

168 views | Jan 14, 2019, 11:03am

Don't Ignore These 10 Global Business Risks In 2019



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I write about risk and resilience both personal and professional.

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It's easy to be a leader during a time of growth and success, but the true test comes during dark times.



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If you are a business leader, you probably enjoy acting on your ideas and charging into the future fueled by optimism. But it is also your responsibility to plan for the panoply of risks—like increased technology threats and worrying climate challenges—that make it seem like we're all living in a sci-fi blockbuster. From coordinated cyberattacks on national critical infrastructure to a supply chain disruption of telecommunications components to an increase in terrorist activities on civilian targets, the number of potential disaster scenarios continues to grow in number and complexity. Lest you get caught unprepared, here's a list of this year's key concerns for global business leaders:

Cybercrime will continue to increase.

According to [Hackmageddon](#), 82% of cyberattacks were perpetrated by criminal actors in 2018, an increase of 5% over 2017. Why such a big share? Cybercrime pays and will continue to be on the upswing in 2019. Perpetrators make millions of dollars and act with near impunity as just one in 10,000+ criminals gets caught, according to [CSO](#). The number of victims is often staggering, as shown by the [Marriott breach](#), which created 500 million unhappy customers. If you don't think it's your job to address technology threats, take a [look](#) at the high-profile executives who lost their jobs over cyber breaches. The buck stops with you.

State-sponsored cyberattacks could impact business.

[State-sponsored cyberattacks](#) are a comparably small share of overall attacks and are most often aimed at other nation states, but the impact is potentially great and could affect business. Any organization caught between nation states is at risk, but state actors have also been known to attack businesses directly, as in the case of the infamous Sony hack for which the first charges were only [just made](#) implicating a North Korean hacker. Even if you aren't on the radar of nation state actors, you should consider the effects of a cyberwarfare attack on national power grids or other infrastructure. How well could your business operate during a prolonged blackout? It will take a lot more than a couple of generators. Better take a look.

Be careful how you use and store data.

In a [recent article](#), I wrote that trust in institutions is decaying as data breaches reveal their irresponsible stewardship of our data and identities. Facebook is the leading example in part because it has access to so much personal data, but it is certainly not alone. The breach prompted a look into what Facebook's leaders considered acceptable data sharing practices and public outrage at the result. How is your organization using and protecting data? Would you feel comfortable if those practices were made public? Expect the scrutiny to increase sharply in 2019 as the European Union applies its new [General Data Protection Regulation](#) and tech users grow more savvy.

We aren't paying enough attention to the threat of extreme weather.

Business leaders need to plan for a world in which extreme weather is increasing as an effect of climate change, as I wrote in [an article](#) about Amazon's second headquarters. Coastal flooding and sea level rise will increase as the climate changes, but so will other threats including [wildfires](#). The U.S. Global Change Research Program confirmed in its [fourth national climate assessment](#) that climate change has, and will continue to have, increasingly devastating effects on our communities, economy, health, and infrastructure. It will be costly in terms of lives lost, physical damage, and economic disruption. The effects will be global, but since Asia is already [the most disaster-prone region](#) of the world, leaders conducting business in or with this region need to prioritize resilience planning.

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Supply chains are increasingly vulnerable.

And speaking of doing business in Asia, the dramatic weather patterns can have a terrible impact on global supply chains, most of which run through this region. However, there are also many other types of instability that can disturb supply chains. The trade standoff between the U.S. and China is still in its nascent stage as the world power dynamic rebalances in the face of China's growing

prominence. The disruption in trade will have far-reaching consequences for many business leaders. Tariffs cause [market distortions](#) that will create inefficiencies and increase prices as well as market uncertainty. Political uncertainty creates a difficult environment for business, but the bright point is that the discipline of [supply chain resilience](#) is improving all the time and there is tremendous innovation in this space. If you aren't already, best dedicate more resources to assessing the state of your supply chain in the coming year.

Signs point to a global financial crash.

