SBL SUMMARY OF IMPACTS – ENHANCED LIST

Political uncertainty

- - Difficult to do long-term planning and investment
- - Reduces investor confidence and delays decision-making
- - Causes fluctuations in currency and stock market
- - May lead to changes in government policies affecting strategy

Austerity programs by Govt

- - Further slows down the economy and reduces spending power of people
- - Leads to fall in demand for non-essential products and services
- - Cuts in government spending reduce public sector contracts
- - Increases unemployment and lowers consumer confidence

Economic recession

- - Reduces disposable income of people resulting in lower demand and revenues
- - May lead to cost-cutting, layoffs, and efficiency drives
- - Harder to obtain finance as banks become risk-averse
- - Business failure risk increases for smaller firms

High inflation

- - Increases operating costs hence lowering profits
- - Fall in purchasing power of people
- - Difficult to set accurate budgets and pricing strategies
- - May lead to pressure from employees for higher wages

High unemployment

- - Fall in standard of living hence decline in disposable income
- - Reduces overall demand in the economy
- - Larger talent pool available for recruitment at lower wages
- - Risk of lower staff morale and motivation

Targeting younger generation

- - Leads to future opportunity and growth as they are upcoming customer segment
- - Enhances brand loyalty and long-term customer base
- - Requires strong social media and digital marketing presence
- - Need to adapt product design and pricing for youth preferences

Web-based technology / Online business

- - Increased geographical reach and able to target younger generation
- - Reduces operating costs through automation
- - Enables 24/7 operations and faster customer response
- - Increases cyber risk and need for data protection controls

Environmental damage (ecological)

- - Loss of customers who value ecological considerations
- - Loss of reputation and legal fines due to non-compliance
- - May lead to protest, boycotts, and negative media coverage
- - Difficulty in obtaining sustainability-linked finance or contracts

More regulations

- - Restricts business activities
- - Higher risk of non-compliance, legal fines and penalties, and loss of reputation
- - Increases administrative and compliance costs
- - Slows down decision-making and innovation

High competition

- - Loss of customers and market share
- - Pressure to reduce prices and profit margins
- - Need for stronger marketing and differentiation strategy
- - May lead to product innovation or mergers to survive

Good staff training

- - Improves product quality and customer service
- - higher customer satisfaction and retention
- - less errors and wastages ie increased productivity and efficiency
- - higher staff motivation and employee retention
- - helps in succession planning

High staff turnover / Demotivated staff

- - Operational disruption
- - poor product quality, loss of customers and reputation
- - Higher recruitment and training costs
- - creates demotivation in the team
- - Loss of skilled staff to competitors

Strong brand / reputation

- - Higher customer trust attracting and retaining customers
- - Easier to launch new products or enter new markets
- - Can charge premium prices and improve profitability
- - Builds investor and stakeholder confidence

Strong profit / cash flows

- - Able to achieve objectives, reinvest for growth, and pay higher dividends
- - Improves liquidity and credit rating
- - Provides cushion against economic downturns
- - Increases shareholder confidence and market value

Health and safety issues

- - Operational disruption, legal fines, and reputational damage
- - Loss of employee trust and motivation
- - Possible compensation claims and insurance cost increases
- - Risk of regulatory shutdowns or sanctions

Negative NPV

- - Leads to negative cash outflows and reduction in shareholders' wealth
- - Indicates project not financially viable
- - May damage investor confidence
- - Opportunity cost of better investment lost

Delayed payback period

- - Delay in recovery of initial investment increases uncertainty and risk
- - Reduces liquidity and flexibility for other projects
- - May lower investor confidence and willingness to fund future projects
- - Could make project less attractive under changing conditions

Digital transformation

- - Increases efficiency and reduces operational costs
- - Improves customer experience through faster service
- - Requires heavy investment and skilled workforce
- - Risk of system failure or cyberattack

Data / Cybersecurity breach

- - Loss of customer trust / revenues
- - Reputational damage
- - Legal fines and penalties
- - Lawsuits and compensation payments
- - Operational disruption due to system shutdown

Artificial Intelligence (AI) adoption

- - Improves accuracy and speed of decision-making
- - Reduces manual errors and labour costs
- - May cause job losses and staff resistance
- - Requires investment in data, systems, and training

Poor corporate governance

- - Loss of investor confidence and share price fall
- - Risk of fraud and unethical behaviour
- - Legal penalties and regulatory scrutiny
- - Reputational damage and stakeholder distrust

