



The Top 50 Business Risks and how to manage them

Business Risk description	Actions that could be taken to manage the risk
1. Assets - risk to buildings, assets e.g. fire, flooding	<ul style="list-style-type: none"> • Insure assets • Compliance with fire & building regulations • Early warning systems e.g. smoke alarms, sprinklers.
2. Bad debt	<ul style="list-style-type: none"> • Credit checks • Set credit limits • Set payment terms for suppliers • Use debt collection agency
3. Bankruptcy of suppliers or clients	<ul style="list-style-type: none"> • Check financial background • Use business intelligence agencies • Early warning indicators e.g. late payment • Avoid single source dependence • Good record keeping
4. Brand fatigue	<ul style="list-style-type: none"> • Use Analytics to measure engagement/CTR etc. • Provide personalized useful insights • Less may be more • Create creative, entertaining content
5. Business strategy - poor or becoming less effective	<ul style="list-style-type: none"> • Have a clear vision • Set clear goals and objectives • Regularly review strategy against market conditions
6. Cashflow	<ul style="list-style-type: none"> • Improve cashflow management • Review costs and inventory • Accountancy software use/replacement • Careful use of long and short-term financing
7. Client attrition	<ul style="list-style-type: none"> • Use Customer Success Managers • Engage throughout the customer lifecycle • Sell to the right customers • Provide value • Monitor trigger events e.g. change of ownership/Senior management team
8. Competition: aggressive marketing	<ul style="list-style-type: none"> • Gather intelligence and assess risk • Deploy a defensive strategy • Flip the negative messages e.g. if competitor says your company is too small, push your agility and ability to focus on your customers • Use industry research and advisory firm like Gartner & Forrester, to scan for competitive risk



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9. Competition: better intelligence	<ul style="list-style-type: none"> • Invest in intelligence tools e.g. social media monitoring • Improve competitive analysis • Outsource to or engage consultants e.g. BrandTotal
10. Competition: legal action	<ul style="list-style-type: none"> • Reduce contractual disputes with contract advice and standard terms and conditions • Train employees on legislation e.g. around harassment, bribery etc • Insure against the risk of legal action • Have inhouse counsel or retain a legal firm
11. Compliance with regulations, laws etc	<ul style="list-style-type: none"> • Employee training and refresher courses • See legal advice on contracts, new legislation, industry specific regulations • Create a quality assurance team • Implement more quality and safety checks
12. Copyright theft - theft of your copyright or action against your business	<ul style="list-style-type: none"> • Register work via a copyright registration service • Mark all work with a copyright notice, include in all footers etc • Take prompt action on infringement • Train employees to recognise infringement and to avoid infringing copyright in the materials they produce on behalf of your business • Use stock footage and images
13. Cost of components - increase or decrease	<ul style="list-style-type: none"> • Develop a dedicated strategy for components that are subject to volatility • Use financial and operational hedging • Monitor pricing trends • Manage inventory to soften impact of price changes e.g. stockpile
14. Customer satisfaction low	<ul style="list-style-type: none"> • Identify the source of low satisfaction e.g. is it difficult to do business with your company or is product quality the problem • Use Customer Relationship Management Software • Review product quality increase quality controls • Implement CSAT surveys or similar to monitor sentiment • Invest in employee including sales training
15. Data security	<ul style="list-style-type: none"> • Get the essentials in place e.g. anti-virus, firewalls, password use, whitelisting, access control, SSL, SSO • Network and data encryption



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	<ul style="list-style-type: none"> • Conduct component driven and system driven risk assessments • Conduct security audits • Lock down hardware e.g. company laptops, disable USB, company image if employees bring their own device • Have a procedure which will be triggered in the event of loss or a suspected attack
16. Difficult-to-sell product	<ul style="list-style-type: none"> • Consider focusing on solutions rather than the product • Review marketing materials, sales plays, provide additional sales training • Are the right customers/markets/locations being approached? • Identify the unique selling point • Improve market research and Research and Development • Repurpose product • Decommission product
17. Environment - natural or business environment	<ul style="list-style-type: none"> • Risk to employees of extreme weather - ensure safe temperatures at work, access to water, home working in bad weather, support with travel, accommodation etc • Risk to facilities, buildings, resources, materials - insurance e.g. buildings and contents, invest in storm protection, fire prevention etc • Develop an emergency prevention and recovery plan
18. Espionage (commercial)	<ul style="list-style-type: none"> • Identifying your most valuable data and conduct a risk assessment • Establish effective security policy - such as prohibiting password sharing and bringing your own devices to work • Maintain efficient data access policy • Secure your infrastructure. such as firewall and anti-virus, separate valuable data from your corporate network and prohibit access to it. • Protect border routers and establish screen subnets • Educate employees e.g. teach them about simple security practices, that they should incorporate in



