



COVID-19 Pandemic Global Risk Management Response

Foreword



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The role of risk management is to help our organisations achieve their objectives in an uncertain world. In 2020 that world was turned upside down as a long observed, although perhaps not sufficiently managed, risk –global pandemic – became a live issue.

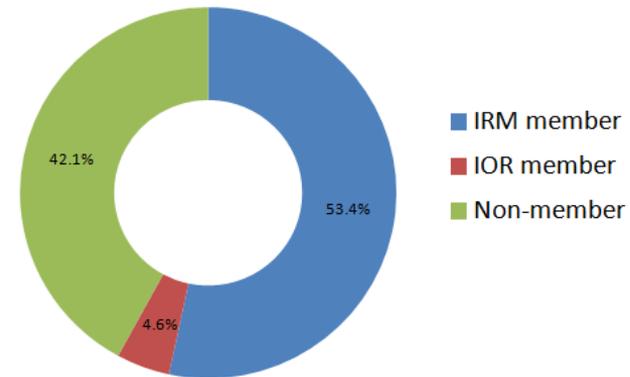
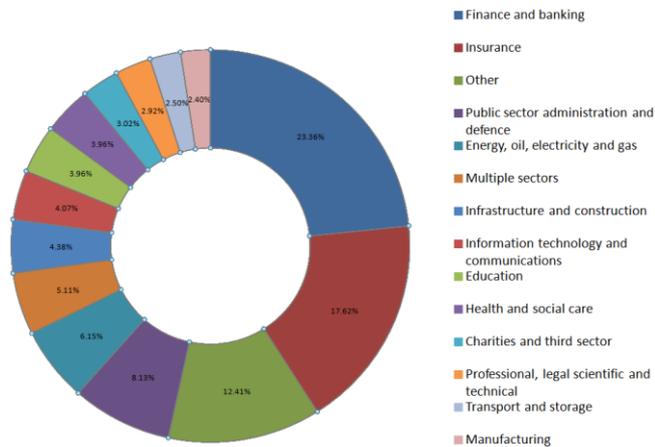
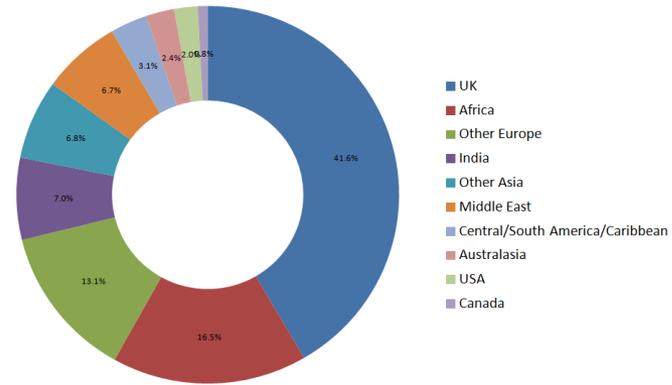
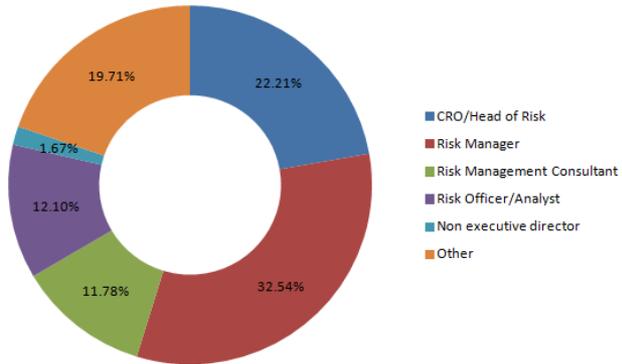
We were pleased that nearly one thousand of IRM’s members and contacts around the world were able at such a busy time to contribute to this survey. Our aims were to find out how risk management functions were responding to the crisis, whether their plans were working, what had proved helpful to their response and what had not, how this situation might affect the development of the profession and what we should be learning from it.

It appears that our community is fully engaged with the pandemic response, with 98% still at – appropriately distanced - work, dealing with current issues and preparing for the future. Good technology, good communications and good leadership have been rightly highlighted as the key positive factors in maintaining operations. Although there are realistic concerns about the scale of what has happened and what will happen, many reported how their personal and organisational investment in risk management expertise has paid off.

For the future we expect to see a sharper focus on resilience and on strategic risk management. These topics have been around for some time but this period of crisis will focus attention on ensuring organisations have the people and skills to raise their game to what will be required in ‘the new normal’.

