

Is your business vulnerable? Check how dependent your business is on others by answering these questions.

Dependency	Yes	No	Possible consequences
1. Are the important decisions in your business made by only one person?			If this person leaves your business, important decisions either won't be made or will be delayed.
2. Does your largest customer account for more than 30% of your turnover?			Losing your largest customer would create a large dent in your revenue.
3. Does a key employee have knowledge or skills that no-one else in your business has?			If this person leaves, one or more of your business's activities will suffer.
4. Is the proportion of your borrowed capital more than 50% of your total capital?			Your business is at risk if interest rates rise.
5. Do you store important information in one place only?			Damage or theft could stop business, either temporarily or permanently.
6. Are your operations dominated by one product or service?			If demand for your product or service declines, you could go out of business.
7. Do you buy most of your products or services from one supplier or subcontractor?			You're exposed to risks of your supplier or subcontractor.
8. Do you buy most of your raw material from one supplier?			You're exposed to the risks of your supplier.
9. Do you hold all your stock in the same premises?			You could lose your whole stock in one go, for example through fire.
10. Do you have one distribution channel only?			If problems arise, introducing a new distribution channel would take time and involve extra cost.
11. Are your exports concentrated in one country?			If the country becomes politically or economically unstable, your market could be badly affected.
12. Is production mainly centred on one machine?			If the machine breaks down, production will stop.
13. Do you employ many people of the same age?			If all these employees stay with your business, they'll all retire at the same time. You'll then have staffing problems.
14. How else does your business operate in a dependent way? Describe the situation in your own words.			
Total	Yes	No	

The more 'Yes' answers you have, the more attention you should pay to preventing dependency. Each 'Yes' indicates the possibility of a threat to your business, and you need to examine each one and take steps to deal with it.

To reduce the risks caused by dependency:

- plan how to share know-how and develop expertise
- change or broaden your customer base
- develop new products
- use effective back-up systems.

Remember – you can transfer risk contracts or insurance. And you can control subcontracting risks with appropriate clauses in your contracts.