Producers are no strangers to risk, especially those outside their control – crop failure, transportation issues, and changes in the market. For an agricultural organization, these types of risks can have a ripple effect. When producers are going through a hard time financially, it may result in lower membership. Events on a national level can take staff and board member time away from other essential business. A decrease in a certain type of commodity being produced can mean less financial resources. In addition to risks specific to the agriculture industry, many risks are common to all organizations. Taking time to consider the risks that may affect the important work you do is critical.

**Identify risks**

To address risks, the first step is to identify them. In the course of day-to-day business, it is easy to overlook what might have a negative effect on your organization. As a board or leadership team, take some time to ask the following questions:

- What could potentially happen that would affect our organization and its work?
- What is the likelihood of something happening?
- What are the potential effects?
- What can be done to reduce the likelihood of something happening or the impact on the organization?
- What can our organization do to prepare for the potential risk?

Another tool to help you assess risks to your organization and react appropriately is the risk matrix:

**FIGURE 1: RISK MATRIX**

<table>
<thead>
<tr>
<th>Likelihood</th>
<th>Very likely</th>
<th>Medium 2</th>
<th>High 3</th>
<th>Extreme 4</th>
</tr>
</thead>
<tbody>
<tr>
<td>Likely</td>
<td>Low 1</td>
<td>Medium 2</td>
<td>High 3</td>
<td></td>
</tr>
<tr>
<td>Unlikely</td>
<td>Low 1</td>
<td>Low 1</td>
<td>Medium 2</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Minor</td>
<td>Moderate</td>
<td>Major</td>
<td></td>
</tr>
</tbody>
</table>

1. **Low** – There will be little or moderate impact if the risk occurs and it is unlikely or the risk is likely to occur but the impact would be minimal.
2. **Medium** – The potential impact of the risk is moderate and it is likely to occur or the risk is significant but it is unlikely to happen. The impact may also be minimal but the risk is very likely to occur.
3. **High** – Either the likelihood or impact is considerable, the other is less significant.
4. **Extreme** – The impact is major and it is highly probable the risk will occur.
Consider the likelihood of the risk occurring. What impact might there be on the organization, staff, members or the public?

Using the matrix, identify if this is a low, medium, high or extreme risk to the organization. This will assign a priority to the risks and allow those risks to be addressed first.

**Manage risks**

Ultimately, the organization must decide what they will do about the risks they identify. They can decide the risk is minor and that they are willing to live with the consequences, or they can decide to reduce the risk by changing behaviour or the environment. They can also decide to get rid of the risk completely or shift the liability somewhere else.

**FIGURE 2: OPTIONS FOR MANAGING RISK**

<table>
<thead>
<tr>
<th>Risk</th>
<th>Accept</th>
<th>Avoid</th>
<th>Reduce</th>
<th>Transfer</th>
</tr>
</thead>
<tbody>
<tr>
<td>Minor</td>
<td>- minor risk</td>
<td>- stop the activity</td>
<td>- change behaviour or environment</td>
<td>- partners or insurance</td>
</tr>
</tbody>
</table>

Risk management should be a regular agenda item so that any concerns can be raised promptly. As well, it should have a specific place on your strategic planning agenda, with time given to adequately address all the risks your organization faces. An audit committee should be created to review financial and other risks on a regular basis and present them to the board.

**How to approach risk**

Risk management discussions should also consider the culture and health of the organization. Some organizations operate with a no risk, no gain philosophy, while others prefer to play it safe. Think about your organization’s approach and whether it is the right one for each situation. As well, consider the health of the organization:

- Is it in good standing financially?
- What is the reputation of the industry and the organization specifically? Is there something that needs to be rebuilt at the moment and a risky endeavour is not a wise option?
- Think about the staff, and in particular, the leadership. Are they experienced in handling this level of risk? If not, efforts need to be made to reduce or eliminate the risk or teach people in leadership how to handle risky decisions.


This fact sheet is designed for informational purposes only. The information contained in this fact sheet is not intended or implied to be a substitute for professional advice. Users should consult with their professional advisors to determine the appropriateness of the information contained in this fact sheet for their own situation.

**Other points to consider**

- Are you ensuring everyone is following your risk management procedures?
- Do you regularly inspect your property for potential risk factors and deal with any safety concerns?
- Are you following proper screening practices when you hire staff or accept new members on to the board?
- Do your minutes accurately reflect the decisions made at meetings? For more information see the following resource: Making Minutes Matter: Best Practices
- Does your organization complete all required regulatory reporting in the proper time frame?

**For more information**

- Go to manitoba.ca/agriculture and click on Industry Leadership
- Call us at 204-433-7749 in St. Pierre
- Email us at leadership@gov.mb.ca
- Visit your local Manitoba Agriculture, Food and Rural Development GO Office

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