

6. RISK ASSESSMENT

6.1 Marketing Risk Assessment

The main risks that could be envisaged are a reduction in demand, increased competitive activity and the failure of the new staircase designs to be accepted.

Whilst the construction industry may not remain as buoyant as he has been over the past few years, the company is confident that the traditional sector of the market will hold up sufficiently for it to achieve the sales objectives.

The company has a loyal customer base and with its good quality and customer care, it would expect to be able to maintain its position in the event of increased activity by competitors. If competitors resorted to aggressive price-cutting, the company might have to trim its margins, if such a policy was sustained.

The company considers that the new staircase range will be successful, having done some research into the concept. Indeed, there has already been an expression of considerable interest from a number of existing customers and other architects and designers.

6.2 Personnel Risk Assessment

For a small company, the personnel infrastructure is quite solid with dual coverage of most key roles, in the event of long-term absence or departure.

The key role of estimating is probably the most vulnerable but by installing the new job costing system this will make it much easier to cover in the event of Douglas Smith's absence.

Within the office administration, the secretary understudies both Jenny Smith's and Alison Hammond's work and would be able to manage their tasks.

The other key position is Workshop Foreman. This role could be undertaken by one of the experienced joiners, who has been with the company for three years, with some support from Dale Hammond.

6.3 Operations Risk Assessment

The major risk to the business operation would be a fire – especially as there are large amounts of timber on the premises. Extensive precautions are taken in the existing premises and these would be replicated at the new premises, to minimise this risk.

The company has alternative sources of supply for timber, ironmongery and other consumable items, which ensures that there is little risk in sourcing of supplies for whatever reason.

The machinery is regularly maintained and checked for safety requirements. This minimises risk of breakdown, failure or being the cause of personal injury.

The computer system is backed up at the close of work each day and a backup copy is taken off site by one of the office staff. The new premises will have a sophisticated alarm system to reduce the risk of breaking and entering, for the purpose of theft or causing wilful damage.