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Watch Out For These Global Business Risks In 2020



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Leadership Strategy

I write about risk and resilience both personal and professional.



Weigh your risk carefully GETTY

The Great Depression of the 1920s laid waste to businesses and defined a decade. What do the 2020s have in store? Here's a quick list of top risks that should be on your radar

Lack of Cyber Resilience

Increasing tension between the U.S. and Iran has leaders [on alert](#) for cyberattacks by a

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concerned about the threat of a major cyberattack after an estimated **8.5 billion accounts were compromised** in 2019. According to **Hackmageddon**, about 85% of the attacks perpetrated are attributed to criminal actors, and this will certainly continue since economic incentives, low barriers to entry and low probability of penalty remain. Threats also can result from accidental IT failure, employee error or even a disgruntled employee.

Disaster Recovery Institute International's **Resilience Index** identifies major cyberattack, severe data breach and IT outage as the top three concerns of surveyed resilience professionals. The good news? The best defense involves routine measures, like minimizing administrative privileges and disaster recovery planning. Leadership must make cyber resilience a clear priority.

Economic Changes

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Thanks in part to central bank actions to counteract weak economic growth, doomsday predictions for 2019 were thwarted. A general **global slowdown** was led by emerging and developing markets and less investment by companies, although consumer spending remained confident. In 2020, the global economy will head into a modest recovery, but with continued risk of a downturn. While U.S. economic expansion has been the longest in history, gains have not been spread equally and the contentious debates around issues of income inequality, unemployment and debt, particularly student debt, will continue and likely heat up as the election looms. This could impact consumer behavior, lead to regulatory changes or both.

Pay close attention to the continued reckoning between the U.S. and China. While there's been some progress in the current trade war, longer term conflicts around values, influence and governance won't disappear any time soon. The competition will continue to impact global supply chains and technology, as China pursues its goal of promoting indigenous innovation and reducing its reliance on American products and services.

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Politics will dominate our lives and news cycles, as political unrest and instability continue across most regions, notably in Latin America and the Middle East. Nationalism maintains a strong hold, [especially in India](#) and Eastern Europe. The U.S. presidential election will be contentious and leave many feeling bitter, no matter the outcome. Disinformation campaigns, including deepfakes, and the continuing controversy surrounding [political advertising on social media platforms](#) will add to the discontent. Brexit will continue to unfold, but with more predictability now that [the Conservatives have a mandate](#). Meanwhile, the European Union is likely to continue privacy and antitrust battles with U.S. tech giants and will seek to carve out an even stronger leadership role on climate issues.

Led by discontent, governments are taking regulatory action to address social and environmental grievances. Businesses, particularly large multinational corporations, are already affected by increased regulation and this will continue. Regulations will come from different levels and likely will be contradictory, leading to a complex compliance patchwork and potential litigation.

Natural Disasters

While we've all been laser-focused on politicians, Mother Nature has been busy and will continue to make herself known. Bushfires in Australia have burned some [32,000 square miles](#), which tops the Amazon fires by about 5,000 square miles and dwarfs the California wildfires. Fire will continue to be a significant threat in 2020, as will damaging heatwaves. On the flip side, typhoons and torrential rains leading to flooding will remain an issue for disaster-prone Asia. Africa will be affected by both droughts and floods.

With extreme weather brought about by climate change, businesses must get serious about calculating climate risk—factoring it into strategic decision-making about where to locate facilities and how to design supply chains. This threat is also an opportunity to communicate with customers and investors who care about climate issues and show that you are being proactive.

Leadership Scandals

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2019 was filled with headline-grabbing stories of leadership scandals. [Boeing ousted its CEO](#) in the latest chapter of its ongoing struggle to get its grounded 737 MAX LTs in the air. [Nissan's ex-CEO fled justice](#) in Japan by allegedly stuffing himself into a box and boarding a private jet to Beirut—a stunning downfall for a leader who was once hailed as a hero. [WeWork imploded](#) amid rumors of its CEO's megalomaniacal behavior, and even slashing its valuation by over 75 percent couldn't save its IPO. The luggage brand, [Away](#), was outed for its overly-transparent and totally toxic culture, which ended up embroiling Slack in the process.

The important takeaway here is that you should assess your own leadership style and governance strategies. Are you guilty of any of this kind of behavior? Do you have adequate crisis management expertise? If you want more examples to analyze, look for more great accounts like [the dueling Fyre Festival documentaries](#) and books like 'Bad Blood' about the rise and fall of Theranos to chronicle these scandals.

Human Struggles

Like each and every employee, business leaders are just people subject to human frailty and foible. Whether it's the office Slack channel, the daytime impeachment hearings or the siren song of what you'll watch later on Disney+, it can be difficult to focus on the task at hand. In fact, every time you look away from a project to check, say, that Facebook notification on your phone, it takes an average of [23 minutes to refocus](#). How much productivity is lost to distraction in the workplace or, even worse, anxiety or depression?

According to a [2019 study by Unum](#), 62 percent of missed work days can be attributed to mental health conditions, and mental illness is a leading cause of worker disability in the U.S. While CBD oil may be touted as the universal panacea of our time, it certainly won't fix every problem. Behavioral norms in the workplace are changing, and this may create moments of discomfort and confrontation. It's important to create an open and caring workplace culture where your employees feel valued, motivated and supported as they face these very human challenges.

While reading this article may have been a moment of distraction for you, I hope you

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everything. That's why it's helpful to organize your risk analysis into categories so that you can prioritize your strategies for addressing them based on potential impact to you business. Make better risk management one of your 2020 business resolutions and help make this century's 20s a better decade than the last.



Reflect on your risks like these flappers CORBIS VIA GETTY IMAGES

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I am the president and CEO of Disaster Recovery Institute International (DRI), where I help organizations prepare for and recover from disasters both natural and manmad... **Read More**

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