

## ***SMEs advised to embrace risk solutions for growth***

**6/10...**Small and medium enterprises (SMEs) seeking to grow have been advised to prioritize risk management to guarantee their business sustainability.

Speaking when he addressed a KPMG TOP 100 Mid Sized companies forum, Sanlam Kenya Group CEO, Mr. Mugo Kibati said the adoption of risk management solutions remains a critical factor for business growth.

Alongside Mr Kibati, the forum and panel discussion under the theme ***"Staying relevant in a changing world"*** also featured Nation Media Group CEO, Mr Joe Muganda, KPMG CEO, Josphat Mwaura, Industrialist, Dr Manu Chandaria and DTB Group CEO, Nasim Devji.

Kibati expressed fear that SME's may have lost more than Kshs 50Billion last year, based on the volume of claims paid out under the general insurance class. "For me, the volume of claims paid out is a good indicator of the level of risk exposure given that only 3 SME's for every 10 tend to hold risk solutions.

Adoption of comprehensive risk solutions provided by local general insurers, Kibati said will help shield SME's from unnecessary exposure to various liabilities including cybercrime.

Notwithstanding the tough economic climate and fewer resources, SME's he said are still held to the same standards of business management by their stakeholders' and are therefore expected to maintain a good mix of risk mitigating and management solutions.

He expressed regret that the adoption of risk management solutions in Kenya has continued to suffer slow growth due to poor financial literacy among upcoming entrepreneurs.

Such slow growth is manifested in the low insurance and related penetration rates for products designed to protect the SME entrepreneurs' assets, employees and liabilities against day-to-day business operation risks.

"It's a worrisome scenario to note that most SME's do not have comprehensive risk and asset management solutions which leaves them heavily exposed to manageable risks," Kibati noted, adding that, "sadly, SME businesses built on blood and sweat rarely recover from threats such as fire and burglary due to lack of risk coverage."

He explained that the retention of bare minimum risk solutions such as third party insurance for motor vehicles and public liability insurance covers provides negligible relief to entrepreneurs.

Entrepreneurs holding minimum statutory covers, Kibati noted stand a very slim chance of recovering their business incase of a risk event than those with comprehensive covers.

Due to low financial literacy, Kibati noted that risk solutions had been ignored in the local market as they are considered as an unnecessary overhead.

“However, the reality is that business continuity and competitiveness today rests on an entrepreneurs’ capacity to hold an optimum mix of risk management solutions,” he advised the Top 100 entrepreneurs’.

In most instances, Kibati noted that entrepreneurs retaining risk solutions such as medical covers and pension for their employees stand a better chance of attracting quality staff than their peers offering a better salary and poor perks.

As part of Sanlam Kenya’s business development plans, the firm Kibati said has managed to rollout a full menu of SME focused financial business services including life assurance, general insurance, banking, credit, health, bancassurance and asset management products.

The firm he added is also be tapping heavily into the Sanlam Group capacity to provide specialist solutions including maritime, cargo handling and related asset management solutions locally and seamlessly beyond the borders.

## **Ends**

*Issued by Sanlam Kenya*

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Sanlam is a leading financial services group listed on the JSE Limited and the Namibian Stock Exchange. Established in 1918 as a life insurance company, the South Africa-based Sanlam Group has transformed into a diversified financial services business. Through its business clusters – Sanlam Personal Finance, Sanlam Emerging Markets, Sanlam Investments, Sanlam Corporate and Santam - the Group provides comprehensive and tailored financial solutions to individual and institutional clients across all market segments. The Group’s areas of expertise include insurance, financial planning, retirement, trusts, wills, short-term insurance, asset management, risk management and capital market activities, investment and wealth. The Group operates in East Africa through Kenya, Tanzania, Rwanda and Uganda; Southern Africa through Botswana, Malawi, Mozambique, Namibia, Swaziland, Zimbabwe and Zambia; West Africa via Nigeria and Ghana and in India and Malaysia. It has an indirect presence via associate companies in Burundi, The Gambia and Lesotho. The recently announced acquisition of a 30% interest in Morocco-based Saham Group will further extend the Group’s footprint into an additional 20 countries mostly in Francophone

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