And we mustn’t allow the magnitude of the current crisis to obscure the other major (and interconnected) risks that we all face. We still need to tackle climate change, cyber risk, supply chain disruption, economic and geo-political volatility, to mention just a few. The IRM, the IOR and our wider global risk management community stand ready and confident to lead the response.

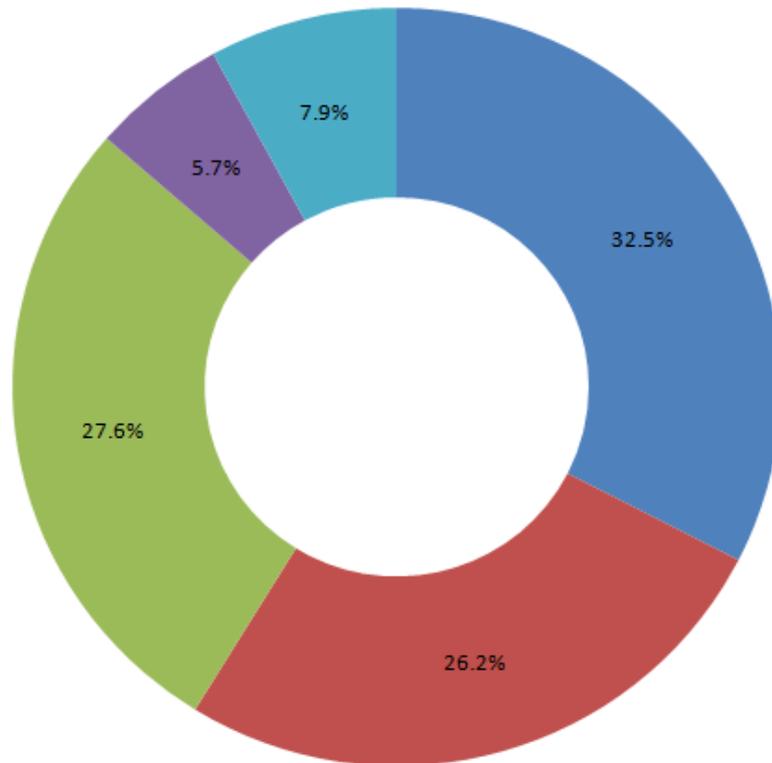
959 people worldwide, from all sectors, responded



This survey was conducted between April 14 and April 22 2020.

Before the current global COVID-19 pandemic event, had your organisation given any consideration to pandemic risk?

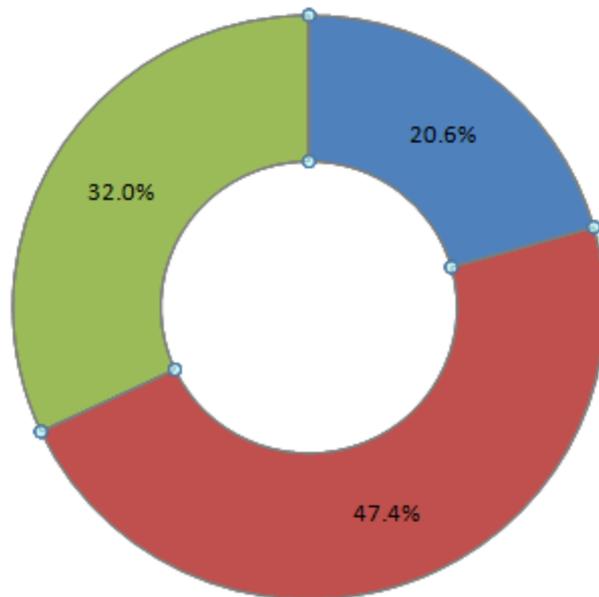
32% of organisations had not considered pandemic risk or anything similar before it happened.



- No, we had not considered that this (or similar) scenarios were relevant for us
- No, but we had considered scenarios with similar consequences for our organisation
- Yes, we had considered both the financial and operational impact of a global pandemic
- Yes, we had considered the financial impact of a global pandemic
- None of the above fit

