

Risk

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- Mark Beasley,

Key Insights to Managing Risks During COVID-19

All organisations can use the basic principles of risk management to shape a path through the COVID-19 pandemic and minimize the lasting negative impacts. Whether you have a robust Enterprise Risk Management (ERM) program in place or have not yet turned your corporate mind to risk management. ERM as an additional view on risk management that is designed to be a top-down, holistic strategic view of risk. This write up take a look at the impact COVID-19 pandemic and how companies can implement ERM processes into their business plans to navigate huge volumes of risks as they look towards a post-COVID world.

Key Insights

A single risk can affect an entire organisation

COVID-19 has helped more people than before understand that a single-root issue can cause a risk to affect every aspect of a business.

The pandemic has caused what seemed like miniscule risks to turn into business-wide crises over the past months. The virus has had a domino effect on the workforce, consumers and technology for most businesses all stemming from a single-root issue.

Be patient for the future

Companies should be careful to not be as anxious for post-COVID life as they continue to “put out the many fires” that continue to be ongoing.

“It is recognizing that we are still in a crisis mode where there is a tremendous amount of uncertainty, and that affects how far out I should be thinking about risks,

But as we look beyond COVID-19, we don't want to too quickly discount the importance of still thinking about how we manage risks. While soon we can say COVID is behind us, a company can

Five principles of ERM during the COVID-19 crisis:

First Principle: Focus on the people of your organisation by thinking about their needs and struggles working remotely or on the front line.

Second Principle: Think about what is strategically important for your organisation before zeroing in on risks.

Third Principle: Understand the risks of what's most important strategically so you can narrow in on the most important risk for your company and what needs to go right.

Fourth Principle: Learn how to respond to risks effectively without expecting perfection.

Fifth Principle: Consistently monitor and communicate the risks your organisation is facing internally and externally.

Business models will change in the “new normal”

It is generally believed that business models will change significantly post-COVID. This is a reality for many businesses as the workforce is becoming more comfortable with the flexibility of working from home. Businesses need to find a balance between what worked in the past and what needs to be done to adjust to the new normal. While some businesses were forced to shut down, many businesses had to change their strategy in order to adjust to the new normal.

Risks can be leveraged as opportunities

The COVID-19 crisis has caused companies to move away from siloed thinking in terms of risk management. Moving forward, it is all about finding the opportunities in risks and expanding upon them to create a positive outcome for your organisation.

COVID-19 can push organisations to collaborate more between departments and can foster creativity as structure has been taken away.

Source: RIMAN, Wikipedia, NCSU

RIMAN Upcoming Programmes

Introduction to Operational Risk Management	11 th September, 2020
IFTRS 9 Expected Credit Loss Estimation Workshop	21 st – 22 nd September, 2020
ICAAP & Stress Testing	29 th – 30 th of September