



RISK FACTOR ANALYSIS

Name: _____

Company Name: _____

Date: _____

REVENUES, PRODUCTS AND SERVICES

1. Is the market for your product / service shrinking or growing?

2. What is the size of your potential market and what is your share?

3. Are there products or services being developed that could be substituted for what you offer and be sold at a lower price?

4. Can you raise prices or does competition limit you?

COMPETITION

1. Is it easy for other competitors to enter your business? What are the barriers to entry?

2. Is there a possibility of key suppliers beginning to compete directly?

3. Which competitors may be able to under price you?

4. Are there trends that may negatively affect the nature of the competition you face (competition from Walmart rather than local retailers)?

5. How will the internet affect your business? Is it a threat or an opportunity?

PEOPLE

1. Is there a potential shortage of key technical employees?

2. What is the status of your employee base, and are you putting up with mediocrity?

3. What are the major weaknesses of your management team? Will your company be hurt if a key manager quits?

COST DEPENDENCY

1. What percentage of your costs are fixed rather than recurring? (e.g. premises, payroll etc. – items that cannot be quickly eliminated.)

2. Does your company have cost increases tied to the cost of living increases in the US index? (e.g. union contract, clauses in employment contracts etc.)

3. Will high interest rates impact your company?

4. What is debt as a percentage of revenues?

5. What was the total interest paid last year as a percentage of net profit?

LEGAL LIABILITIES

1. Are there developments in other industries that could indicate problems for you in the future? (e.g. lawsuits in the tobacco industry translating into similar issues in the liquor industry.)

2. Are you exposed to employee law suits that could represent a significant exposure? (e.g. ageing workforce and potential for age discrimination lawsuits, hourly paid workforce and potential for class action suits for wage and hours violations.)

3. How could changes in the legislative landscape affect you? (e.g. universal healthcare, homeland security initiatives, immigration laws etc.)

EXTERNAL FACTORS

1. Will a weakening of the dollar raise your cost of raw materials?

2. Can international events result in a shortage of raw materials needed by your company?

3. How will you be impacted by rising fuel prices?

PERSONAL

1. Is your continued good health essential to the success of the business?
What happens if you have a heart attack or other life threatening disease?

2. If your business were to fail, what liabilities could attach to you personally? List below all the corporate liabilities that you personally guarantee. (bank, real estate, leases, cars, IRS, sales tax).

3. What strategies can you employ to protect your personal assets against attack?

4. Is your business under potential attack from areas of your personal life? (e.g. divorce, problems with children, aging parents etc.)

GENERAL

1. Are there trends that could negatively affect either the economic or technical aspects of your business?

2. What do you expect to be different about your business in 3 to 5 years?

3. What factors could derail the plans that you currently have in place for your business?

DISASTER SCENARIOS

1. What would you do if you pulled up in front of your business and it was no longer there? (e.g. fire, gas leak, aircraft crash, flood etc.)

2. What happens to your business if you die unexpectedly?
