

Enterprise

Activity 7: Understanding and managing risk

Introduction

The term enterprise can relate not only to setting up a business, but also having enterprising ideas as an employee, a volunteer or in our personal lives. In each of these contexts, enterprising ideas have associated risks that need to be understood and evaluated.

In this activity you will provide learners with an opportunity to consider the risks that could be involved in a given scenario. It will enable them to develop an understanding of the importance of recognising potential risks and of balancing risks and benefits. It will also enable them to investigate ways in which the probability of certain risks can be reduced through careful planning, and ways of responding if those risks become realities.

This activity uses an experiential learning approach where learners experience a situation, in this instance through a mini case study, and as a result develop their understanding of the issues involved. They learn by experiencing the situation, linking what they have learned to their existing knowledge and developing and refining their understanding to form new knowledge. In this way, the approach is effective in terms of helping learners to understand and manage the risks involved in enterprise and how this knowledge can be applied in other contexts.

More information about experiential learning can be found in Part 3 of the **Cross-curricular themes: continuing professional development guide**.

Learning objectives/outcomes

Learners should be able to:

- describe the benefits of personal enterprise
- determine how to source entrepreneurial ideas and evaluate associated risks.

Resources required

- Copies of the **Enterprise: the learning points** document (found in the Enterprise theme section of the resource).
- Copies of **Sheet 7.1: Benefit and risk scenarios** – providing a range of enterprise challenge scenarios. You may choose to print these out on card and cut each scenario out to give to the group.
- Copies of **Sheet 7.2: Managing risk worksheet** – one per group of learners.
- Whiteboards or flip charts on which learners could also write their responses to this activity.

- **Sheet 7.3: Suggested questions** – to prompt and facilitate feedback, discussion and learning between groups at Stage six of the activity.

Starting points

Learners do not need any prior learning relating to enterprise before undertaking this activity. However, it would be beneficial for learners to have previously discussed the meaning of enterprise using one of the other Enterprise resource activities. This could have been completed in a previous session, or may be completed prior to the start of this activity.

Planning learning in multiple environments

This activity could be adapted by, for example, personalising the enterprise scenarios and relating them to the learners' work experience, hobby or geographical area.

The activity requires learners to consider ways in which the likelihood of certain risks could be reduced or how the consequences of those risks could be minimised. As the possible actions are closely related to work skills such as communication and planning, you could use this to check the progress of learners against personalised targets, especially those related to work experience.

Suggested approach

In this activity learners are presented with an enterprise scenario. This could be organising an event such as a fundraising day, starting an enterprise and selling goods for profit, or selling their own specialist skills. They are shown three possible outcomes for that scenario, ranging from it being very successful through to it failing. Learners are asked what they could do to increase the likelihood of success, to reduce the risk of an unsuccessful outcome and to minimise the effects of the risks, should they occur.

As part of the activity, learners will use a set of prompt questions to check learning, provide feedback and assess whether the success criteria have been achieved.

The session will conclude with reflection on the activity and discussion on how similar challenges and risk management issues could arise in their own lives.

Stage 1

To set the scene for the activity, check the learners' understanding of enterprise. If learners have taken part in previous enterprise sessions you could refer to the learning that has taken place from those sessions.

Explain that enterprise can be seen in many contexts and that it is not just about setting up businesses – enterprising ideas can be generated by individuals in the role of employee, as volunteers, in their personal lives and in social situations.

Generate a further discussion by asking learners if they think there might be an element of risk involved in enterprise and if so, what those risks might be. You are looking for broad responses at this stage rather than specific examples.

An important part of experiential learning is to allow learners to relate the new knowledge to their existing understanding and this warm-up activity provides an opportunity for learners to reflect and share their knowledge.

Stage 2

Introduce the activity by explaining that learners will be exploring different types of enterprise scenarios, considering the potential benefits and risks and the ways in which risk can be minimised.

Divide the learners into small groups. In arranging the group consider the following:

- Group size: three to five learners would work well for this activity.
- Prior knowledge: ensure the group has a balance of learners who are confident and those who are less confident.
- Group roles: roles could include timekeeper, recorder, task manager and presenter.

Stage 3

Allocate a challenge scenario card from **Sheet 7.1: Benefit and risk scenarios** to each group or ask each group to select a card. Alternatively you can create your own list of scenarios that might more closely reflect learners' interests or their subject or vocational area.