Good corporate governance

- - Builds investor confidence and reputation
- - Reduces risk of fraud and unethical practices
- - Improves accountability and transparency
- - Easier access to finance and long-term sustainability

Strategic alliance / partnership

- - Access to new markets, technology, and expertise
- - Shares costs and risks with partner
- - May cause conflict or cultural mismatch
- - Risk of loss of control and knowledge leakage

Merger or acquisition

- - Increases market share and economies of scale
- - Synergies may lead to cost savings
- - Risk of cultural clash and integration failure
- - High acquisition cost and debt burden

Automation

- - Reduces labour costs and increases efficiency
- - Improves accuracy and speed of processes
- - Leads to job redundancies and union resistance
- - Requires high initial investment

Corporate social responsibility (CSR)

- - Improves reputation and stakeholder trust
- - Attracts socially conscious customers and employees
- - Involves additional costs reducing short-term profits
- - Enhances brand differentiation and long-term value

Change in taxation policy

- - Increases or decreases business costs and profits
- - May affect consumer spending and demand
- - Changes investment and pricing strategies
- - Impacts after-tax returns to shareholders

Exchange rate fluctuation

- - Affects export and import prices
- - Impacts profitability of overseas operations
- - Creates uncertainty in budgeting and planning
- - May require hedging strategies to manage risk

Interest rate increase

- - Raises cost of borrowing and loan repayments
- - Reduces investment and expansion opportunities
- - Decreases consumer spending on credit products
- - Improves return for investors with savings

Technological obsolescence

- - Makes existing products or systems outdated
- - Requires continuous innovation and R&D
- - Leads to loss of competitiveness
- - Increases capital replacement costs

Ethical issues

- - Damage to reputation and brand image
- - Legal penalties and public criticism
- - Loss of employee trust and customer loyalty
- - May lead to stricter regulation and oversight

Stakeholder conflict

- - Delays in decision-making and project execution
- - Negative publicity and internal tension
- - Reduced morale and cooperation among staff
- - May require compromise affecting profitability

Weak internal controls

- - Increases risk of fraud and error
- - Leads to inaccurate financial reporting
- - Damages stakeholder confidence
- - May result in regulatory penalties

Good internal controls

- - Reduces fraud and error risk
- - Ensures reliable financial reporting
- - Improves efficiency and compliance
- - Builds stakeholder confidence

Economic growth (boom)

- - Increases consumer spending and demand
- - Higher profits and expansion opportunities
- - Risk of inflation and wage pressure
- - May cause overconfidence and overinvestment

Environmental sustainability focus

- - Attracts eco-conscious customers and investors
- - May increase costs in short term
- - Builds long-term reputation and compliance advantage
- - Access to green financing and incentives

Digital marketing

- - Reaches wider and younger audience cost-effectively
- - Enhances customer engagement and data collection
- - Risk of negative online publicity
- - Requires skilled staff and constant content updates

Poor communication

- - Causes confusion and low staff morale
- - Leads to inefficiency and operational errors
- - Damages relationships with stakeholders
- - Increases resistance to change

Effective leadership

- - Motivates and guides employees towards objectives
- - Builds positive culture and commitment
- - Improves decision-making and change management
- - Enhances organizational performance

Ineffective leadership

- - Demotivates staff and increases turnover
- - Causes poor communication and unclear direction
- - Leads to conflict and low productivity
- - Damages reputation and stakeholder trust

Data analytics adoption

- - Improves decision-making through insights
- - Enhances efficiency and customer targeting
- - Requires skilled analysts and good data quality
- - Risk of data privacy breaches

Weak financial performance

- - Reduces investor confidence and share value
- - Limits reinvestment capacity
- - Increases risk of takeover or closure
- - May lead to cost-cutting and layoffs

Strong financial performance

- - Enables expansion and innovation
- - Improves investor confidence
- - Easier access to finance and better credit terms
- - Supports higher dividends and staff rewards

Poor project management

- - Delays and cost overruns
- - Missed strategic objectives
- - Wastage of resources and poor quality output
- - Loss of stakeholder confidence

Effective risk management

- - Reduces likelihood and impact of major losses
- - Builds confidence among investors and regulators
- - Improves decision-making and planning
- - Enhances long-term sustainability

Expired Patents

- - Competitors can copy your product
- - You will lose your uniqueness or exclusivity
- - customers can shift to competitors
- - loss of revenue and market share