

Product Risks in SMEs

► Products and their marketing can make or break a company. This is why every company should place special emphasis on product-related risk management!

Products – essential but risky

A company earns its income from its products and services. Launching products onto the market always involves risks. Errors in decision-making concerning products may prove very expensive. These **risks can be reduced** through systematic risk management that covers the entire range of product operations and all product-related projects. This is called **product risk management**.

Good product risk management can

- Protect customers and end-users.
- Protect companies against claims for damages.
- Isolate risky products and situations.
- Provide control measures for eliminating or reducing risks.
- Help personnel and business partners to identify factors affecting product safety.

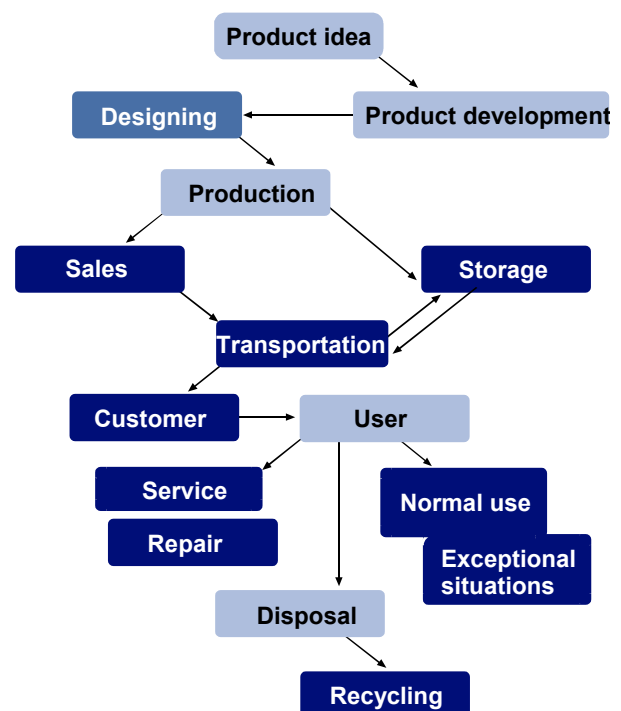
Security for product operations

Product operations call for **creativity**. Ideas are valuable company assets and security of information and patenting must be considered early. Risk management does not kill the creativity of a company – on the contrary, it ensures that the company stays creative and has the potential to prosper!

Product risk management **supports a company's product operations** in many ways:

- The pitfalls of product risks are detected and avoided
- A better understanding of products makes product development more efficient on all levels
- Products are safe and customers are satisfied
- Product projects are completed on time and the market launch takes place as planned
- Export can be initiated with confidence
- Co-operation with the authorities as well as insurance companies and other business partners is made easier

Risk and quality management complement one another. Does your company benefit from this relationship? What risks could be caused by assembly faults?



Product lifecycle under control

Product risks are affected by all the above operations, from product development to disposal. Each phase always involves specific hazards. **Hazard identification is the first step of risk management.** The **risk chart** overleaf presents the central hazards of product operations. The main categories in the chart are dealt with in more detail in the various work cards used as checklists in the **SME Risk Management Toolkit**. After hazards are identified, the risks must be assessed and managed. This calls for active input from the entire workforce – especially in SMEs.

Product Risk Chart

Company:	Group/Assessor:
Object of assessment:	Date:



Example of use

Competition – a significant risk **OK** Customers – issue in order ~~Withdrawal~~ – does not concern us

Product idea. The assessment of a product idea should take into account the customer and market segments and the products and services offered, as well as their marketing. Ideas are valuable company assets and should be kept secure.

Conformity to requirements. Directives, legislation, regulations and standards set various requirements on products. In addition to the requirements of authorities, products must also meet user requirements.

Sales and marketing. The manufacturer must make sure that proper information is given about the product. No false or misleading information should be given during any phase of the product's lifecycle.

Product development. Before launching a product or service onto the market, a company should assess its users and uses. Safety must be ensured in the design stage by using safety analyses and tests.

Use of product, and product liability. The manufacturer should gather information on the use of the product during all phases of its lifecycle. Product liability covers a wide variety of faults: design, construction, manufacture, information, handling and development errors.

Production. Error or negligence in production can lead to a fault in either a single product or a whole batch. The most common hazards are faults in workmanship and deficiencies in quality control.

Delivery, warranty and environment. A product may be safe when leaving the manufacturer, but incorrect handling during storage or transportation can make it dangerous.