Mainstreet Advisory Services

September 14, 2024

Risk Assessment

Identifying and mitigating key risks is critical to ensure your company is around for a long time. Finding ways to mitigates the risks your business faces will ensure you're prepared for the future.

Score	Recommended Mitigation Practices
Owner Dependency Risk **High**	**Delegate strategically, build process, and empower your team.** It is likely that your profitability declines if you leave the business today. Delegating key responsibilities, documenting processes, and empowering your team to take ownership of key functions fosters a more sustainable and marketable business.
Retain Key Employees **High**	**Retain key employees and protect against losing them** Employees are the lifeblood of your company. Consider revisiting your Employee Benefits Plan or exploring Key Person Insurance.
Supplier Diversity Risk **Moderate**	**Review your supplier relationships routinely** Your business has a diversified supplier base, however, there could be risk of relying too much on your top vendor. Its recommended you review your supplier relationships routinely to enhance stability and fortify your business against potential disruptions.
Financial Practice Risk **Moderate**	**Partner with a CPA to maintain your financial records.** Working with accounting professionals to maintain disciplined financial record keeping not only ensures regulatory compliance but also enhances the marketability of your company, positioning you for success in the eyes of potential buyers or investors.
Customer Concentration Risk **Moderate**	**Expand and diversify your customer base.** Relying heavily on a few customers for the majority of revenue increases business vulnerability. Diversify your customer base to enhance stability, mitigate risks, and fortify your business against potential fluctuations.
Liquidity Risk **Low**	**Your short-term liquidity is strong** The assets you have that can be quickly converted to cash are meaningfully greater than the liabilities you have due in the next year. Consider leveraging this solid foundation to explore strategic investments, optimize working capital, and fortify your financial position.
Leverage Risk **Low**	**Your debt-to-FMV of equity is 0.26** A debt-to-FMV of equity ratio between 1 and 2 is considered healthy for small businesses. This may vary significantly based on industry, business goals, and risk tolerance. on industry, business goals, and risk tolerance.