RISK MANAGEMENT IN THE COMMERCIAL ACTIVITY OF A COMPANY

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Abstract: The commercial activity of the company (assurance and administration of the material resources, and also the company's sales) is the one that realizes the interface between the internal and the external environments of the company. In an obvious way, this will also imply the study of risks that come from the company's internal and external environments.

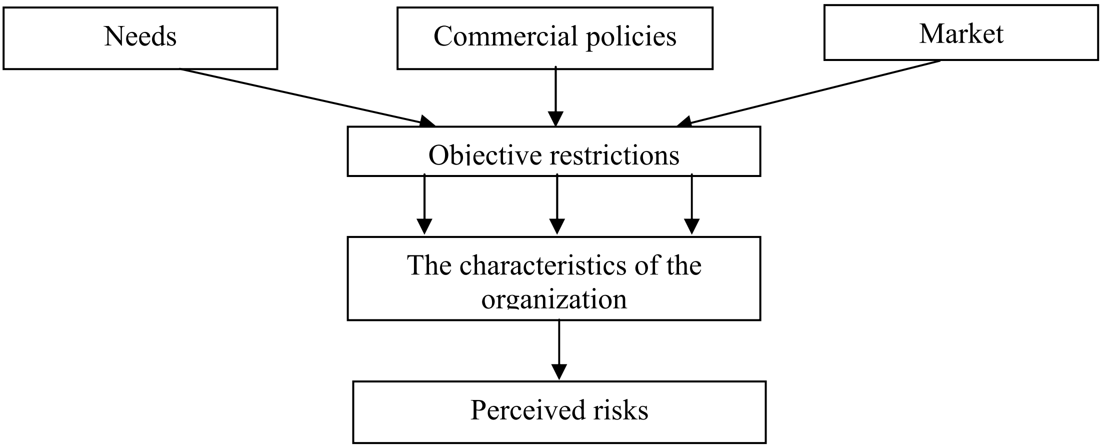
If the commercial activity of the company (assurance and administration of the material resources, and also the company's sales) is the one that realizes the interface between the internal and the external environments of the company, in an obvious way, this will also imply the study of risks that come from the company's internal and external environments.

These external risks result from the manifestation of certain "interests" of the players on the external environment: competitors, clients, suppliers, etc. On the other hand, from inside the company appear risks caused by: the needs for a specialized consume, characteristics of the production-consume processes, requirements for efficiency, etc. -which represent the "company's interests".

The confrontation between these two categories of risks may create menaces. If these risks are correctly identified, evaluated and administrated, the negative effects will be reduced, positioning them into a status of normality through an efficient administration. The Conclusion is that: "The risk in the commercial activity of the company is inevitable!"

1. Objective risks-perceived risks

The internal and the external risks have objective and diverse causes: commercial ones, technical ones, etc. These objective risks are identified and evaluated by persons who belong to certain organizations and have certain personal interests. That means that the risks are perceived through the organization's characteristics. The result is that, at the level of the organization the risks become perceived risks.



2. The identification and the evaluation of risks

The identification of risks must be done according to the 2 attitudes that characterize the behavior of the organization in its competitive environment:

1. The external environment as a “transaction” – when each partner tries to obtain as much as possible to the detriment of the other. In this case the main causes of risk are:
   a. The newness of the relations
   b. The importance of the relations
   c. The characteristics of the market
   d. The characteristics of the partner (producer or buyer), etc.

2. The external environment as a “relation” –when each partner tries to obtain as much as possible together. The risks in this case may have as causes:
   a. “ Time “ investment –in order to establish efficient and effective relations;
   b. The efforts to “maintain” the relations with the partner : evaluations, analysis, actions , etc.;
   c. The dependence on the partner;
   d. The correctness and the level of commitment of the partner;

In the case of the internal risks, the major risk factors can result from:

- The hierarchical position of the supply and sales as a structural organization;
- The relations between the commercial activities and other subsystems of the organization (figure 1).

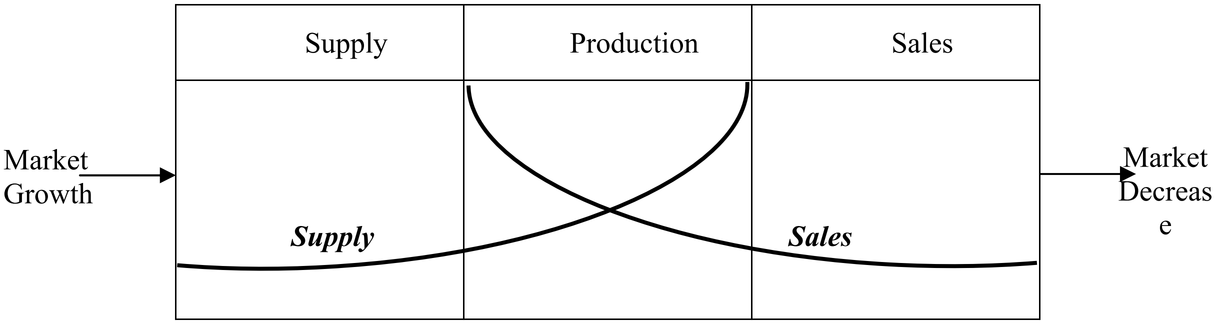


Fig. 1: The relations between the commercial activities and other subsystems of the organization

It can be seen that, if in an attitude specific to the "production economy" (classic) the supply and sales activities focus almost entirely at the level of certain subsystems, at present, under the conditions of the "market economy" the objectives are positioned at the level of all decisional and organizational subsystems.