Explain to learners that, in this activity, they are to take on the role of entrepreneurs by considering a particular scenario and assessing the benefits and risks associated with it. To demonstrate that enterprise isn't just about big business, the scenarios describe small-scale enterprise challenge in everyday settings. As a group of entrepreneurs they will investigate what steps they could take to manage the risks involved and, at the end of the session, will decide whether they think the benefits now outweigh the risks and whether they would be prepared to undertake the challenge.

Explain that the success criteria for this activity is not about going ahead with the challenge but in making the right decision based on whether the benefits outweigh the risks involved. Therefore, if a team decide not to undertake the challenge because the risk is too high, they have still successfully completed the task.

As this is a group task, learners could adopt specific roles. Describe the various roles, such as timekeeper, recorder, task manager and presenter, and ask learners to allocate their own roles.

Stage 4

Give each group a copy of **Sheet 7.2: Managing risk worksheet** and brief the groups as follows, explaining any unfamiliar terms.

- Read through the card that provides details of the challenge and three possible outcomes. Each outcome describes the benefit or risk involved in the challenge.
- One illustrates a successful outcome, the other an unsuccessful outcome and the third a mediocre outcome where you might break even or make a very small profit.
- Risks vary in two ways:
 - the likelihood (or probability) they will occur
 - the severity of the consequences.
 - Note: You may want to explain these terms in more detail and provide some examples.
- At this stage there is an equal likelihood that any of these outcomes occur. Your task is to understand and manage the risk, with the aim of increasing the likelihood of success.
- You must decide what action you would take which would :
 - reduce the element of risk
 - reduce the likelihood of the risks occurring
 - reduce the severity of the consequences
 - increase the likelihood of success.
- List your proposed actions on **Sheet 7.2**. These may include things like planning ahead, communicating with others, accepting help and advice or having alternative options if things go wrong.
- When you have listed your proposed actions, estimate how likely you now think it is that the project would succeed, and whether you would be prepared to take on the challenge.
- When deciding whether to take a particular course of action you need to weigh up the benefits and the risks involved. The benefits will need to outweigh the risks before most people will undertake a challenge.

Emphasise that, in order to complete this task, learners should discuss the issues as a group, investigate the various outcomes, explore possible actions and agree whether they will take on the challenge. Explain that it is the discussion element that is important in terms of learning from each other and they need to come to a group decision based on input of all members of the group.

Stage 5

At this stage groups can work through the task independently. Your role is to monitor discussions and:

- encourage learners to discuss the risks and proposed actions fully
- provide some prompts to avoid learners becoming stuck
- ensure that each member is participating in the task.

Stage 6

When learners have completed their lists of proposed actions and decided whether they will take on the challenge, ask the groups to team up with another group and share their proposed actions with each other. Each group should take a turn at presenting their ideas and gain feedback through discussion with the other group.

Give each group a copy of **Sheet 7.3: Suggested questions** and brief the learners as follows:

- Learners from Group A who are presenting their ideas should give an outline of the scenario, the estimated risks, the action they propose and how this will reduce the risk.
- Learners from Group B ask questions from **Sheet 7.3** to determine whether group A have successfully completed the task.
- Learners from Group B should then decide whether Group A have made the right decision in terms of deciding whether to go ahead with the challenge. You should give reasons for your decision. Remember, the success criteria for this activity is about making the right decision based on whether the benefits outweigh the risks involved.
- Groups should then swap roles.

Stage 7

To bring this part of the activity to a close discuss the results of the activity with the whole group. Identify examples of actions that could minimise risk. These may include:

- seeking help and advice from people with relevant experience
- receiving training before undertaking the challenge
- enlisting the help and support of friends
- researching customer needs in advance
- communicating information about the project to others
- having contingency plans.

Stage 8: Consolidation, checking and reflecting on learning

Review the overall activity with the learners. You may find the following prompts useful in linking this activity to learners' individual experience.

- What similar challenges have you been involved in before?
- How might you decide in future whether certain risks could be worth taking?
- What action would you always take to minimise the risk in challenges that you may undertake?
- What potential benefits can enterprise bring?

Ask questions that support learners' reflections on how they have learned. Useful questions might include:

- How did you approach the task?
- What skills were used in the task?
- How did your thinking change as a result of the group discussions?
- How did the group decide whether to accept the challenge or not?
- Did having to share your ideas with another group help with your learning? If so, how?
- What personal, learning and thinking skills did your group use?
- What language skills were used in the task?

In order to assess the level of learners' understanding you could ask the group to record their learning on a flip chart, visual organiser or poster. Learners could:

- list some of the benefits of enterprise
- list some of the risks associated with enterprise
- explain the difference between likelihood of occurrence (probability) and consequences of risks
- list three typical actions that can help minimise risk in an entrepreneurial project.

