

Risk

“When written in Chinese, the word “crisis” is composed of two characters. One represents danger and the other represents opportunity.”
- John F. Kennedy

Risk management during the COVID-19 pandemic: Checklist to recovery

The Coronavirus (COVID-19) is impacting businesses globally. All organizations 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, the principles outlined below can help you move through this crisis and beyond:

1. Identify your risks

Organizations use risk management to “predict the unpredictable.” To navigate the risks (and opportunities) associated with the pandemic, it is critical to first identify what those risks are. Indeed, the exceptional circumstances surrounding COVID-19 may have brought to light risks you had not yet considered – or may have imbued previously identified risks with a new sense of urgency. Whatever the case may be, before moving in any one direction take a moment to catalogue the risks your company may face over the next month, three months, six months, nine months and year. In order to accomplish this most effectively, you should:

- Consider all kinds of risks – including operational, strategic, financial and reputational;
- Gather information from all employee levels and from a large cross-section of stakeholders (clients, vendors, etc.) – they might be in a position to identify risks that you would not think of;
- Look at other organizations and consider what they are facing; their risks might be the same as yours or perhaps their risks will create risks for you down the line (think supply chains).

Dig deep into this exercise before you move on, and return to it often over the next year, two years and five years so that you can update your risk profile as the world progresses through these unprecedented times.

2. Be agile

Albert Einstein said “learn from yesterday, live for today, hope for tomorrow. The important thing is not to stop questioning.” The world is collectively questioning everything as we navigate a new normal. The plans that you had two months ago are no longer appropriate, feasible or realistic for today.

Do not throw your entire play-book out but instead return to your values and redefine how you will realize them. Be ready to be uncomfortable. Navigate this period with flexibility and understanding.

3. Think people

The backbone of every organization lies in its people. Today people are stressed, tired, taxed, scared and pre-occupied. The organizational risks associated with mismanaging your employees in this time can be significant (health and safety, financial, reputational, legal, operational, to name a few).

Where then do we start? People generally need to feel heard, they need to be able to trust and they need to have information. Let your employees know that you have a risk plan, a business continuity plan, and a crisis plan – and take the time to communicate

4. Consider business continuity

The purpose of business continuity is to ensure that your business is able to survive a critical incident. It consists of a series of plans implemented over phases to shorten recovery time and mitigate impact. Now is a reasonable time to evaluate the impact of COVID-19 on your organization, looking both internally and externally.

5. Consult with advisers

This is the time for everyone to work together. Consider reaching out to:

- An outside risk management consultant
- Legal counsel
- Insurance broker
- Financial advisers
- Mental health professionals

6. Consider your reputation

Last, consider your reputation. The success stories of COVID-19 will be the people and organizations whose reputation was improved with their response to the pandemic.

For those organizations that take a short-sighted view of the pandemic, by price gouging or supply hoarding, the long-term negative reputational impact may far outweigh the short term benefits experience

Source: RIMAN, Wikipedia, Gowling WLG

RIMAN Upcoming Programmes

CRM Exam April Diet Stage 1, 2 & 3	Postponed Until Further Notice
Managing Risk in the Oil & Gas Industries	Postponed Until Further Notice