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	<p>their daily workflow - lock unattended laptop, use strong passwords, challenge people without ID etc</p> <ul style="list-style-type: none"> • Conduct background checks • Create proper termination procedure • Monitor employee activity
19. Exchange rates e.g. forex	<ul style="list-style-type: none"> • Accept the risk and buy or sell currency in the spot market • Fix rate via a forward exchange contract • Insure against the FX risk • Use an FX structured product
20. Failure of utilities e.g. water, electricity	<ul style="list-style-type: none"> • Backup generators and/or off grid solutions • Water storage on site or own bore hole • Move location for more reliable supply e.g. rural locations have more/longer black outs • Change products/processes to reduce reliance on utilities e.g. require less water
21. Health and safety	<ul style="list-style-type: none"> • Create a health and safety policy • Identify hazards • Evaluate the risks and complete a risk assessment • Provide staff training e.g. on manual lifting • Have procedures for reporting incidents.
22. Lack of office space	<ul style="list-style-type: none"> • Consider flexible working options e.g. working from home and hot desking • Obtain longer leases or buy freehold office space • Consider relocation
23. Lack of skills/expertise	<ul style="list-style-type: none"> • Use government scheme e.g. apprenticeships • On the job training • Automate • Offer relocation packages for skilled recruits • Outsource
24. Loss of key skills	<ul style="list-style-type: none"> • Use employee incentive or bonus schemes • Check pay reflects industry (going rate) • Identify top performers and reward/offer incentives to stay • Remove hygiene factors e.g. poor parking, lack of flexible working
25. Loss of political support	<ul style="list-style-type: none"> • Identify risks ask, "How can political actors or conditions impact our business?" • Diversify sources of materials, suppliers, site locations, markets



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	<ul style="list-style-type: none"> ● Influence the political landscape via lobbying, networking, assisting candidates/parties ● Agreed fixed rates, prices. ● Hedge against price volatility.
26. Machinery failure	<ul style="list-style-type: none"> ● Follow recommended servicing and maintenance schedules ● Keep stock of parts ● Have contract with emergency/24/7 repair services ● Train employees on safe use, maintenance and basic repair
27. Market acceptance	<ul style="list-style-type: none"> ● Make use of early adopters to refine the product ● Ask your existing customer base what they want/need ● Invest in beta testing ● Shadow test - open product for pre-ordering
28. Market changes e.g. movements in stock prices, interest rates, commodity prices.	<ul style="list-style-type: none"> ● Investment risk models ● Use value at risk in measuring portfolio risk ● Monte Carlo simulation ● Sensitivity and scenario risk measures
29. Natural disaster	<ul style="list-style-type: none"> ● Identify natural hazards ● Measure vulnerability to natural hazards ● Connect to early warning systems if required ● Use forecasts to measure proximity of risk e.g. use weather forecast to decide date for shipment ● Create plans for responding to natural disasters ● Insure against losses were possible
30. New markets - distract or provide opportunity	<ul style="list-style-type: none"> ● Conduct due diligence ● Identify new stakeholders ● Identify challenges e.g. corruption/lack transparency in new emerging markets ● Use shadow testing and beta testing to reduce exposure and test acceptance in the new market
31. Operational risk e.g. risk to day-to-day operations	<ul style="list-style-type: none"> ● Used recognised Operational Risk Management (ORM) process ● Assess risks for each operational area e.g. IT, HR, finance, security ● Automate operational workflows ● Use risk-based capital ● Improve people management



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	<ul style="list-style-type: none"> • Additional training • Invest in infrastructure
32. Patent theft/infringement - of your patents or competitor claim against your business	<ul style="list-style-type: none"> • Implement process to respond to patent notice letters, patent assertions and lawsuits • Budget for patent defense expenses • Develop standing litigation teams inhouse and outside • Join Patent Pool Use • Rational Patent Exchange (RPX) Corporation
33. Poor management	<ul style="list-style-type: none"> • Review recruitment processes - employ great managers • Don't use promotion to a management role as reward for long service • Invest in training for your managers • Have open transparent process for raising grievances, whistleblowing
34. Political instability e.g. coup, or political unrest	<ul style="list-style-type: none"> • Take out Political Risk Insurance (PIR) • Assess risk in the country, use consultants or government advice e.g. U.S. • Department of State's background notes • Negotiate compensation terms with a country before locating there • Create contingency plans • Diversify overseas investments
35. Profit - loss of profit or missing profit projections	<ul style="list-style-type: none"> • Ensure realistic forecasting and sales pipeline. Understand what % of opportunities won't win. • Improve quality of leads, before handing opportunities to sales • Adjust sales pipeline multiplier • Prevent orders being shipped without payments clearing in advance • Have revenue incentives for suppliers who meet targets Increase sales quotas • Reduce costs e.g. downsize office space by moving to hot desking or consider outsourcing some functions
36. Recession	<ul style="list-style-type: none"> • Undertake operational savings initiatives with a strong ROI • Prioritise initiatives that enable high value customers to be identified and retained



