

Risk management
plan for a bakery
business
management essay



After Graduation I want to pursue my career as a Bakery Business

Entrepreneur. Food is one of the basic essentials of life therefore a proper industrial bakery channel is likely to yield high profits. The business has great potential for expansion as by starting off with a small industry I can make retail and wholesale stores. How dubious the economic situation may be this business generally keeps on moving if quality standards are maintained. My bakery will offer all sorts of breads, muffins, pastries, cakes etc. with special attention for catering to the needs of gluten allergy sufferers. Before starting my own business I'll survey present bakeries operating in the country, analyze the success rate of the most valued existing franchises and then hire professional bakers on the basis of merit.

Risk Management Plan:

“ A successful risk management initiative should be proportionate to the level of risk in the organization (as related to the size, nature and complexity of the organization), aligned with other corporate activities, comprehensive in its scope, embedded into routine activities and dynamic by being responsive to changing circumstances” (IRM, 2010).

Following is the brief description of risk management plan that I'll adopt once my business swings into action. My plan will begin with the process of risk assessment that aims to make employers more apt for taking the right action in terms of improving workplace production, safety, health, etc. therefore let us discuss the major risks associated with the development of a baking industry.

Property Risks that could arise from ownership or renting:

Normally all entrepreneurs suffer three kinds of losses: the property loss which could be direct or indirect, the liability loss and income loss concerned with employee's unforeseen predicaments. Direct property loss may occur due to calamities like fire, thunderstorm, theft etc. In bakeries equipment and surroundings is often at risk of catching fire. In case of catastrophe, specialized waste management firms might be contacted to clear the debris and the firm would have to continue daily activities in a temporary accommodation. Company's statistical records would be saved elsewhere to avoid major losses.

Indirect property losses may result in renovation of the damaged property e. g. the factory in baked items are made, paying transport van's rentals after the vehicle was stolen etc. In order to avoid such issues my business's property would be properly insured so that any loss from unforeseen events could be compensated. An insurance agent will provide checklists to help identify total property loss. All information regarding site ownership and purchased price documents would be kept handy (Dorfman, 1998, p. 68).

Liability Risks:

Liability insurance is one of the most important steps while launching a business that is often overlooked. " Product liability occurs when a firm's products allegedly injure the public. Environmental impairment liability arises from violating federal or state statutes designed to protect the environment, or from lawsuits from parties claiming injury caused by a firm's improper handling of toxic substances"(Dorfman, 1998, p. 51). As the chief owner my business will include employer's liability, public liability, stock, building, vans
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and money insurance. Product liability and other quality related issues will require the services of an attorney to make sure that the procedures are standardized, this will surely put up extra cost but it is worth all the effort as a little mistake is likely to destabilize business.

Proper insurance of the bakery business is essential. To get my bakery franchise legalized, I'll have to abide by government regulations like obtaining a bakery license regulated by the state. E. g. In California Bakery Licences are issued by the Department of Alcoholic Beverages. In order to avoid any risks I'll obtain a business license LLC and a Tax i. d. number. A Foot Handler permit would be needed by employees of the bakery.

Another essential step is the hygiene factor. From raw material till the transportation of bakery items special care is needed. For food safety management, government has launched specific standards like the Food Legislation (Local and EU legislation), GMP that stands for Good Manufacturing Practices, Good Hygiene Practices (GHP). The quality of bakery items should be in accordance with the Quality management international system like the ISO 9001, ISO 22000, BRC and others (Ehaval, 2009).

Auto Risks:

Auto insurance compensates the financial losses if the vehicle undergoes an accident while in business use e. g. while transporting of bakery products.

My bakery business would be auto risk insured before hand. Insurance company will provide property, medical and liability finance in case of auto risk occurrence. Property financing would be given in case the transport

vehicle is stolen by theft. Liability coverage compensates the damage done to others as a legal responsibility. Medical expenses will be paid for the funeral, lost salary or injury treatments of employees who suffered in the accident. The agreement with the insurance company includes specified regular payments made by the employer (Dorfman, 1998, p. 272).

OSHA concerns:

OSHA (Occupational Safety and Health Act) is a federal law brought into action in 1970. Its main aim was to ensure a safe working environment for the employees. " OSHA creates two duties for employers. One is to remove all recognized hazards from the work environment. The second is to comply with the standards for a safe working environment as published in the Bulletin from The Department of Labor"(Dorfman, 1998, p. 272). OSHA inspectors take on-site reviews and in case of violation heavy fines are charged to the employer. In order to manage this risk my business manager will keep a detailed record of any occupational hazards that resulted in severe injury or death of an employ. Lessons will be learnt to avoid future incidents. For new workers training will be provided for using potential risk equipment with care like sharp knives and electrical machinery.

Harassment Issues:

Harassment encompasses hostile work environment or sexual harassment. US Department of Labor revealed that over 16, 000 cases of harassment are reported each year. " Claims can be created by men, women, co-workers, managers, customers, owners, vendors and others"(Dorfman, 1998, p. 126).

