



## Have you done your business risk assessment lately?

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We normally talk about preventive medicine to keep our bodies working adequately; taking vitamins, watch what we eat, get annual medical check-ups and exercise. Any business needs similar preventive measures because it is more important to prevent issues than trying to solve them once they hit you. For instance, addressing a legal issue normally takes up much of the owners or principal officer's time while disrupting day to day operations and increasing your legal costs. Many small and medium sized business are not able to recoup after a legal crisis. Is your business ready?



Readiness to face any type of legal issue requires identifying possible exposures a priori and implementing a plan to handle these situations. Hence, in order to start your preventive plan you need to sit with your management team and prepare a Business Risk Assessment. In doing so, you must think of the following: What entities regulate your business? What permits you should have in place in order to operate? Which changes in legislation can affect your way of doing business? Identifying your risks and planning ahead will allow you to address them without the pressure of the crisis.

It is not easy to keep on track of many of these requirements on your own. Consequently, you need to identify how to keep updated in terms of your compliance. Participation in your industry trade organizations is a first step. Environmental and Human Resources areas are very comprehensive in terms of compliance and there are several bodies that keep members posted of trends and changes in laws and regulations.

Businesses are seeing an increase of compliance audits. This is an area that has improved recently with a broader approach other than the accounting practices. You will normally perform audits to your HR process, conflict of interest and permits to operate areas. This enables your operation to have a more comprehensive approach to the compliance process and gives management a clearer picture of their reality. An audit by a third party should give you an unbiased perspective of your current scenario in terms of compliance.

One of the most important preventive measures is to identify resources that will assist you to handle your crisis prior to rather than when you are the middle of it. Moreover, you should try to avoid needing advice right after finding out that your group of professional support is not up to standards to assist you in your crisis. Not being ready for a crisis normally means management needs to hire whoever is available and willing to take the risk of assisting a new client in a sensitive issue; not the best of scenarios.

At Estrella, LLC our team of Corporate Counselors provides local business with a "preventive medicine" program to prepare for legal crisis handling. To discuss how we can help your business, please contact Estrella, LLC Special Counsel José A. Meléndez Alfonso at [jmelendez@estrellallc.com](mailto:jmelendez@estrellallc.com).



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