

On 26 March, as lockdown tightened across much of the world, the IRM's Innovation Special Interest Group (SIG) organised an online meeting for members to share their stories, their advice and their concerns. This was a valuable opportunity against the background of the SIG's ongoing research into the topic of resilience. Members representing a range of organisations joined the session from all parts of the UK and overseas, many welcoming the chance to participate as they had never been able to attend the usual in-person meetings before.

The SIG Leadership Team (Dr Rodrigo Souza of Roehampton Business School, Sarah Gordon, MD at Satarla, Sheila Milbourne, Director of Risk & Compliance at Hood Group and Mark Turner, MD of Emsity) summed up the discussions as follows:

"It was clear that most of us are learning on the fly how to respond to events of this magnitude. Though many had resilience plans in place, we also heard that this is a time for risk managers to get closer to business units and interact with them to help provide more integrated and holistic solutions to firms' specific needs. It will be too late to install risk management when the situation is happening. I have heard this from successful risk managers before but current events have made it real.

We noted that the more ERM mature and resilient organisations have been able to use past crises as a trigger to further develop resilience practices. Education and competency is a crucial component to understand organisational practices better and to be able to persuade people regarding the necessary changes. The role of CROs has been to bring people together as well as foster intercompany collaboration, uncovering interconnectedness and supporting risk-based decision making through using different analytical tools and techniques. Ultimately, the board's support is essential to sustain this organisational/individual mind-set and to ensure that enterprise risk management practices are congruent to and support resilience frameworks and vice versa.

On the other hand, there is potentially a gap between what can be delivered by less mature risk management practices and board expectations that the profession must step forward to fill. Board members are looking to the future and expecting that risk management will be a strategic component in their business structure. They want to know what is coming next, the big picture and the complexity and uncertainty involved in decision-making. Resilience is a way to guarantee agility before, during and after disruptions and not just an instrument to make business prepared and robust to moments of crisis. In this sense, in accordance with the IRM and ERM proposition, it is a shift from a focus on risks as threats, to embrace the upside of risks/uncertainties as potential opportunities to achieve or exceed objectives. Therefore, risk professionals should not be thinking only about the compliance aspects of their functions, but also about creating space to think the unthinkable/unpalatable and providing solutions and preparing individuals on how to act according to expectations/guidelines during these events.

Unfortunately, it seems that not all organisations have been able to respond to these board expectations/requirements and embrace enterprise risk management as a value-adding activity. This indicates a lack of maturity in risk cultures and risk management practices inside organisations. There are still risk managers who are focused on looking to the past and trying to explain what has happened as the way to look to the future. This is a way to drive companies by looking in the rear view mirrors, instead of at what is coming ahead. These managers are defining "resilience" as being about preparedness and robustness in a cause-and-effect Newtonian model of classical mechanics rather than recognising the complex and unpredictable way in which the future may unfold in front of their eyes. As a

result, resilience seems to be always the next stage, as an aspiration for risk management practices, while compliance is maintained. Nonetheless, managers who had worked in other companies, or know other practices, saw that real resilience propositions are sold more easily after failures and until that happens those companies might choose/encourage people to stay dancing with the music. In essence, these risk managers are still prisoners of risk registers and tick-box exercises and boards seem too far away to be reached.

During our last meeting, in December 2019, one question that was raised by our Innovation SIG members was “is ERM driving more resilient practices/organisation or are resilient organisations enhancing ERM?” Resilience is an emerging feature of ERM integrated with performance management and control processes and it must be implemented by design since it is context-specific. Therefore, mature ERM must enhance organisational learning, reducing inefficiencies and driving organisations to test their resilience capability, even though this latter feature seems to be the one which needs more work/improvement right now, as most organisations do not test their resilience capability. Hopefully, this will change after the COVID-19 pandemic.

Finally, the more ERM mature organisations expect to derive competitive advantage through strategic consideration of resilience. In these cases, risk professionals must work on overcoming communication barriers, through succinct and clear messages regarding the value of ERM to business practices; making sense of unstructured data (e.g. focusing on emerging risks and interconnectedness); creating timely and simple metrics to monitor and evaluate performance and exposures (e.g. using big data, available technologies and customised apps); and building in preparedness and agility. In sum, the proposition of resilience is an important feature to include in ERM toolkits, however, in principle, it is also a way of re-packing and re-selling ERM ideas as seen through new lenses.

Perhaps, the focus now should be on: “If you survive, then be prepared for the next big thing!”