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## ***How to Protect your Business from Procurement Risks?***

If you own a business or manage a company's procurement activities, you are going to encounter risks, which can surface when dealing with procurement. To properly address these risks, you must develop a realistic strategy. Potential risks can range from minor to those that can risk the viability of your business. Fixing the fallout from more serious risks can be extremely time-consuming and costly.

Here are our four tips on reducing procurement risks, which may slow down the process initially but can save your company unnecessary and devastating hardship later.

### **Consult with a risk management specialist**

Before making any procurement decisions, it's wise to consult with risk management expert and key personnel from other areas of the business to discuss the types of issues that may lurk in the background. Risks can originate in areas not in your direct purview. Further, you may not have the skillset to resolve all issues that arise.

### **Analyze each risk carefully**

After the risks have been identified, they must be thoroughly weighed and analyzed based on the chance of occurrence, frequency, impact and severity of the risk, and the likelihood of finding a workable solution. This exercise will also require expertise from other stakeholders to flush out all potential problems and solutions. Rushing through this stage is unwise.

### **Weigh your best options carefully**

A risk manager will be able to assist you find the best possible options and timing to address each type of risk. Most risks should be addressed before they occur, although some may warrant a wait-and-see approach. Some solutions may require a fast fix, while other risks are best addressed with a slower but long-term fix. Depending on the type of risk and impact, the best strategy may be to either avoid, reduce, transfer, or accept each.

### **Get insurance**

Having insurance can help to protect your business from procurement-related issues and potential losses, but not all risks are insurable. It's essential that you discuss your specific procurement concerns and needs with an insurance broker and get in writing what is and is not covered. Make sure to read the fine print; often business owners find themselves blindsided when they encounter issues that are not covered.

While you can't anticipate every risk, you can reduce your procurement risk exposure by involving a risk management expert, analyzing each risk more carefully, evaluating your options, and getting insurance.

Excerpts taken from: <https://www.techrepublic.com/article/4-ways-to-protect-your-business-from-procurement-risks/>