The million-dollar question is what will happen to the global economy. Forecasts differ, but the [inverted yield curve](#), when short-term interest rates are higher than longer-term ones, is a strong indicator of a potential recession on the horizon. Predicted interest rate hikes in the U.S., European Union, and United Kingdom may affect capital flows and reduce investment in emerging economies. China will look to fill the resulting gap, especially through its ongoing [Belt and Road Initiative](#), but the outreach may slow somewhat as it faces stagnant growth of its own. The abovementioned U.S. trade war with China has already led to revised revenue forecasts from market leaders like [Apple](#). Ongoing tension with another great U.S. trading partner, the European Union, will aggravate the economic problems and create an unstable investment climate. Should protectionist tendencies continue to escalate, a global economic downturn is likely. The jittery stock market that we saw at the end of 2018 is just the beginning. Can your business weather the uncertainty?

Innovation will cause business disruption...at some point.

It's not at all clear when the next round of innovations will mature into market realities and start to boost global productivity. We know that great things lie ahead as a result of advances in areas like artificial intelligence, driverless cars, quantum computing, and genetic sequencing. These wondrous possibilities are just starting to show results, but also their inherent risks such as the first road death perpetrated by a [driverless car](#) and the birth of the first [gene-edited babies](#). Clearly, these changes, when they come, will be fundamental and will permanently change the way the world works and how we do business. The only

way to be prepared is to start early and get in on the disruption. Responsible leaders will need to shape the ethics around how these ideas are put to use so that they propel society forward. In 2019, will you disrupt or be disrupted?

Millennials want sustainability.

Pollution is a cautionary tale of how human innovation can have unforeseen consequences when we fail to think things through. The global awareness of the threat of pollution featured prominently in 2018 with particular attention on single-use plastics and their effect on oceans. The European Union even [announced a ban](#) on certain kinds of plastics and [Eater](#) declared the ban on plastic straws as the trend of the year. Interest in sustainability issues and corporate social responsibility continues to grow, with [42% of Millennials](#)—compared to 35% of people overall—reporting that corporate social responsibility was important to them when making a purchasing decision. Business leaders ignore this trend at their peril. Speaking of Millennials, they are set to [overtake Baby Boomers](#) as the largest generation in 2019. As we know, the two generations have very different lifestyles and tastes. You may have heard that Millennials have [killed everything](#) you love from napkins to beer to fabric softener. It would be wise to listen to their demands for sustainability before they kill your business, too.

The threat of terrorism remains.

Terrorist threats continue to be increasingly unpredictable and can strike just about anywhere at any time. This constant underlying threat can have effects that are difficult to measure. How do they impact businesses? How do they affect performance at work? Is your team carrying fears for their personal safety that they might not even want to acknowledge in the workplace? The psychological impact that results from exposure to turbulent current events is not an obvious threat, but we need to be prepared for it. Leaders can [set an example](#) of openness to discussion, express empathy for whatever your teams may be experiencing, and show a commitment to preparedness. It takes energy to build a reserve of personal resilience and it takes resources to build organizational resilience. It all

takes time and focus, but we must not forget just how much is at stake – our organizations, our communities, our country, our lives. It's worth preparing for.

You yourself are a business risk.

It's easy to be a leader during a time of growth and success, but the true test comes during dark times. 🐦 Many leaders lack both the training and experience to handle a crisis well, much less to lead their organization through one. Lack of crisis management expertise among top executives was listed as a top risk for organizations in 2019 according to a global survey of risk and resilience leaders by [DRI International](#). Most leaders understand the importance of crisis communications with the media, but lack other crisis management skills. Even if your organization has robust risk and continuity programs, inappropriate decisions taken by you during a crisis could undermine those efforts and put the entire organization at risk.

Tough times can reveal how great a leader you truly are, but you need to prepare yourself for the challenges that lie ahead. Let 2019 be the year you make preparedness a priority.

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 manmade. Through DRI and as an adjunct professor at New York University, I have worked with the public, private ... **MORE**

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