



## **FIB Strategic Risk Assessment Tool**

A risk assessment should be performed before entering any organizational or business endeavor as well as before introducing anything new or making alterations to existing processes. The objective of a risk assessment plan will differ across industries, but overall, the goal is to aid organizations in being prepared for and able to combat risk.

### **Friend/Relationship Questions:**

- What is the worst thing that can happen if we move forward with this endeavor and what does it have the potential to do to the relationship?
- Would you make the same decision if there was no personal relationship involved?

### **Personal Questions:**

- Do understand the return on investment?
- What funds do I absolutely need to start?
- What's the level of involvement required?
- How much time will it consume?
- How much energy will it take?
- Do I currently have other obligations that will prevent me from giving the business 100 percent?
- Would there be a much better time for me to start a business other than now?
- Am I looking at starting a business from a position of relative strength or am I looking at starting a business from a position of relative weakness?
- Can I test-run the business part-time before quitting my job?

### **Traditional Questions:**

- Am I meeting legal requirements?
- What problem am I solving?
- Who else is doing this?
- What's my special sauce?
- What resources do I currently have to get started?
- How much cash will I have at risk?
- What are the chances of success?
- Should I choose between a higher-risk or lower-risk business?
- Suppose my business provides less income than I expected. How long should I stick with it?
- If the business doesn't work out, how easily will I be able to pick myself up and move along to the next endeavor?
- What's the Timeframe?
- Expected Rate of Return?
- What my exit strategy?
- Is the lifetime value of customers significantly greater than the cost of acquiring them?
- How big is the potential market?

- Is there a genuine need for this product or service?
- Is the business diversified?
- Is the business scalable?

## **Investments Questions:**

In our opinion investment questions should be broken down into three distinct areas: Product/Presentation, The Leadership Team and Financials/legal

### **Product/Presentation:**

- Is the Market Opportunity Big?
- Does the company have early positive transactions?
- Is the Initial Investor Pitch Deck holistic and professional?
- What Are the Potential Risks to the Business?
- Why Is the Company's Product Great?
- What Is the Company's Intellectual Property?
- What's the market context?
- Are there any holes in the company's market expectations?
- Is the company's distinctive offering defensible?
- How did the business come up with its valuation of its offering?

### **Leadership:**

- Does the management team have the skills to execute the idea?
- Are the founders passionate and determined?
- Do the Founders Understand the financials and key metrics of the business?
- Has the entrepreneur been referred to you by a trusted colleague?
- Are there plans to fill gaps in the team?
- Do the founders get along?
- Does the team understand its market?
- Is the team adaptable to change?
- Do you get along with the team?
- What else can I offer as well in addition to capital?

### **Financials/Legal:**

- Is your legal formation clean and in compliance with applicable laws?
- Is everything in place to make the business model function smoothly?
- What are the financial projections?
- Are the company's financial projections realistic and interesting?
- What returns can I expect?
- What will my investment capital be used for?
- What other capital requirements does the business have?
- How healthy is cash flow in the business?
- When will liquidity occur?