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	<ul style="list-style-type: none"> • Take out key person insurance in case of redundancy • Revise decision making processes to make them more nimble and faster • Freeze recruitment i.e. don't replace leavers • Review supplier list check that alternatives are available
<p>37. Regulatory compliance - difficulty in compliance or failure to comply</p>	<ul style="list-style-type: none"> • Invest in compliance consultants • Train employees on regulations e.g. GDPR • Use analytics and technology monitor compliance activities • Conduct a compliance risk assessment
<p>38. Reputation - negatively impacted</p>	<p>Reputational risk occurs when performance doesn't match expectations. Track evolving stakeholder expectations to manage the risk Put a plan in place to manage a reputation crisis Monitor sentiment online using social media monitoring tools, engage promptly</p>
<p>39. Revenue forecast missed</p>	<ul style="list-style-type: none"> • Use variance analysis and comparisons to highlight potential inaccuracies in forecasts • Set high, low and expected forecasts (30, 50 and 70 percent probabilities) • Measure forecasts against actual results to improve accuracy • Update forecasts regularly e.g. monthly
<p>40. Seasonal risk</p>	<ul style="list-style-type: none"> • Consider a complete shutdown during off-peak periods to reduce costs • Adapt your services/product to the seasons e.g. skiing in winter, walking in summer • Market in off-peak times • Reduce opening times during off-peak periods
<p>41. Staff sickness/absence</p>	<ul style="list-style-type: none"> • Provide medical insurance with a well-being program/incentives • Log sickness, and trigger sickness absence procedures after x days • Separate sick pay from annual leave so that it can be tracked • Have a fit for purpose sickness absence policy



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42. Supply chain failure/delays	<ul style="list-style-type: none"> • Know the location of your suppliers and their suppliers' facilities • Meet with your suppliers and understand their rerouting procedures and risk management procedures • Check your suppliers are compliant with local regulations • Diversify your approved suppliers
43. Technology - advances provide opportunity or threaten existing products	<ul style="list-style-type: none"> • Outsource and/or use Software as a Service • Continuously review the market and technological advances • Invest in new technology companies e.g. buy shares, acquire the company • Invest in Research and Development team • Beta test new technology
44. Technology breakdown e.g. server outage	<ul style="list-style-type: none"> • Build in redundancy and use data backups • Use SaaS model to reduce onsite hardware • Have power and cooling backups e.g. generators • Invest in monitoring and early warning systems
45. Theft - of product, information from shop floor	<ul style="list-style-type: none"> • Invest in security hardware and personnel • Invest in cyber security, encryption, VPN etc • Retail style alarms on products • Strict access control, badges, scanners, search etc
46. Time-to-market	<ul style="list-style-type: none"> • Integrate innovation into your business • Assign revenue goals for the R and D/ innovation team • Cultivate pilot ready customers or market segments • Automate the development process
47. Transportation delay or damage	<ul style="list-style-type: none"> • Purchase Marine Insurance which covers sea or air transit • Chose a suitable freight forwarder • Understand value of shipments, split high value shipments • Be clear on the impact of losses in the supply chain on corporate financials



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48. Under-resourcing	<ul style="list-style-type: none">• Have a contract with a temp agency for HR resources needed over peak periods• Outsource provision of human resources e.g. Amazon warehouse model• Set expectations with customers and stakeholders around lead times• Invest in automation and AI to free up resource from repetitive time-consuming work
49. Unexpected demand - supply issues	<ul style="list-style-type: none">• Keep some inventory (stockpile)• Diversify supply chain• Adjust supply for seasonal fluctuations e.g. holiday periods.
50. War - military conflicts	<ul style="list-style-type: none">• Diversify locations• Have data and warehouse backups in different locations• Insure against war, terrorism and political violence