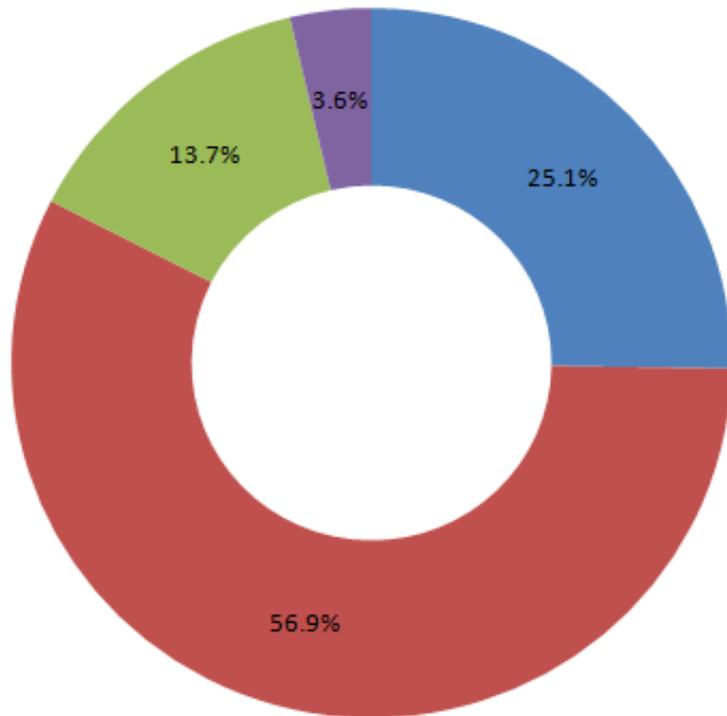
If you had previously considered a global pandemic, or similar, what actions did you take?

One fifth of organisations who considered pandemic risk didn't then do anything about it.



- No actions were taken
- Some actions were taken
- We implemented all the identified actions to ensure we were resilient in the event of a pandemic

How satisfied are you with how your crisis management and business continuity actions have dealt with the first few weeks of the pandemic?

