coverage
- ④ You should periodically reassess your business insurance to confirm that you have the best business policy to cover your insurable risks



7

HOW TO OVERCOME  
FAILURES IN  
ENTREPRENEURSHIP

# Business failure in Entrepreneurship



- New businesses started by entrepreneurs boosts the economy, thrives innovation and promotes job creation
- Half of the ones started fail in the initial five years and two out of three last not even a decade
- In order to become one of the 33% of the new businesses that last, you have to be careful and avoid all the common mistakes that drive entrepreneurs out of business.
- The 11 common reasons that drive new businesses out include:
  - Weak Finances
  - Poor market knowledge
  - Lack of vision
  - Biting off more than you can chew
  - Trying to be everything to everybody
  - Lack of proper marketing
  - Poor planning
  - Overlooking constructive criticism
  - Not delegating
  - Lack of soft skills
  - Burnout





# Reasons for business failure

## 1. Weak Finances:

The most simple straightforward and common reasons that makes any business fail is: lack of funds. Whether the money is arranged by self-finance, or through a bank loan or through a "Shark Tank" approach or by getting partners and investors, most of the businesses fail before really getting started as they are not prepared with adequate capital it would take to operate a new business



## 2. Poor Market Knowledge

Who is your competition and your clients? Is your target market willing to pay for the product or service you are offering? Entrepreneurs should have the answer to these and many more random and relevant questions about their market in order to run a business successfully. If you do not properly understand your customers, their wants and preferences and the alternatives available to them, you will be destined to fail

# Reasons for business failure

## 3. Lack of Vision:

A good leader is not just the one with a long term vision but having the charisma to impart the same vision to your team and make them follow you through the journey. Businesses which are without a vision, without any short-term or long term goals are doomed to fail as they lack the clarity of success benchmarks all along the way



## 4. Biting Off More Than You Can Chew

As per the old adage "Rome wasn't built in a day," and similarly neither was Amazon or Google or GE became a fortune 500 company overnight. All these companies had their own share of challenges and ups and downs. If a newly formed startup rushes to become a Fortune 500 company in one year or even five from its opening, it surely is setting itself up for trouble and probably failure

# Reasons for business failure

## 5. Trying To Be Everything To Everybody:

Many new businesses try to quickly chase money or sale by coming up with products or services that they do not actually specialize in. Companies should know what they do well and what they don't so that they last longer than those businesses that tend to become a jack-of-all-trades yet master of none



## 6. Lack of proper Marketing:

It is possible that you have the best product or service of the world, but if it is known to nobody, you won't succeed. It requires you to educate people about the benefits of your product and it's brand name. To be successful , you got to reach your audience anyhow.

One of the best marketing is the word-of-mouth marketing. It is a very reliable form of advertising as it comes directly from a customer who has used your product and is completely satisfied with its performance. Most of the new customers will believe a recommendation from a friend/family member or close acquaintance much faster than any other marketing



# Reasons for business failure

## 7. Poor Planning:

It is a very old saying, "If you fail to plan, you plan to fail." If the planning is poor then the execution part is further erroneous. A good business plan should be simple and realistic as understanding and developing a strategy for your company, product and competition

**BAD PLANNING LEADS  
POOR RESULTS**



## 8. Overlooking Constructive Criticism

Entrepreneurs should take criticism as an opportunity to do better. Mostly, entrepreneurs feel offended by critiques and take their criticism in a negative way. Failures and mistakes are part and parcel of business and so entrepreneurs should understand the lesson and learn from criticism



# Reasons for business failure

## 9. Not Delegating:

Being self-made, entrepreneurs find it difficult to delegate work to others. Some of them have it in their minds that others working under them might not do it to highest standards and hence they do not delegate work to their sub ordinates. But this cannot go on forever. When the business expands you need to hire a good team and delegate them work so that your involvement is in more important planning and other activities



## 10. Lack of Soft Skills

Soft skills play a very important role in any businesses these days to have cordial relations with everyone, hold back your team together, keep them motivated etc. Soft skills include attitude, motivation, empathy, networking, problem-solving, decision-making, conflict resolution etc.

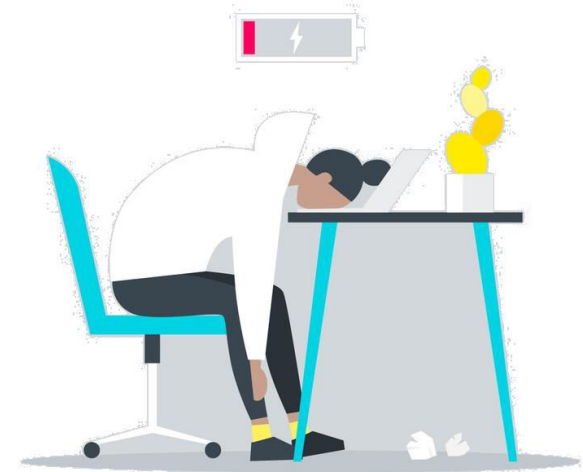


# Reasons for business failure

## 11. Burnout:

When entrepreneurs try to do everything on their own and do not delegate the work, it results in losing their drive and passion for not getting the right support. Starting a business is a 24\*7 job in most of the cases and with each passing day the burden grows, and becomes difficult to be sustained for long. As Lori Greiner of Shark Tank said, "Entrepreneurs are the only people who will work 80 hours a week to avoid working 40 hours a week."

