

Safety measures in entrepreneurs

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Abstract

An entrepreneur is a person who seeks to benefit from any given opportunity, rather than working all day long as an employee, with a fixed routine. He or she works according to a plan of their own. Entrepreneurs are a very important donator in any economy. These are the people who have the initiative and skills necessary to anticipate recent and future needs and bring great new ideas to market. But with every positive aspect there comes some negative aspects too, which should not be overlooked. So we need to understand every highs and lows of being an entrepreneur

Keywords

Entrepreneur, Market, Skills, Risks, bottomline, topline

1. Introduction

An entrepreneur is defined as 'A risk taker who is pursuing a new business, innovation, or some other form of enterprise, which can give them some profit in return for their skills.' There is always some debate over the exact definition of an entrepreneur but some have a wide definition that includes anyone who works for them self. Others have a simpler point of view, suggesting that an entrepreneur not only just works independently for their own business, but their business also involves innovation and leadership. But as known to us that something new and innovative will always cost some downsides for both the creator and the user. Therefore, we need to take future precautions for the betterment of the company or organization, so that the risk rate is very low and the production goes without any flaw [1-2].

2. What Risks Does An Entrepreneur Face?

Every entrepreneur is a risk-taker of a kind. Most entrepreneurs risk everything that they have when they decide to start a business. For entrepreneurs, there is no security in monthly income, and spending time with family and friends can be challenging for them. Here are some of the risks that every entrepreneur and investor should evaluate and understand before starting a business of their own-

1. FINANCIAL RISK
2. STRATEGIC RISK
3. TECHNOLOGICAL RISK
4. MARKET RISK
5. COMPETATIVE RISK
6. ENVIRONMENTAL RISK
7. SOCIAL RISK

Financial Risk

An entrepreneur will need funds and resources to start a venture either in the form of loans from investors, their very own savings, or funds from family or friends. The founder and leader will have to put their everything at the edge sometimes to get the grip of everything to keep the company running and functioning. Any new business should have a financial planning for the overall business plan showcasing the income projections and how much cash will be required to break-even the requirements, also the expected return for investors in the first five-year timeframe. Failing to accurately planning accordingly could mean that the entrepreneur has a risk of going bankrupt, and investors get nothing for their investment.

Strategic Risk

An impressive and creative business plan will always appeal to the investors. However, we live in a world where strategies can become outdated quickly because of the dynamic and fast-paced growth of the industry. Changes in the market or the business environment for the industry can mean that a given strategy is wrong for the required approach, and a company might struggle to reach its benchmarks and key performance indicators (KPIs).

Technological Risk

New technologies are constantly emerging, particularly in this era of the Fourth Industrial Revolution, where AI's are sharing half the work place as humans. Some of these changes are known as "paradigm shifts" or "disruptive" technologies. To be in the race for a longer run, new companies may have to invest heavily in new systems and processing speed, which could drastically change the bottom line.

Market Risk

There are many factors that can affect the market for a product or service. The unpredictability of the economy and new market trends pose a risk to new businesses, and a certain product might be popular for a year but not for the next. For example, if the economy of a country or state declines, costumers is less inclined to buy luxury products or non-essentials. If a competitor provides a similar service or product at a lower price, the competitor might steal market share. Entrepreneurs must perform a market analysis that assesses market factors, the demand for a product or service, and customer behavior and requirements. Buying and selling shares of a company or an organization of a new entrepreneur is always risky as most of the time the person is actually unaware of the fact that he or she may lose his shares in an instance as the stock market is a very unpredictable place to put your money in.

Competitive Risk

Entrepreneurs should always be aware of their competitors. If there is no competition at all, this could indicate that there is no demand for a product in the market. If there are a few larger competitors, the market might be balanced, or, the company might struggle to compete in the market. Moreover, entrepreneurs with new ideas and innovations should protect intellectual property by seeking patents to protect their product or service from competitors.

Reputational Risk

A company's reputation is everything above all, and it is particularly so when a new business is at its initial and customers have preconceived expectations from it. If a new business disappoints its consumers in the initial stage alone, it may never gain the momentum. Social media and word-of-mouth plays a key role in growing business reputation in marketing. One bad feedback or negative posting from a dissatisfied customer can mean huge losses in revenue. Reputational risk can be managed with a strategic approach that communicates product's information and builds relationships with consumers, investors and other stakeholders.