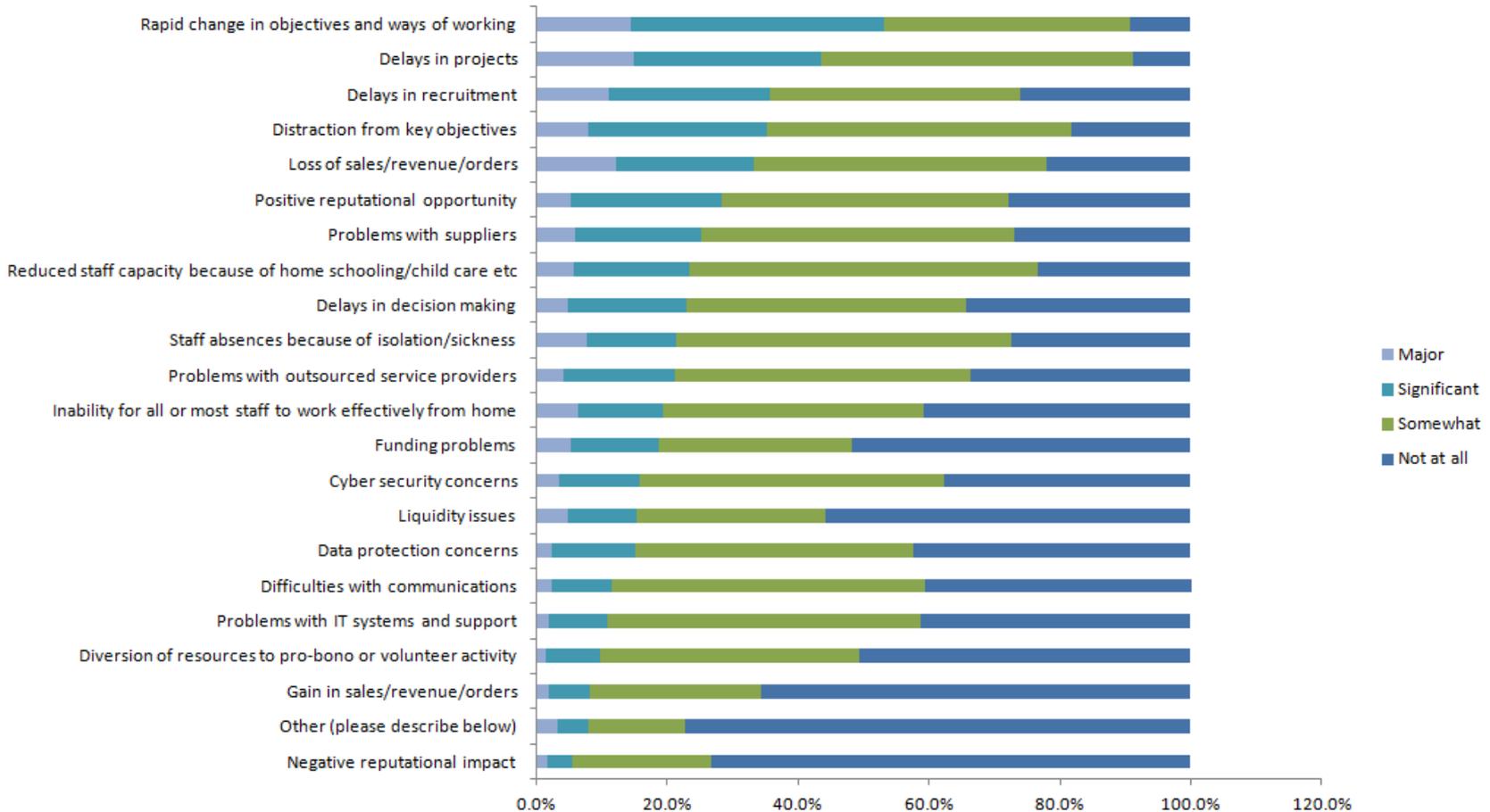


82% are satisfied with their organisation's initial response.

- Very satisfied - our plans have worked well and we are operating to expectations
- Satisfied - we have had some problems but we are operating more or less to expectations
- Dissatisfied - some things are working but there have also been some major problems and we are not operating to expectations
- Very dissatisfied - this crisis has uncovered some major deficiencies in our recovery capability and we are definitely not operating to expectations

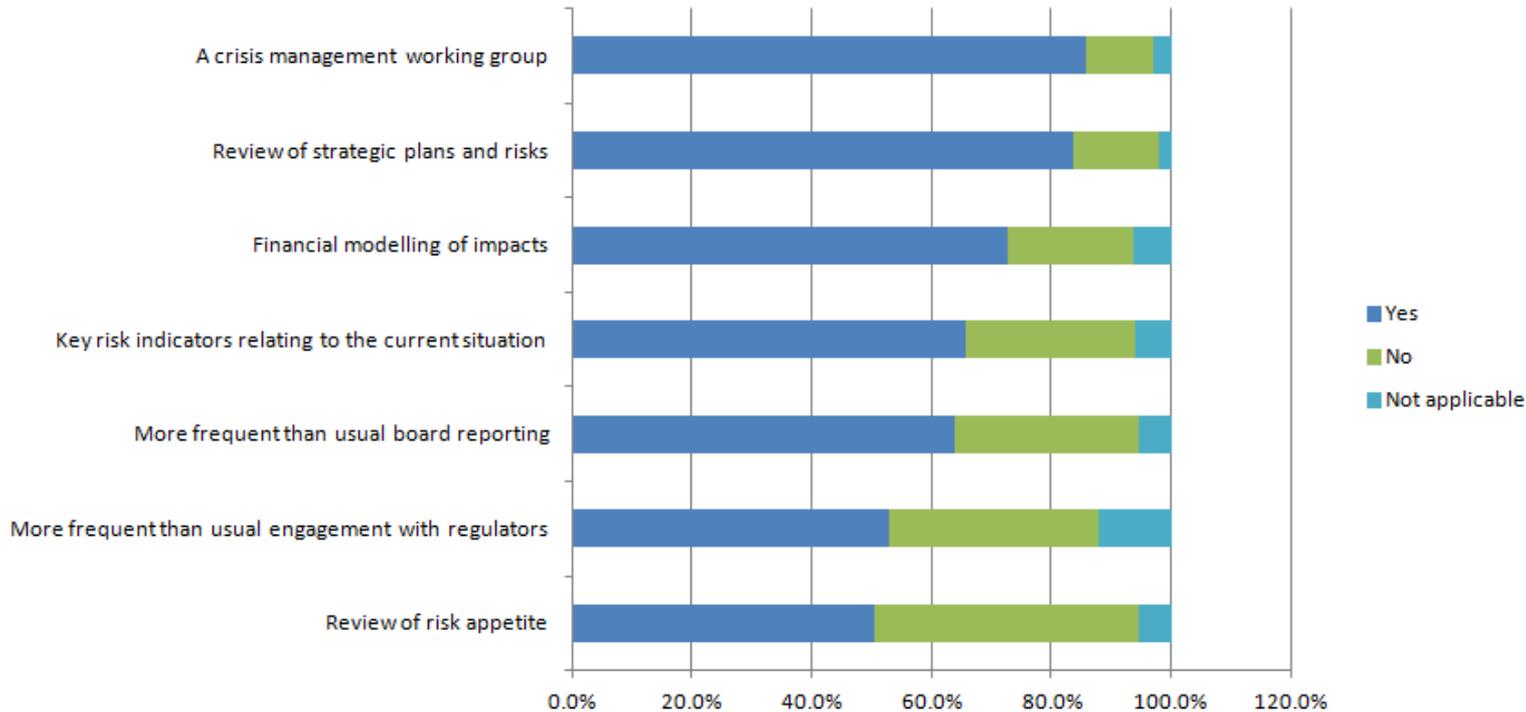
Has your organisation experienced the following short term impacts?

