Farm Business Management: The Fundamentals of Good Practice

Chapter 6: Introduction to Managing Risk and Uncertainty

1. One where risk and uncertainty abounds.
2. Where x_j represents the *j*th possible value of a random variable, the variance is the sum of the difference between each x_j and its mean squared.
3. Depends on the contract. Possibilities include: accepting any penalties, buying more to meet the contract, negotiating with the person holding the contract over delays, among others.
4. Complementarity will provide its own benefits relative to competitive relationships.