

# Business Risk: 7 Ways to Get All the Reward With None of the Risk



When you quit your job to [start a company](#), did you think you were *invincible*?

When you **sold** your first company, did you think you were *unstoppable*?

As a young entrepreneur I actually believed that risk leads to reward. Now I'm 40-something and on my fourth business venture. And I know **its not true**.

No one is invincible. Nothing is unstoppable. For me, entrepreneurship is no longer about taking risks. It's about understanding and managing them. It's about understanding the business risk from the personal reward.

**More than any other person, an entrepreneur must acknowledge and minimize the risk in his or her life.** How? Here are seven absolutely mandatory methods that I think every entrepreneur should use to manage risk:

1. **Diversify your income.** I have [multiple streams of income](#). Like writing this blog. And rental property. It ain't much, but in case my business goes south, I have other revenue sources that I can count on. It's an essential diversification strategy.
2. **Save more money.** There have been years when I've lived on less than a preacher's salary. Much less. When you build a business, there is nothing more comforting than having a savings account to pay the rent. When times are tough, I use it. When times are good, I replenish it.
3. **Take the home-court advantage.** Whenever possible, I stick close to my family. Through thick and thin, nothing sustains you like kin.
4. **Plan obsessively.** I never start a business without a [business plan](#). Scoff if you want, but an ounce of market research is worth a pound of bankruptcy advice.
5. **Forecast obsessively.** Surprises are for birthdays. If I'm going to run out of cash, I want to [see it coming](#) from a mile away. Forecasts give you time to zig when the markets decide to zag.

6. **Work harder *and* smarter.** A 9-to-5 lifestyle is not part of the deal when you're an entrepreneur. I maintain my work-life balance by taking a few months off after I sell a company – not while I'm building it.
7. **Insure yourself against everything.** I have insurance out the wazoo. I'm [insured](#) against fire, disease, death, dismemberment, and disaster. My home, car, and property are all insured. I even have an insurance policy for my insurance policy: It's called an "umbrella policy," and it adds another million bucks to my coverage [in case the worst strikes](#).

Building a business is hard enough. Don't make it harder on yourself by taking unnecessary risks. Open your eyes to the risks in your life, then neutralize them any way you can. Have you thought of some other ways to do this? Leave me a comment below!