



Risk Taking

Meeting 5

Risk Concepts, Tips & Tricks for Risk Management



Risk Concepts: An Introduction

❖ Risk Definition

- Uncertainty
- Consequences that have adverse effects
- Risk and business decision making
- Relationship between: Risk – Rezeki (Sustenance)

❖ Motivation takes risks

- Want a return that is equivalent
 - able to calculate risk
- Trapped
 - not able to calculate risk, or
 - do not know the risks faced

Risk Concepts: An Introduction

- ❖ Types of Risk in Business
 - Pure Risk
 - Risk of loss / damage to assets owned
 - Work accident
 - Risk because of lawsuits
 - Other operational risks
 - Natural disasters (force majeure)
 - Speculative Risk
 - Price Change Risk
 - Change in input prices
 - Changes in output prices
 - Credit Risk

Risk Concepts: An Introduction

❖ Loss Due to Risk

▪ Direct Loss

- Nominal that must be borne due to the direct impact of the risk

▪ Indirect Loss

- Possible sales / profits that failed to be received
- Additional operational costs arise
- Lost investment opportunity
- Other losses

Risk Concepts: An Introduction

❖ How to Calculate Risk

- Determine how often the risk occurs (frequency or probability)
- Determine the impact arising from the risk (impact)
- Calculate the probability of loss prediction, with the formula:

Frequency x Impact

Risk Concepts: An Introduction

- ❖ Example of Calculating Risk
 - Risk of merchandise theft
 - Frequency: 1 month 5 times
 - Impact: In each event the average loss is IDR 300,000
 - Possible prediction of loss:
 $5 \times 300,000 = 1,500,000$

Meaning: Within one month there is a risk of merchandise theft that has the potential to cause a loss of IDR 1.5 million

"A little progress each day in your self is ads thing up to big result."



Barelang Bridge, Batam

Risk Concepts: An Introduction

❖ Risk Management

- Starting from the risk that has the greatest possible loss prediction (Pareto principle)
- Management Strategy Options:
 - Controlled, so that risks do not arise, for example: SOP, Quality Control
 - Transferred to other parties, for example: consumers, suppliers and insurance
 - Self-financed, made a reserve of funds to finance if risks occur

Tips & Tricks

- ❖ How to deal with risk
 - It must be understood that risk is not an obstacle to progress. Risk must be taken as a consequence of wanting something better (success)
 - Identify what risks can potentially arise in business
 - Identify how often these risks occur
 - Identify how big the impact of the risks that arise
 - Prepare risk mitigation measures only on dominant / priority risks

end

