



risks & insurance

What are my business risks?

Everything involves some aspect of risk: something can always go wrong. The type and severity of risks will vary depending on the nature of your business, but they generally fall into the following areas:

REPUTATION	FINANCIAL	LEGAL & COMPLIANCE	STRATEGY & OPERATIONS
Hard-earned reputation can be lost/damaged very quickly. For example: <ul style="list-style-type: none">• Negative publicity from litigation - whether you are suing or being sued.• You have to do a product recall• Poor customer service• Poor reviews: online or word of mouth/ written press	<ul style="list-style-type: none">• You can't pay suppliers, staff, lenders• Customers, partners, etc. can't pay you• Change in interest rates or any loan/mortgage• Change in tax rates• Change in foreign currency exchange rate• Change in cost of key materials/services	Failure to comply with legislation on: <ul style="list-style-type: none">• Data protection• Health & safety• Import/export/trade control• Commercial premises licensing• Anti-bribery and corruption, anti-money laundering or competition rules• Modern slavery statement• Regulation/certification specific to your sector	<ul style="list-style-type: none">• Breach of contract by you or by other party• Internal equipment/ software failure• External suppliers fail to supply or to meet criteria• Food, fire, war etc causing loss of stock/trade• You leak your confidential ideas/trade secrets• You infringe or oppose a third party's IP rights or they infringe or oppose yours• Director/senior manager's wrong strategic decision causes loss of profits• Competition: new players/technology/ products• Failure to provide goods/services of satisfactory quality leading to damage or even personal injury of customers, for example product liability or negligence• Specific project risks
BUSINESS SPECIFIC RISKS			
<ul style="list-style-type: none">• Food & drink safety• Medicine/pharmaceuticals: labelling, safety• Construction & engineering: environmental damage, pollution• Professional advisory such as law, accountancy, architecture, engineering): require insurance to be able to practice via relevant regulatory body			

What if I ignore these risks?

Failure to comply with some legislation (for example data protection) can lead to large fines.
Failure to have insurance where compulsory (see below) can lead to large fines. If you lose your licence to operate, or can't pay your staff, or can't secure the supply lines you need, your business may suffer.
If you can't meet your loan repayments or pay your bills, ultimately your business may fold.

How can I manage these risks?

Risk management is an essential part of your business to sustain operations and help you grow. Business partners, investors and maybe even customers will want to see that you have this in hand. There are various things you can do:

STAY UPDATED	OPERATIONAL MANAGEMENT
<ul style="list-style-type: none">• Keep up to date on market trends and new competitors/products/technologies• Stay on top of new regulatory and compliance legislation• Consider regular 'watches'/searches on IP rights (yours and others)• Get/refresh training on key areas• Seek legal advice if needed• Sign up for Venture Adventures updates!	<ul style="list-style-type: none">• Obtain and renew all licences/certificates• Manage finances carefully: engage accountant/ tax adviser• Ensure appropriate fire and other health safety measures are in place and checked regularly• Arrange back-up power, data, storage etc.• Consider Customer Relationship Management system to track and respond to customers and and reputation similarly for suppliers: will help maintain brand• Arrange back-up options for key suppliers• Engage staff: appoint fire/first aid/data protection officers (arranging training if needed)• Careful project planning
CONTRACTS	INSURANCE
<ul style="list-style-type: none">• Capture key eventualities in contract, with realistic payment schedule, termination rights, 'force majeure' (what happens in case of flood, war etc.) and limitations on liability.• NOTE less freedom to exclude liability in contracts with consumers• Seek legal advice	<ul style="list-style-type: none">• Take out appropriate business insurance policies.• Some are required by law/regulation.• Some may be advisable for particular risks or business sectors (see below)

What insurance do I need?

REQUIRED	CONSIDER	SPECIALIST
<ul style="list-style-type: none">• Employer's liability (if you have employees)• Professional indemnity (if you are providing professional advisory services eg law, accountancy, engineering, architects)• Check specific requirements for your business area	<ul style="list-style-type: none">• Public liability (if you run a shop or stall, say)• Loss of stock• Product liability• Company director• Business interruption• Travel• Business vehicle	<ul style="list-style-type: none">• Intellectual property disputes• Litigation generally• Cybersecurity/data breach• Marine & shipping• Sports• Political risk• Environmental damage
		Specialist insurance can help attract investors as it protects the value in relevant key assets

Also think about

• Intellectual Property Rights • Trading Structure: limit liability?
• Data Protection • Contracts
• Employees & Other Staff • Disputes

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To address any specific concern, you should not rely on this content and should seek appropriate advice for the relevant jurisdiction.

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