Visual organisers

Creation of visual organisers requires learners to develop and use high-level skills, namely analysis, synthesis and evaluation.

Visual organisers are powerful and active tools that enhance the thinking and learning process for all learners. They immediately engage the many learners who have a strong visual learning preference. Tools such as concept maps, flow charts, comparison tables, Venn diagrams or continuums harness learners' vision to help them arrange and understand complex information. They also help learners to recognise the relationships between old and new learning and linkages across different topics or themes. These tools can all be used to create posters.

Visual organisers give learners at all levels practical ways to structure their ideas, facts and concepts visually and they facilitate effective learning. Instead of being passive receptors of facts and information, which can result in surface (or rote) learning, learners are encouraged to use higher-level skills to seek and construct meaning as they interact with the subject content. This results in deep learning, or understanding, that becomes internalised and then transferred to new learning situations.

To conclude the activity you may find some of the following points helpful in summarising the main points.

- Enterprise is always likely to involve some element of risk.
- Risks vary in terms of their likelihood of occurring.
- Risks also vary in terms of the severity of their consequences.
- Both the likelihood of occurrence and the severity of consequences can be reduced through actions such as careful planning, good communication with others and finding out what customers really want.
- Entrepreneurs know how to balance risks and benefits.

Alternative approaches

This activity can be completed using a specific scenario that directly relates to the learners' subject or vocational area. If learners are involved with organising an activity associated with their learning, for example, a display of their work, a field trip or a demonstration of their activities, an element of understanding and managing risk could be linked to this.

Differentiation to meet individual needs

Some learners may be unfamiliar with the terminology included in the scenarios. You may want to alter the wording to suit your learners.

Confident learners may like to create their own challenge scenarios for each other and make their own assessment of the likely risks. They could use the blank template and create scenarios based upon the own interests and experience.

Challenges – what learners might do next

Learners could look for reports of events and activities that have been run successfully or at small businesses that they know. Produce a list of the risks and benefits that may have been involved. List the things that may have been done to reduce risks and ensure success.

Learners could, when faced with a difficult challenge, write a list of the potential risks and benefits involved. Estimate how big the potential risks and benefits are, and list actions they will take to maximise benefits and minimise risks.

Embedding literacy, language and numeracy (LLN)

Every learning activity includes many different opportunities to develop LLN skills. Always try to find a naturally-occurring opportunity where learners can immediately appreciate the relevance and importance of the skills they are learning to use.

Your LLN specialist may be able to help you to identify specific levels and curriculum references relevant to this activity and to create engaging learning activities to develop the

skills. You will be able to identify the general type of LLN skills required as you probably use the skills yourself every day.

This activity can be used to help learners to develop the speaking and listening skills below.

At Level 1, make contributions relevant to the situation and the subject.

- Understand that it is necessary to listen carefully in order to make relevant contributions at the right time.
(Adult literacy core curriculum reference SLIr/L1.5)

At Level 2, present information and ideas in a logical sequence and provide further detail and development to clarify or confirm understanding.

- Understand that when giving information orally speakers can invite listeners to clarify their understanding as they go along.
- Know how to structure main points, expand on information, and be able to respond to listeners' queries while maintaining the logical thread of ideas.
(Adult literacy core curriculum reference SLc/L2.4)

Useful activities might include:




- A group discussion on the subject of how learners can make relevant contributions at the right time. This could be done as tips of what to do and what not to do. For example, do: listen properly, think about context and purpose of talk, use what other person says as a starting point for own contributions; don't: ignore what the other person is saying or say the first thing that comes into your head that has nothing to do with the subject. Learner can practice this in Stage 5 of the main task.
- Listening to sample presentations of information or ideas (from a training video, or from television shows). Identify the features of language and organisation that make some people easier to follow than others, for example explaining technical language, sequencing points in a logical order and signaling how one point is linked to the next. Learners can practice this in Stage 6 of the task when presenting their ideas for managing risk.

Sheet 7.1: Benefit and risk scenarios

Scenario 1

You buy £150-worth of ice creams and soft drinks and sell them for a profit at a local summer music festival.




Possible outcomes

Benefits and risks		Potential benefit if project is successful	You successfully sell all the ice creams and drinks for £300, making a profit of £150.
		Potential risk if project is unsuccessful	When you get to the festival you are told that you can't sell there. You end up with £75-worth of unsold soft drinks and a lot of melted ice cream.
		Other possible outcome	You sell the drinks, but not the ice creams, which melt. You get £150 back and break even.

