

**MEDIA RELEASE**

**FOR IMMEDIATE RELEASE**

**Five steps for** **creating a small business risk management strategy**

*The recent cyber-attack on Optus serves as a timely reminder that any business big or small may be exploited without notice. For Australia’s more than* [*2.5m small business owners*](https://www.asbfeo.gov.au/contribution-australian-business-numbers)*, implementing a risk management strategy can help reduce their exposure to risk.*

* Business interruption (41 per cent), cyber incidents (41 per cent), and climate change (34 per cent) are the [top business risks for Australia in 2022](https://www.allianz.com.au/media/news/2022/allianz-risk-barometer-2022).
* [Business insurance](https://www.bizcover.com.au/business-insurance/)**\*** helps small business owners reduce their exposure to risk as part of their risk management strategy.
* How to create a risk management strategy for your small business.

Recent events in Australia have served as a stark reminder that businesses of all shapes and sizes can fall victim to malicious activity at any time. From large telecommunications corporations with household names and international parent companies, through to unassuming, hard-working Australian SME business owners and sole traders with much smaller profiles, every business can be exposed to malicious activity that may result in grave consequences for business owners.

“All businesses are exposed to a level of risk, which can range from operational risk to financial risk, reputational risk, compliance risk, cyber risk, as well as environmental factors,” says Jane Mason, Head of Product, Channels & Risk at business insurance comparison website [BizCover](https://www.bizcover.com.au).

“It can be extremely difficult – if not practically impossible – to eliminate the risks to your small business. However, there are certain proactive steps that small business owners may take to develop a risk management strategy for their business. One popular small business strategy for reducing a business’s exposure to risk is [business insurance](https://www.bizcover.com.au/what-is-business-insurance/).”   
  
Business insurance products that small business owners may use to reduce their risk include:

* [Public Liability Insurance](https://www.bizcover.com.au/what-is-public-liability-insurance/): Insurance that covers a business owner if a third-party claims that your negligent business activities caused them injury or property damage.
* Cyber Liability Insurance: Cover that protects a business against both the legal costs and expenses related to cybercrime incidents.
* [Professional Indemnity Insurance](https://www.bizcover.com.au/what-is-professional-indemnity-insurance/): Insurance that protects professionals against claims of negligence or breach of duty made by a client as a result of receiving professional advice or services from your business.
* [Business Insurance](https://www.bizcover.com.au/what-is-business-insurance/): Cover for your business’ premises and contents, against loss, damage or theft. Business Insurance that provides protection against financial loss experienced from an insured interruption to your business.

**Five steps for creating a small business risk management strategy**

**#1: Order your risks by priority**

Organise the risks to your business by priority. Assess each main risk to your business and group them into the following four categories:

* Very likely to occur.
* Some chance of occurring.
* Small chance of occurring.
* Very little chance of occurring.

Make a plan for how your business can actively prevent or at least minimise these risks from happening. You can also weigh up the potential financial damage tied to each risk; a certain risk may be less likely to happen, but more damaging to your business than risks that are more likely to happen. You may consider bumping these risks up your priority list.

**#2: Target controlled growth**

Growing your small business is never a bad thing – unless it grows so fast that you struggle to keep up the pace in terms of resources, capacity, capabilities, and service level. Rampant growth can cause small businesses to risk coming undone from the inside.

**#3: Adopt a quality assurance program**

Great reputations are worth their weight in gold for small business owners. When you’re not yet a household name or an industry leader, the only way your potential customers can judge you is by what they see, hear, or read about your business. Implementing a company-wide quality assurance program as part of your risk management strategy can help your business maintain its great reputation.

**#4: Be selective with who you do business with**

Depending on the size and state of play of your small business, this step may only be a ‘nice to have’. But, if your small business is able to pick and choose its clients, then a smart risk management strategy can be to only do business with businesses with an upstanding reputation.

Partnering with clients that have bad reputations – or bad credit ratings – can easily expose your business to unnecessary risk, such as not getting paid for the work you do for them.

Choosing to work with such clients might not align with your business risk mitigation strategy. If your business is not in a position to turn away new business from certain clients with poor credit ratings, then it might be worth limiting your risk exposure here by asking the client to pay in advance.

**#5: Review your business insurance**As the circumstances in your small business change, your risk profile may also change. Whenever this happens, small business owners may benefit from reviewing their existing business insurance\* and updating it for their current circumstances.

“Businesses can and do undergo change from time to time, and when change happens the risk profile of the business may also change,” says BizCover’s Mason. “It can be good business practice to factor in how your risk profile and risk levels may have changed over time and review your business insurance accordingly. Business insurance is not a set-and-forget product; it should evolve as your business evolves.”  
  
~~\*~~*This information is general only and does not* *take into account* *your objectives, financial situation or needs. It should not be relied upon as advice. As with any insurance, cover will be subject to the terms, conditions and exclusions contained in the policy wording.*

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BizCover allows SMEs to compare multiple free quotes from multiple insurers offering small business owners the option to choose from competitive market rates, purchasing online and getting policy documents delivered instantly.

To date, over one million business insurance policies have been sold through the BizCover platform globally partnered with a panel of leading global insurers. BizCover also provides market-leading solutions to the General Insurance Broking Industry including [BizCover for Brokers](https://bizcoverforbrokers.com.au/) and ExpressCover.

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