It can be said that "the most capable worker in the supply (sales) field is the first worker in the sales field (supply)".

- The management of the commercial activities: management system, management style, management methods, etc.

Risk management in the commercial field includes:

- Identifying the risks
- Evaluating the risks
- Positioning the company according to risk impact

Choosing suitable methods and action strategies: strategies, policies, human resources, types and styles of management etc.

Identifying the risks can be done according to the methods:

1. on the basis of standard lists of restrictions –when is decided if exists or not a certain restriction
2. on the basis of the diagnostic of concrete activities

Evaluating the risks can be done according to their impact, such as:

a. is established an evaluation scale
b. is established the importance (impact) of risk
c. is established the impact of risks

In respect to the evaluation scale and the risk impact, it can be used a scale, such as:

6- no impact;
7- Reduced impact;
8- Strong impact in some cases;
9- Strong impact;
10- Major difficulties;
11- Activity is blocked.

Risks impact – based upon categories of risks:

a. internal risks :

-commercial risks;
-technical risks.
b. external risks:
-commercial risks
-technical risks

III. Positioning the company from the risks' point of view

Positioning the company can be made from different perspectives:

- With regard to the strongest concurrent company
- With regard to an average situation of the industry .In this case, are made profile graphics, from which result the domains in which the company has strong points, and weak ones.
- With regard to certain risk categories. In this case, are built the so-called "strategic maps ", from which result certain behaviors. These maps can be:
  - Economic impact -risks map
  - Internal –external restrictions map
  - Technical-commercial risks map
  - Risks-profitability map, etc,

For example the map economic impact –risks allows the identification of 4 behaviors (attitudes) (figure 2).

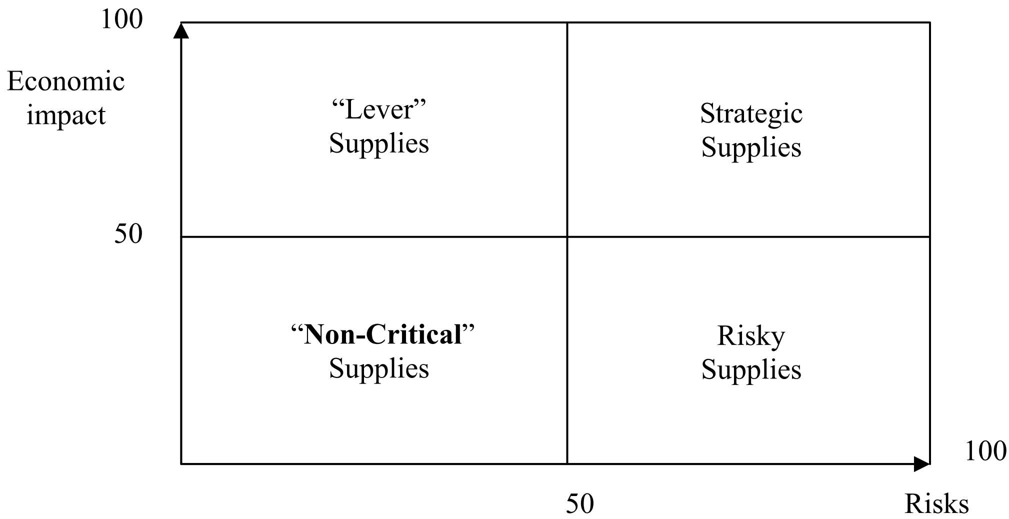


Fig. 2: "Economic impact –risks map"

For each of the 4 situations, in order to minimize the effects of risks, are certain generic action (behavior) solutions:

- types of strategies
- types of policies
- types of workers
- styles of management

For example, regarding the strategic attitude can be taken into account the followings:

a. in the case of the " **strategic**" activities : -"buy (sell) ***a resource*** from ***a producer*** (client) on ***a certain market***";

b. in the case of "**lever**"activities: -"buy (sell) ***a resource*** from ***a producer*** (client) ***on the markets***…"

c. in the case of "**risky**" activities: -"buy (sell) ***resources*** from a ***producer/group of producers*** (client/group of clients) ***on the markets***…"

d. in the case of the "**non-critical**"activities : "buy (sell) ***resources*** from the ***producers*** (clients) ***on the markets***…".

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