

## Belt and Braces - Managing Risk

### ***We're creatives – we have to make our own safety nets***

Being a creative freelancer or running your own small creative business IS a risky business. There's just no getting away from that. Work patterns can be unpredictable, our finances uncertain or even precarious, and many of us just don't have the safety net that comes with being employed by someone else. (But the benefits outweigh all of that right?!)

But if you put too much at stake, if things get too risky, it's not only your bottom line that could suffer, it's also your wellbeing. Yes, some risks can pay off, but others can really make a dent in your finances, reputation, confidence and even your mental health.

So if you're super smart, as part of your business planning you'll get stuck into doing some risk analysis...

### ***What does risk analysis actually mean?***

**Risk Analysis** is a really technical name for a relatively common sense process that's basically about thinking about the worst that could happen, what that would mean for you and your career or business, and figuring out what you'd do in that situation.

Thinking about this stuff as part of your business planning helps you to decide what ideas to take forward and which ones to drop. More importantly, it also means that should anything go wrong in the future, you'll already have thought about how to deal with it, and won't have to come up with a brilliant idea just at the moment your stress levels are about to go through the roof. In fact, it'll probably mean that your stress levels are much lower across the board.

### ***What does it involve?***

We're all individuals, and no two creative careers or businesses are the same. But the process for analysing the risks to these is pretty much the same for us all. Broadly speaking, there are four stages we'll all go through:

**Identifying the risks:** Thinking about the situations that would pose a risk for you, your finance, mental health etc.

**Assessing them:** Thinking about how likely they are to happen, and the impact they'd have. It can help to have a scoring system for each of these (e.g. 1=not likely at all, or really low impact, through to 5=really likely, or very high impact), so you can then rank them according to their potential impact and probability of occurring.

Doing this helps to know where to place your focus.

**Planning how you'd respond:** Once you've done all that, it's time to work out what you'd do if any of these things actually happened. Really try to be realistic here – yes, there are some things you could probably do, others you might be able to do, but in some circumstances you might just have to accept what's happened and learn from it.

**Controlling (and monitoring) them:** So we can't control everything, and in risk analysis terms 'controlling' really means 'monitoring'. So be sensible, keep an eye on things, be on the look out for new threats, and make sure you update your risk analysis every year or so. Risk analysis isn't a one time thing!

### ***Some common risks we should all be aware of***

We're all individuals, and no two careers or businesses are the same. That's what's brilliant about being an artist or creative freelancer, or running your own creative business.



## Risk Analysis

**Identify**

**Assess**

**Respond**

**Control**

But many of the threats we'll potentially have to face will be the same. Some risks will be specific to us individually, but others will be things that all creatives face, or to do with changes happening across the creative sector or in the world at large. Here's are some examples to get you inside what we mean...

### **Internal risks**

These are often more specific to you and your business and easier to control than external risks. Some examples include:

- Financial risks (e.g. Poor cashflow, costs outstripping sales)
- Marketing risks (e.g. aging audience, developing a new brand)
- Operational risks (e.g. IT failure, supplier going out of business)
- Workforce risks (e.g. injuries or accidents caused by faulty or low quality equipment)

### External risks

Though you can plan for external risks, they are usually out of your control. You might need to take a reactive approach to managing external risks. These risks include:

- Changing economy (e.g. new taxes, people having less disposable income)
- New competitors
- Natural disasters and pandemics
- Government regulations (e.g. changes to licensing laws)
- Consumer demand changes (e.g. aging audience, new trends)

### ***Use our risk register to capture all of this***

The easiest way to capture all of this is to create a risk register. Luckily we have a [template](#) for that!