There are innumerable reasons of business failure. Starting and scaling a business isn't anyone's cup of tea. So, when business owners understand the reasons why businesses fail, they should prepare themselves to avoid the pitfalls and move with confidence for a fruitful journey ahead through entrepreneurship





# Overcoming failures in Entrepreneurship

- ✿ Failure is part and parcel of life whether in personal or professional life and sooner or later we have to accept it
- ✿ Its difficult to take it in your stride and sometimes creates differences in friends, colleagues etc. when one of them is constantly achieving success and the other one has to give up and turn their back to their goals
- ✿ Failure provides you an opportunity to excel and gain a deeper and better understanding of life
- ✿ Every successful individual i.e. top CEO/ entrepreneur etc. has dealt with failure now and then in their careers. There are incidents where they have dropped out of school, been rejected at jobs, have been fired or denied funding . But they kept the amber of hope flickering and never lost hope



# Overcoming failures in Entrepreneurship

## 1. Look for the root cause of failure:

Analyze your dreams and goals and try to identify what went wrong in the process of achieving them that caused the failure. Failure sometimes is so detrimental that you want to give up on your dreams and goals. No one can stop you or would blame you for giving up, but it would be a betrayal to your passion and beliefs. Even after facing failure if you want to achieve your dreams and goals, don't give up



## 2. Try to get over the fear of failure, and then try again:

Your passion for attainment of your dreams and goals should be more powerful than the fear to fail. Success comes to those people who live out of their comfort zones. You might have to quit a very well-paying job to pursue your entrepreneurial ambitions. It isn't easy initially, but moving forward and landing up with a few clients, there could be exponential growth. Ultimately your dreams should motivate you to take the bold step towards the unknown, but it should be guided by your goals





# Overcoming failures in Entrepreneurship

## 3. Take a break as and when required, but never give up:

There are numerous examples to these. Jack Ma, the founder of Alibaba has seen failures galore. He applied to Harvard University several times but was rejected each time. After graduating, he applied for several jobs, but was rejected each time. According to Forbes, as of October 16, Jack Ma has a net worth of \$ 52.2 billion. Jack always compares the life to that of a boxing match. If you are a boxer and fighting, you have to get used to getting hit as that's the only way you win.

Whenever you face failure, contemplate and try to figure out your mistakes, only then you increase your chances of success.



**IT IS BETTER TO AIM HIGH  
AND MISS THAN TO AIM  
LOW AND HIT**

## 4. Don't get bogged down by failures and get tempted to lower your ambitions:

It often happens, that after a few failures, you start aiming lower. You should always stay focused. Big goals can be difficult to achieve, even for individuals with high self-motivation. Try to accomplish your goals one task at a time

# Overcoming failures in Entrepreneurship

## 5. If you face failure again, compartmentalize and stay objective:

Failure can take you off the track. For many, just the thought of lost money and time paralyzes them to such an extent that they never want to pursue their dreams again. But you have to understand that, the chances of success are equal to the chances of failure. It's just the other side of the coin.

Move ahead in life with a positive mind set and not expecting to fail, but understanding that there are chances of failure. As and when you face failure, don't let it take charge and control your life. Always maintain the focus and think of failure as a learning experience.



## 6. Find people with similar interests to help you see things differently:

Failures are hard to bear on your own when you are enthusiastic about an objective. Try to get in touch with people to match you. This way, whenever you face a failure, there will be someone who will help you see and face situations through another perspective. It will help you to stay objective



# Overcoming failures in Entrepreneurship

## 7. Accept your mistakes, work on them and maintain pursuit:

It is a common practice for people to blame others whenever something goes wrong. But successful people always accept and own their mistakes and learn from them. If you don't learn from your mistakes, it is meaningless and something that keeps you terrified every minute of your day.

For a breakthrough, you have to accept mistakes and Welcome failure. Next time, don't make the same mistake again. It's alright if you fail, but the point is maintain your cool, analyze the reason of failure, come up with a new action, start again and keep going.



THANK YOU

A row of eight colorful wooden blocks spelling 'THANK YOU' on a white reflective surface. The blocks are arranged in two groups: 'THANK' and 'YOU'. The colors of the blocks are: 'T' (blue), 'H' (orange), 'A' (pink), 'N' (green), 'K' (purple), 'Y' (pink), 'O' (green), and 'U' (blue). Each block has a white letter on its front face. The blocks are placed on a white surface that creates a clear reflection of each block below it. A faint 'dreamstime.' watermark is visible in the center of the image.



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