What Are Risk Controls?

Risk is uncertainty that matters. Future events are unknown to us due to two, separate and distinct factors.

- ***Variability*** means alternatives or different outcomes in the future purely due to the effects of chance. As a result, this type of change or variation in results cannot be reduced by further study or by any type of measurement.
- ***Uncertainty*** refers to our lack of knowledge about the future. Some refer to uncertainty as ambiguity. This can even represent our lack of clarity about the meaning of current events and what it may imply for future outcomes.


Risk Controls

Market Risk - Production Risk - Institutional/Legal Risk - Human Risk - Financial Risk

Coronavirus Pandemic | COVID-19

- USDA Coronavirus Disease | COVID-19 resources homepage

Market Risk

- risk associated with the uncertainty around markets and prices for inputs and outputs

1. Livestock Prices

2. Grain Prices

3. Hay Prices

4. Lease Rates/Grazing Fees

5. Price Protection (Insurance)

One of the biggest hurdles to good decision making is the separation of *variability* and *uncertainty*. Insights into the alternatives available can be gained where the manager is able to sort the unknown future into variability and uncertainty.

Risk management can be generally defined as taking deliberate action to shape the variability of the outcomes, the consequences, or both for any management decision that might be made. This is accomplished by applying one or more *risk controls*.

A list of common risk controls is available at RightRisk.org, including links to alternatives for managing the five sources of risk: Market, Production, Institutional/Legal, Human, and Financial Risks. For more information, see **RightRisk.org\RiskControls**.

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