



Enterprise Risk Management (ERM) Industry Risk Cards

“No Risk, No Reward”



Organisations use enterprise risk management (ERM) to identify, assess, monitor and prioritise the most important risks to their strategy. Many of these risks could materialise and result in devastating consequences for such organisations, it’s people and stakeholders. In addition to identifying, monitoring and managing these risks, organisations should be able to take a look into the future to find emerging trends that are worth watching closely.



Our risk cards provide a view of existing and emerging global risks by value driver. The information contained in these risk cards can assist organisations to better align their risk profiles with those of similar organisations within their sector and promote the assessment and management of risks relevant to them.

Example risk card

Manufacturing Risks 2022

Organisations use enterprise risk management (ERM) to identify, assess, monitor and prioritise the most important risks to their strategy and profitability. Many of these risks could potentially materialise and result in devastating consequences for such organisations, if a people and stakeholders, in addition to identifying, monitoring and managing these risks, organisations should be able to take a forward looking view into the future to find emerging trends that are worth watching closely.

KPMG presents our view of the emerging and existing risks by value driver, faced by corporates in the Manufacturing sector.

Global
Risk Consulting

Manufacturing Risks by Value Driver

- Intellectual property infringement
- Regulatory risk associated with non-compliance with laws, rules, regulations, prescribed practices or ethical standards within jurisdiction of operation
- Legal dispute and proceedings
- Risks relating to tax rate changes
- Substantial pension and other post-retirement benefit obligations
- Difficulty to attract and retain qualified personnel
- Social inequality, high unemployment rate and strikes
- Quality and reputation of brands
- Increase globalization resulting in the form that partly vendors
- Outbreak of critical equipment
- Any gap in the supply chain affects the profitability and cash flow
- Tight product launch schedule (window) leaves manufacturers susceptible to mistakes
- Rise in the energy costs and shortage of raw materials
- Inefficiency in distribution process
- Fast paced/seasonal demand and the need to scale up production to make up for previous slow down increasing maintenance costs and the need to ensure safety is considered
- Nationalism and protectionism leads to trade barriers and market access issues
- Communicable diseases and pandemic risks
- Risk associated with increasing carbon footprint
- Deterioration in global economic conditions
- Competition
- The risk associated with the investment in new business
- Increasing pressures to develop, upgrade and successfully launch and market new products
- Automation in manufacturing sector requires multiple considerations
- Adoption of cloud computing in the manufacturing sector can lead to serious legal risks
- Integrating Internet of Things technologies increases the possible risks of product malfunctions
- “Connected” equipment will increase the chance of unwanted system
- Increasing cyber attacks and security threats
- Increasing use of robotics expose them to the possibilities of product defects
- Possible data security breaches
- Improper resources to analyse and make use of data collected through automation
- Improve monitoring and use of online presence to provide digital experience and brand representation
- Supply Chain disruptions
- Market risk
- Currency risk
- Liquidity risk
- Large risks associated with R&D and fluctuating equipment prices

Legends:
 - Emerging Risk / Signal of Change
 - Existing Risk

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