



COOPERATIVE EXTENSION
College of Agriculture, Forestry and Life Sciences

ENVIRONMENTAL SCAN AND RISK ASSESSMENT

2022 Executive Farm Management Program

January 19, 2022

Risk Assessment?



What is Risk?

- The chance of loss or an unfavorable outcome associated with an action.
- The possibility of something bad happening.
- Uncertainty is not knowing what will happen in the future.
- The greater the uncertainty, the greater the risk.

Introduction to Risk Management

Understanding Agricultural Risks:

PRODUCTION

MARKETING

FINANCIAL

LEGAL

HUMAN

Second Edition, 2013¹

BY

*Laurence Crane, Gene Gantz,
Steve Isaacs, Doug Jose,
Rod Sharp²*

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<http://extensionrme.org/pubs/IntroductionToRiskManagement.pdf>

Five Primary Sources of Risk

Production risk

Market risk

Financial risk

Legal or institutional risk, and

People or personal risk.

Production Risk


Any production related activity or event that has a range of possible outcomes is a production risk.

The major sources of production risks:

- ***Weather & climate changes,***
- ***Pests & diseases,***
- ***Technology,***
- ***Genetics,***
- ***Machinery efficiency,***
- ***Quality of inputs.***
- ***Fire, wind, theft, and other casualties are also sources of production risk.***

Spider Man Is Stealing Hemp In South Carolina



Published 2 months ago on September 24, 2018
By [FITSNews](#) 



Marketing Risks

Marketing risk is any market related activity or event that leads to the variability of prices farmers receive for their products or pay for production inputs.

Access to markets is also a marketing risk.

Financial Risks

Financial risk encompasses those risks that threaten the financial health of the business and has four basic components:

- 1) ***The cost and availability of capital;***
- 2) ***The ability to meet cash flow needs in a timely manner;***
- 3) ***The ability to maintain and grow equity;***
- 4) ***The ability to absorb short-term financial shocks.***

Legal Risks

The legal issues most commonly associated with agriculture fall into five broad categories:

- 1) Contractual arrangements,**
- 2) Business organization,**
- 3) Laws and regulations,**
- 4) Tort liability, and**
- 5) Public policy and attitudes.**

People Risk

People are both a source of business risk and an important part of the strategy for dealing with risk.

At its core, human risk management is the ability to keep all people who are involved in the business safe, satisfied and productive.

People risk can be summarized into four main categories:

- 1) *Human health and well-being;***
- 2) *Family and business relationships;***
- 3) *Employee management; and,***
- 4) *Transition planning.***

Environmental Scan

Do a scan of the risks and how uncertain those risks.

What can you do to manage those risks?

ESG Concept

Environmental, Social & Governance

What are some ESG issues that can influence or disrupt risk management plans?

U.S. Cotton Trust Protocol Joins Sustainable Apparel Coalition

MEMPHIS, TENN (April 7, 2021) – The U.S. Cotton Trust Protocol announces membership in the Sustainable Apparel Coalition (SAC), a global, industry-wide nonprofit of over 250 members working to reduce environmental impact and promote social justice throughout the global value chain. The Trust Protocol joins leading apparel, footwear, and textile brands, retailers, manufacturers, sourcing agents, service providers, trade associations, nonprofits/NGOs, and academic institutions in a shared vision of an industry that gives more than it takes – to the planet and its people.

Source: National Cotton Council

<https://www.cotton.org/news/releases/2021/prsac.cfm>