Financial Risk Management

Small Business Financial Literacy Guide

Provided by Clarity Impact Finance

Created: March 2025

Financial Risk Management

Every business faces financial risks. Identifying and preparing for them is essential for long-term sustainability.

Identifying Financial Vulnerabilities

* Customer concentration (dependence on few customers)
* Supplier concentration or supply chain disruptions
* Seasonal fluctuations and cash flow gaps
* Fixed costs and operational leverage
* Currency or interest rate fluctuations
* Regulatory changes affecting operations

Action Steps

* Conduct a financial vulnerability assessment
* Review insurance coverage annually with an agent
* Establish a debt management and reduction plan
* Create contingency plans for economic downturns