My business will be an equal opportunity for both genders. Any kind of

harassment reported to the authorities would be dealt with severe penalties
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for future concerns. In every department whether its sales or production, women will be allowed to work on the basis of merit.

Age Discrimination:

“ The Age Discrimination in Employment Act of 1967 (ADEA) protects certain applicants and employees 40 years of age and older from discrimination on the basis of age in hiring, promotion, discharge, compensation, or terms, conditions or privileges of employment. The ADEA is enforced by the Equal Employment Opportunity Commission (EEOC)” (Solis, Hilda L, 2010).

“ Civil Rights Act of 1964 prohibits discrimination in hiring, promotion, discharge, pay, fringe benefits, job training, classification, referral, and other aspects of employment, on the basis of race, color, religion, sex or national origin. This law is also implemented by the Equal Employment Opportunity Commission (EEOC)” (Solis, Hilda L, 2010).

Keeping in view the existing laws, retirement age in my business firm would be sixty. Young skilled employees will be welcomed to join the team.

Discrimination due to disability:

“ Title I of the Americans with Disabilities Act (ADA) prohibits employers of 15 or more workers, employment agencies, and labor organizations of 15 or more workers from discriminating against qualified individuals with disabilities” (Solis, Hilda L, 2010).

Group Disability Income Insurance:

Compensation is to be granted if an employee is disabled by a work related accident. Although worker's compensation benefits are rarely adequate, they do ensure economic security for the worker's family (Dorfman, 1998, p. 501). Long term disability benefits will be insured and remain applicable until a specified age of 60.

As “ Title II of the Americans with Disabilities Act (ADA) prohibits state and local governments from discriminating against qualified individuals with disabilities in programs, activities, and services” therefore employees with mobility or speech impairments could be adjusted in dealing with the technological affairs like managing websites or dealing with the customers on telephone. The report on European Agency for safety at work states that the physical working environment should suit the employees with disabilities. In addition to the above mentioned OSH Legislations my working conditions would take into account that flooring, stairways should be slip resistant. Ergonomic Principles will be kept in mind while designing the business firm (Amelie' Buffet Marie & Priha Eero, 2009, p. 24).

Employer/Employee Issue:

Keeping in mind the importance of human capital, my business will involve a well organized workforce. Suggestions would be accepted from the workers regarding quality improvement and managing teamwork. All employees must be trained yearly. Work shops or seminars would be arranged from time to time to keep the bakery updated with the latest technology for baking.

Benefits for the Personnel:

The personnel policies of the firm would be made keeping in mind the state laws governing in the present scenario. Health insurance would be provided to all workers as part of the employee benefit plan.

“ A baker working by the hour can make anywhere from \$8 to \$14 per hour on average with an annual salary ranging from \$15, 000 to \$20, 000 each year. A baker can require higher pay depending on education, experience and geographical location” (Ehaval, 2009).

Before my bakery will set into operation, I'll be having six months period of operating costs setback. During that time due to sudden immense expenditure being spent on security deposits and construction, advertising, permits and licenses as well as startup inventory I might not be able to give extra facilities to my employees but after that trial period, once the business is off and running, all remuneration issues will be finalized to keep my employees motivated.

How to handle personal issues:

“ Employment practices liability describes the loss potential arising from lawsuits from employees alleging wrongful hiring, promotion, demotion, termination and sexual harassment” (Dorfman, 1998, p. 51).

Hiring an Employee:

My business firm will gather in advance as much information about the applicants as possible in order to reduce the risk of negligent hiring. Federal and state anti discrimination laws will be kept in mind during the hiring

process. After selecting an employee through proper channel of employment applications he would be assigned work tasks within the firm.

Terminating an Employee:

It may happen that the selected employee does not come up to the company's expectations. Liabilities involved in terminating an employee might mean invading the company's privacy, reputational risks are also involved. Therefore performance appraisals during job hours and an exit evaluation form offered by the firm would answer the reason for termination of the employee that would be in accordance to the current state laws to avoid any hindrance in the business flow (Amelie' Buffet Marie & Priha Eero, 2009).

Dealing with Fraud:

The firm will have a clear contingency plan for fraud. The responsible employee would be held accountable to compensate his misconduct or in severe case he might even be expelled from the job (Sadgrove, 2005, p. 266).

External reporting to stake holders:

“ External reporting should provide useful information to stakeholders on the status of risk management and the actions that are being taken to ensure continuous improvement in performance. Firms need to report to its stakeholders on a regular basis, setting out its risk management policies and the effectiveness in achieving its objectives. Increasingly, stakeholders look to organisations to provide evidence of appropriate corporate behaviour in

such areas as community affairs, human rights, employment practices, health and safety, and the environment”(IRM, 2010).

Identifying the risks factors beforehand will help to prevent crisis. The business firm will develop polices to handle risk situations and managers will be appointed in each department to monitor the major risk areas. Quality would be a major detriment in the success of my firm. I hope that once this risk management plan is activated risk losses will reduce to a minimum and profitability is forecasted to occur within a couple of months.

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