



## RISK MANAGEMENT SHORTFALL

# BUSINESSES STRUGGLE WITH RISK PROTECTION GAPS

**N**EARLY HALF of mid-sized businesses feel unprepared for key threats despite implementing various risk management strategies, according to Nationwide Insurance’s latest “Agency Forward” survey.

The survey found that while 90% of businesses have formal risk management policies that are reviewed regularly, 21% lack a business continuity plan — leaving them exposed to potential disruptions that could severely impact their operations.

Additionally, 45% lack a disaster preparedness plan, while only half have a fleet safety program in place.

These shortfalls create vulnerabilities that could lead to financial and operational setbacks.

The survey found that companies allocate an average of 6% of their budgets to risk management and safety. Industries with higher risk exposure, such as construction and manufacturing, dedicate a larger share — 19% and 13%, respectively.

and reacting to disruptions and risks.

**Review compliance with regulations and laws** – It’s important that your human resources team stays on top of regulations and legislation to ensure the organization doesn’t run afoul of them, which can result in penalties and fines.

**Enhance disaster preparedness** – Proactive planning, like an emergency response plan, can prevent severe financial and operational consequences after a natural catastrophe.

**Analyze workplace accident data** – Managing workplace safety is key to any company’s risk-management efforts. You should track incidents and thoroughly investigate each accident or near miss to find out what led to the event so you can take steps to prevent future incidents.

**Invest in technology for risk mitigation** – Consider expanding your use of AI, predictive analytics and cloud-based risk management platforms to identify and address vulnerabilities.

**Regularly review risk management policies** – As regulations and business risks evolve, you should regularly assess your policies to ensure they remain effective and aligned with industry best practices.

**Integrate risk management with business strategy** – Risk management should not be seen as a separate function but as a core component of business success. Leaders should align their risk strategies with company objectives to ensure a seamless approach to resilience. ❖

### Key concerns

- Costs and finances,
- Supply chain disruptions,
- Cyber-security threats, and
- Economic and regulatory factors.

### Leveraging technology to manage risk

Technology is playing a growing role in risk management, with 76% of surveyed businesses utilizing some form of digital solution.

Owners reported improved efficiency and compliance to regulations, enhanced data analysis and reporting and better real-time monitoring of risks as a result of their technology use.

While only 11% have fully integrated technology into all aspects of risk management, 65% use it selectively.

The most common digital tools include:

- Cyber-security solutions (78%),
- Compliance and reporting software (67%), and
- Supply chain management software (58%).

### How companies can better manage risk

To close these protection gaps and strengthen their resilience, businesses should consider the following strategies:

**Develop a comprehensive continuity plan** – A plan can provide a roadmap for handling