Managing Risk and Uncertainty in Entrepreneurship

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1. **Distinguishing Risk from Uncertainty**
   - **Risk** involves measurable probabilities (e.g., a known market failure rate); **uncertainty** involves unknown, unpredictable factors.
2. **Common Startup Risks**
   - Market risk (no demand), financial risk (running out of cash), operational risk (execution failures), and competitive risk.
3. **Risk Mitigation Strategies**
   - Diversifying revenue streams, maintaining a cash buffer, validating assumptions before large investments, and building flexible/adaptable business models.
4. **Lean Startup Methodology**
   - Build-Measure-Learn cycles allow entrepreneurs to test assumptions cheaply and pivot quickly rather than risking everything on an unvalidated plan.
5. **Legal and Contractual Protection**
   - Contracts, insurance, and proper business structure (e.g., limited liability) protect entrepreneurs from certain types of risk.
6. **Embracing Uncertainty**
   - Since not all uncertainty can be eliminated, successful entrepreneurs build resilience and decision-making processes that work even with incomplete information.