Scenario 2

You buy £150-worth of CD-ROMs, DVDs and video games from friends, and then sell them on an online auction site.




Possible outcomes

Benefits and risks		Potential benefit if project is successful	You successfully sell all the CD-ROMs, DVDs and games for £300, making a profit of £150.
		Potential risk if project is unsuccessful	Bids are low. You only get back £75 for your items, losing £75.
		Other possible outcome	You get good prices for some items but not for others. You get £150 back and break even.

Scenario 3

You offer to find sponsors to pay £300 for the kit needed by the sports team you play for.




Possible outcomes

Benefits and risks		Potential benefit if project is successful	You find a local business prepared to pay for all of the kit, in return for having their name printed on the shirts.
		Potential risk if project is unsuccessful	After four weeks you find no sponsors. There are now only two weeks to go until the start of the new season and you still have no kit.
		Other possible outcome	You find a sponsor prepared to pay £200 towards the cost of the kit, leaving your team to find £100.

Scenario 4

You volunteer to lead a project to launch a monthly newsletter for the company you work for. The company gives you a budget of £1,000 to get it started.




Possible outcomes

Benefits and risks		Potential benefit if project is successful	The newsletter is successful. Plenty of people are prepared to write for it. People enjoy reading it. Your company is very pleased with you.
		Potential risk if project is unsuccessful	The project fails. People won't contribute articles. You have spent £500 on set-up costs. You give what's left back to the company.
		Other possible outcome	The first edition of the newsletter is a great success, but after that it is hard to find people to write articles.

Scenario 5

You buy a moped for £300 and offer a home delivery service for local takeaway shops.




Possible outcomes

Benefits and risks		Potential benefit if project is successful	A pizza takeaway shop pays you to do its deliveries. You make a profit of £25 for each evening that you work for them.
		Potential risk if project is unsuccessful	After four weeks you still haven't found any takeaways that want to use your service.
		Other possible outcome	A chip shop pays you £2 per delivery but you don't get many deliveries to do. You only make a few pounds each day.

Scenario 6

You offer to run a fun-day in the park to raise money for a local youth sports project.




Possible outcomes

Benefits and risks		Potential benefit if project is successful	The fun-day is a success. Plenty of people volunteer to run activities and lots of people come to the event. You raise £500 for the sports project.
		Potential risk if project is unsuccessful	You are unable to find enough people to run activities on the day. The event has to be cancelled. The project loses £50 in costs that it had to pay out before the event.
		Other possible outcome	There are plenty of activities run by volunteers but on the day few people turn up. You still make £100, though.

Scenario 7

You offer to set up a recycling scheme at a college, aiming to recycle 80 per cent of all waste.




Possible outcomes

Benefits and risks		Potential benefit if project is successful	You are able to find recycling companies prepared to provide collection points and remove the waste for free. Students respond well and you succeed in meeting your target.
		Potential risk if project is unsuccessful	The only waste companies you can find want to charge a deposit of £300 to provide the collection points, which they will return if enough waste is recycled. You can't find the money for the deposit. The scheme never gets off the ground.
		Other possible outcome	Recycling companies provide collection points but students and staff are unenthusiastic. Only 30 per cent of waste is recycled.

Scenario 8

You borrow £500 from friends to buy the equipment you need to set yourself up to provide a mobile handyman and odd-job service.




Possible outcomes

Benefits and risks		Potential benefit if project is successful	You soon find several customers who need you to do work and realise that you can earn up to £150 in a weekend doing this.
		Potential risk if project is unsuccessful	After four weeks you still have no customers for the service. Your friend is asking when he or she is going to get their money back.
		Other possible outcome	You find customers but they are few and far between. You are able to pay your friend back at £50 a week from the profits, though.

Scenario 9

You give up your weekend job and devote your time to producing websites for local small businesses.




Possible outcomes

Benefits and risks		Potential benefit if project successful	You soon find yourself busy with website work. You are getting a new customer every couple of weeks and find that you are earning three times what you used to in your old weekend job.
		Potential risk if project unsuccessful	A few businesses have said they might be interested in what you are offering but won't confirm. After four weeks you are running short of money.
		Other possible outcome	The website work that you get is only just enough to pay the same as you used to get in your old weekend job. However, you enjoy doing this more than what you were doing.

Scenario 10

You borrow £500 to buy a mobile food wagon to sell hot food on Friday and Saturday nights in town.