Social Risk

There are always some things that cannot be controlled by a good business plan or the right insurance. Natural calamities, wars and recessions are all risks that new companies and entrepreneurs may face. There may be a strong market for a product or new idea in an under-developed or less economically stable country, but these countries can be unstable and unsafe, or logistics, tax rates, or tariffs can make trading difficult depending on the political situation at any point of time. Also, some business sectors have very high failure rates, where companies and entrepreneurs in these sectors may find it difficult to find investors. Some such sectors include food service, retail, and consulting [1-5].

3. What are Topline and Bottomline in business?

Topline

Topline is referred to a sales or revenue shown on the income statement of a company. When calculating quarterly performances, company's post the period's sales number as the first entry at the topof the income statement. Therefore, when someone talks about the company's "topline growth", they are referring to an increase

in its gross sales or revenues. When companies talk about the need to increase their topline, they are actually discussing about the need to focus on generating/increasing sales.

Bottom line

A company's bottom line can also be referred to as its net earnings or overall income. Bottom line is usually the efficiency of any company in controlling its costs even by delivers higher and good quality sales. A company that is growing its reducing its costs or net earnings is said to be "improving its bottomline".

4. How to Minimize Risk in a Business?

All new businesses need to assess the risks within their firms and in their industries to come up with the best ways to minimize any chances of risk at all.

Here are a few points on how to Minimize these risks-

1. INSURANCE
2. EXPANSION OF THE OFFERINGS
3. SHORT-TERM COMMITMENTS
4. PRACTICING SAFETY
5. REVIEWING POLICIES AND RULES
6. CREATING A MANAGEMENT RISK PLAN
7. FINANCE
8. PLANNING

Insurance

Although insurance doesn't really reduces risks, but it helps the small businesses by supporting them from taking the entire financial burden that is associated with either an injured employee or defected inventory, and thus reduces the risk to the business. A company needs to seriously consider insuring their inventory, the companies property, business equipment and vehicles and by also maintaining a workers compensation policy.

Expansion of the offerings

If a business depends on just a single product, there is a higher chance that it may shutdown permanently once the public loses interest in their product or there is government or legislative change which hugely affects that business or a large competitor takes over the marketplace.

Short-term commitments

Until and unless a small business is strongly established into the market, long-term commitment such as including mortgages or car lease payments needs to be avoided. Private vehicles can help to reduce the business costs and also the initial risks because the unnecessary use of cash is not required.

Practicing safety

Safety precautions are also important for any company's inventory protections. Such can be done by installing security cameras, burglar alarms, sprinkler systems and smoke detectors. This needs to be taken care of mainly because small businesses always face the biggest risks when it comes to employee injuries and major loss in inventory.

Reviewing policies and rules

Company rules can be as simple as having a checklist of precautions before one enters the work area. This is especially done with regards to safety issues for employees. For finances, it could be, for instance, placing different employees in charge of factors such as approving payments, signing cheques or authoring supplier contracts. Small businesses always face the higher risks when it comes to theft and frauds; due to often lax or no systems or accountability in respect of money. They should limit the number of users who can use the internet. In this way,

they can reduce the operational risk of having way too many employees conducting personal business during working hours.

Creating a management risk plan

Proactive steps are needed to be taken in order to avoid risk. For instance, the company should have at least two people working on the same job. Thus, in any case, if one of the employees leaves without any notice, the other employee can always take over the job. Thus, the job wouldn't suffer or worse, sometimes clients leave due to lack of services. In small business this is hard as most of the time only one person fulfills many roles [4-6].

Finance

One of the biggest issues that most new entrepreneur face is financial risk, not just in day to day operations but also in growth. Many entrepreneurs feels that marketing and sales is the most important aspect of business, however, the money side of things is equally important. They can minimize risk by using strong and well worded (legally-reviewed) client contracts or Terms & Conditions and Staff Agreements. Also, Having cash-flow forecasts and budgets in place reduces risk.

Planning

If a company knows what they are doing, have a strategy and plan may give them a better chance of success. Having expert advice and a documented blueprint has always been proven time and time again (statistically) to give a business a better chance of success and reduce the risk of failure.

5. Conclusion

Entrepreneurship (autonomous, small, medium and large, intra-corporate and also within giant organizations) and yet sufficiently open and flexible to foster the creation of knowledge and to bring about innovations in stream, etc., are all the situations where uncertainties are multiple but can be subdued and transformed into potentialities by ordinary managers and leaders, provided that all are clear and responsible regarding the values that sustainably drive them. As John Dewey, one of the three founders of the powerful American pragmatist philosophy put it: what we assign value to is what we value most, which is also that by which we are sustained. If we want freedom, a desire to live and act to make the world a little more liveable via sustainable and responsible organizations, let us wish ardently that many uncertainties replicate for a long time against companies and totalitarian organizations of any type.

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