

The Influence of Risk

The Strategic Risk Management Toolbox

<http://www.risknavigator.com/toolbox/toollist.aspx>

The Strategic Risk Management Toolbox
A Selection for the Professional Agricultural Manager

Home
About SRMP
Textbook
Courses
Ag Survivor
Blog
Who We Are
What's New?

Download White Paper
IT GRC: Turn your operational risks into returns.
www.rma.com

AdChoices

RMA


Tool Inventory

- Alphabetical
- By Chapter
- Action Planning Worksheet
- Adequacy Achievement Grid
- Balance Sheet
- Cash Flow
- Critical Success Indicator Worksheet
- Deferred Tax & Missing Data
- EWS Farms RD Financial
- Financial Statements
- Human Resource Risk Assessment
- Management Team Roster
- Marketing Plan
- Mission Statement Worksheet
- Resource Flow Plan
- Risk Efficiency
- Risk Influence Calculator
- Risk Management Worksheet
- Risk Preference Calculator

Types of Risk Preference



The Risk Preference Calculator



Risk Preference Calculator

Main Menu

Take a Quiz

Continue

Continue

Continue

Result

Estimate My Risk Preference

Industry Risk Preference

Help

File: Save, Load, and Delete

By: Dana Hoag, Catherine Keske, and Eihab Fathelrahman

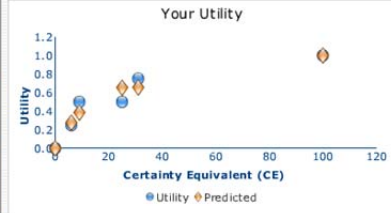
Contact: dana.hoag@colostate.edu

Estimate my risk preference

You have an opportunity to grow onions, but crops fail about half the time. Indicate in row 1 how much you would spend to produce onions if you have a 50% chance of making no crop and a 50% chance of making \$100 thousand dollars. Do the same in rows 2, 3 and 4 where the odds are slightly different.

	Decision to produce onions			Expected Payoff	How much would you spend to produce onions?	
	No Crop	Crop			\$0	\$100
1	\$0	\$100	\$50	\$50	\$25	
2	\$0	\$25	\$13	\$13	\$6	
3	\$25	\$100	\$63	\$63	\$31	
4	\$6	\$31	\$19	\$19	\$9	

Your Utility



Your Risk Preference

4.09

Your Risk Tolerance

8.69

Risk Preference Key

Negative = Risk taker
0 = Risk neutral

1 = Somewhat risk averse
2 = Rather risk averse
3 = Very risk averse
4 = Almost paranoid about risk

The Risk Preference Calculator

If it does, how big will its impact be?

How likely is this to happen?

Can I control it?

Risk Navigator
STRATEGIC RISK MANAGEMENT
By: Dana Hoag and Eihab Fathelrahman
Contact: dana.hoag@colostate.edu

Risk-Influence Calculator

Risk Category	Risk Type	Description	Probability	Impact	Risk	Influence
Market/Price:	Calf Price	Will my price cover my costs?	4	7	5	3
			NaN	NaN	#VALUE!	0
Production:	Wean Wt.	Will weaning weights be low?	2	7	4	10
			NaN	NaN	#VALUE!	0
Financial:	Interest	Will rising interest rates hurt me?	2	2	2	0
			NaN	NaN	#VALUE!	0
Human:	Employees	Will I lose a key employee?	2	8	5	8
			NaN	NaN	#VALUE!	0
Institutional:	Regulation	Will new rules hurt my operation?	5	8	6	6
			NaN	NaN	#VALUE!	0

Risk Navigator
STRATEGIC RISK MANAGEMENT
By: Dana Hoag and Eihab Fathelrahman
Contact: dana.hoag@colostate.edu

Risk-Influence Calculator

Risk Type	Influence	Risk
Calf Price	3	5
Wean Wt.	10	4
Interest	0	2
Employees	8	5
Regulation	6	6

Influence Chart

Focus here

● Calf Price
★ Wean Wt.
✖ Interest
● Employees
● Regulation

Your risk and your ability to influence it are listed above and charted to the left. Risks in quadrant 4 are a priority. Risks in 2 & 3 are a concern. Risks in quadrant 1 have a low priority.