Possible outcomes

Benefits and risks		Potential benefit if project is successful	Business is good. A pub invites you to set up on their car park every weekend. You are soon taking £150 each weekend by selling food.
		Potential risk if project is unsuccessful	You are unable to find somewhere to site your wagon. Nobody will let you put it on their land and the council will not allow you to park it in the street. You cannot open for business.
		Other possible outcome	You set up the hot food service but don't attract many customers. They prefer to buy from the well-established takeaways in town. Profits are very small.

Scenario 11

You love skateboarding and decide to set up free skateboarding classes at the local skate park to keep young people off the streets.




Possible outcomes

Benefits and risks		Potential benefit if project is successful	Your classes are a success. You have 25 regulars at your classes each weekend. You are pleased with the great feedback you get from everyone in town.
		Potential risk if project is unsuccessful	The council refuse to let you run the classes due to health and safety and insurance reasons. You will not be able to get started unless you can find someone to pay for the insurance that you need.
		Other possible outcome	You get the classes set up but do not get as many young people coming to them as you had hoped. You are less satisfied with this than you'd hoped.

Scenario 12: Blank template

Write your scenario here:

Possible outcomes

Benefits and risks		Potential benefit if project is successful
		Potential risk if project is unsuccessful
		Other possible outcome

Sheet 7.2: Managing risk worksheet

- What things could you do to **reduce the element of risk** involved in your challenge?
- What actions could you take to **reduce the likelihood of failure** and **increase the likelihood of success**?

What things could you do to reduce the **impact** of any risks involved? How could you make sure the consequences of any risks were likely to be small, or that you were prepared to be able to deal with them if they did occur?

How big an impact would the above actions have on the likely success of your project? What likelihood is there now that it would be a complete success?

Would you be prepared to accept this challenge now? Yes/No

Sheet 7.3: Suggested questions

Below are some suggestions to ask learners from the other group – to check they have completed the task fully.

- How would your proposed actions reduce the likelihood of any risks?
- How would your proposed actions reduce the severity of any problems?
- Is it possible to reduce the likelihood of any risks to zero?
- How confident do you feel that, with your plans in place, the benefits now outweigh the risks?
- Based on the actions you have proposed and the impact that will make on the challenge, would the group say 'yes' or 'no' if presented with this challenge now?

Note: This last question is very important, as the success of this task depends on the group making the correct decision based on whether the benefits outweigh the risks involved.

Given the information the other group has provided, have they made the right decision to accept or reject the challenge? Give reasons for your response.
Write your comments here.

Session plan

Aim: To help learners develop an understanding of the risks and benefits associated with entrepreneurial ideas.

Learning objectives/outcomes			
Learners should be able to:			
<ul style="list-style-type: none"> describe the benefits of personal enterprise determine how to source entrepreneurial ideas and evaluate associated risks. 			
Time	Teacher plan	Learner activity	Resources
0-5 min	Stage 1 Set the scene and test learners' understanding of risk.	Group discussion. Personal contribution.	Enterprise: the learning points sheet. Flip charts or whiteboards.
5-10 min	Stages 2 to 4 Introduce activity and form small groups. Brief groups.	Form small groups. Understand briefing.	Cards from Sheet 7.1. Sheet 7.2.
10-25 min	Stage 5 Support groups as they complete planning task.	Perform task on minimising risk.	
25-40 min	Stage 6 Groups share their proposals and gain feedback from another group.	Merged group discussion.	Sheet 7.3.
40-50 min	Stage 7 Whole group feedback and summarise possible actions.	Group discussions.	
50-60 min	Stage 8 Consolidating, checking and reflecting.	Group discussion (and/or create a flip chart or poster to explain understanding).	Flip charts or whiteboards.

Assessment of learning objectives/outcomes

- Feedback from each group using flip chart or poster.

Differentiation to meet individual needs

- Check terminology on the lists is suitable for all learners and change if necessary.
- Check that suggested scenarios are suitable and support more confident learners in the process of creating their own challenge scenarios for each other.

Teacher evaluation

Learner feedback

Consider which parts of the session were effective and why.

Consider whether the activities were suitable for all learners and whether the session helped to develop the expert learners.

Personal, learning and thinking skills developed

- Team workers:
 - Collaborate with others to work towards common goals.
 - Reach agreements and manage discussions to achieve results.
- Effective participators:
 - Propose practical ways forward.
- Creative thinkers:
 - Generate ideas and explore possibilities.
- Independent enquirers:
 - Explore issues, events or problems from different perspectives.

Literacy, language and numeracy skills developed

Language

At Level 1, make contributions relevant to the situation and the subject.

At Level 2, present information and ideas in a logical sequence and provide further detail and development to clarify or confirm understanding.