Rapid change, delays and distractions in the short term



Is your organisation undertaking any of the following to manage the crisis?

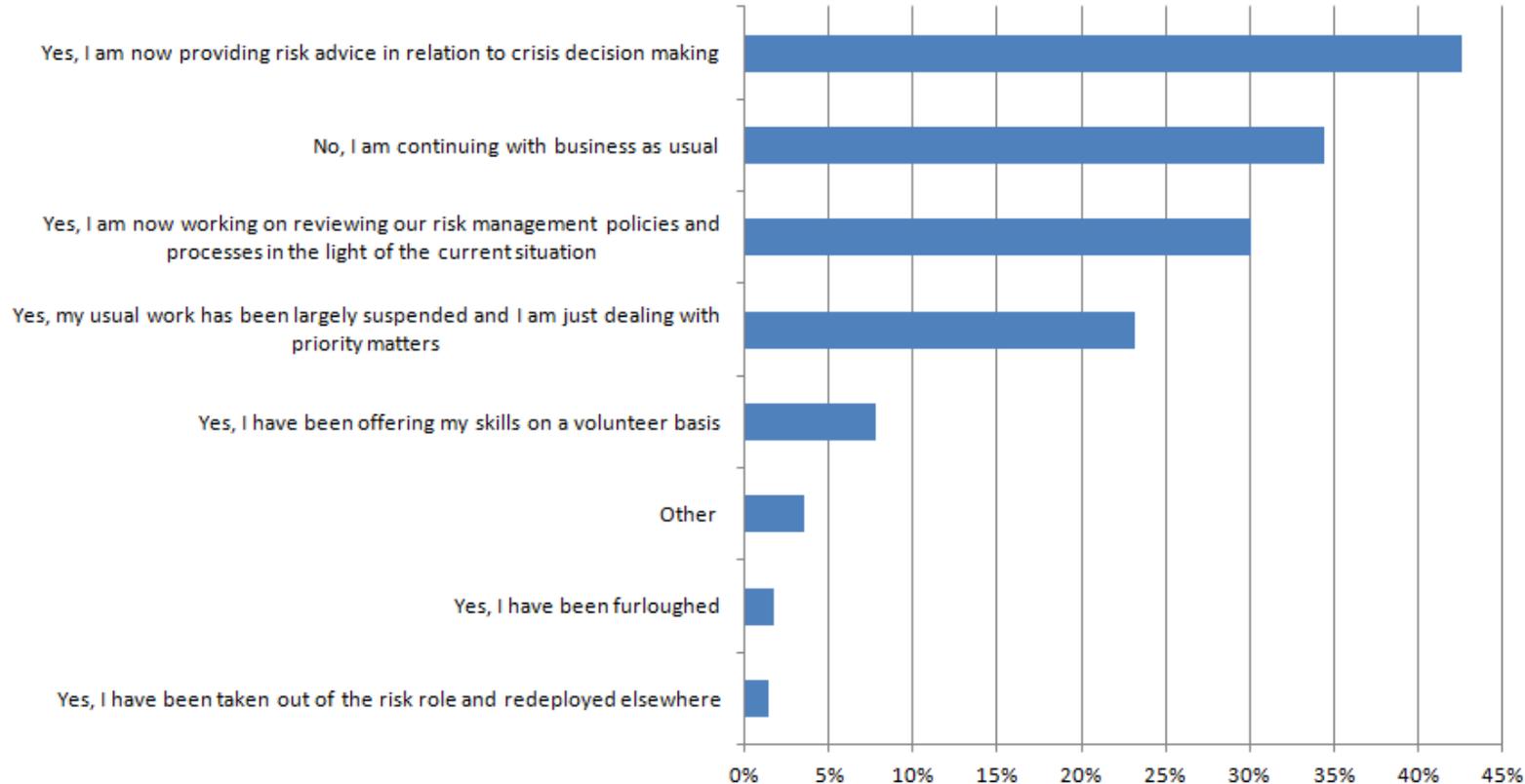
86% of organisations set up a crisis management group.



Has there been a change in your risk management role as a result of the pandemic?

98% of our respondents are still working in their risk roles.

% of respondents



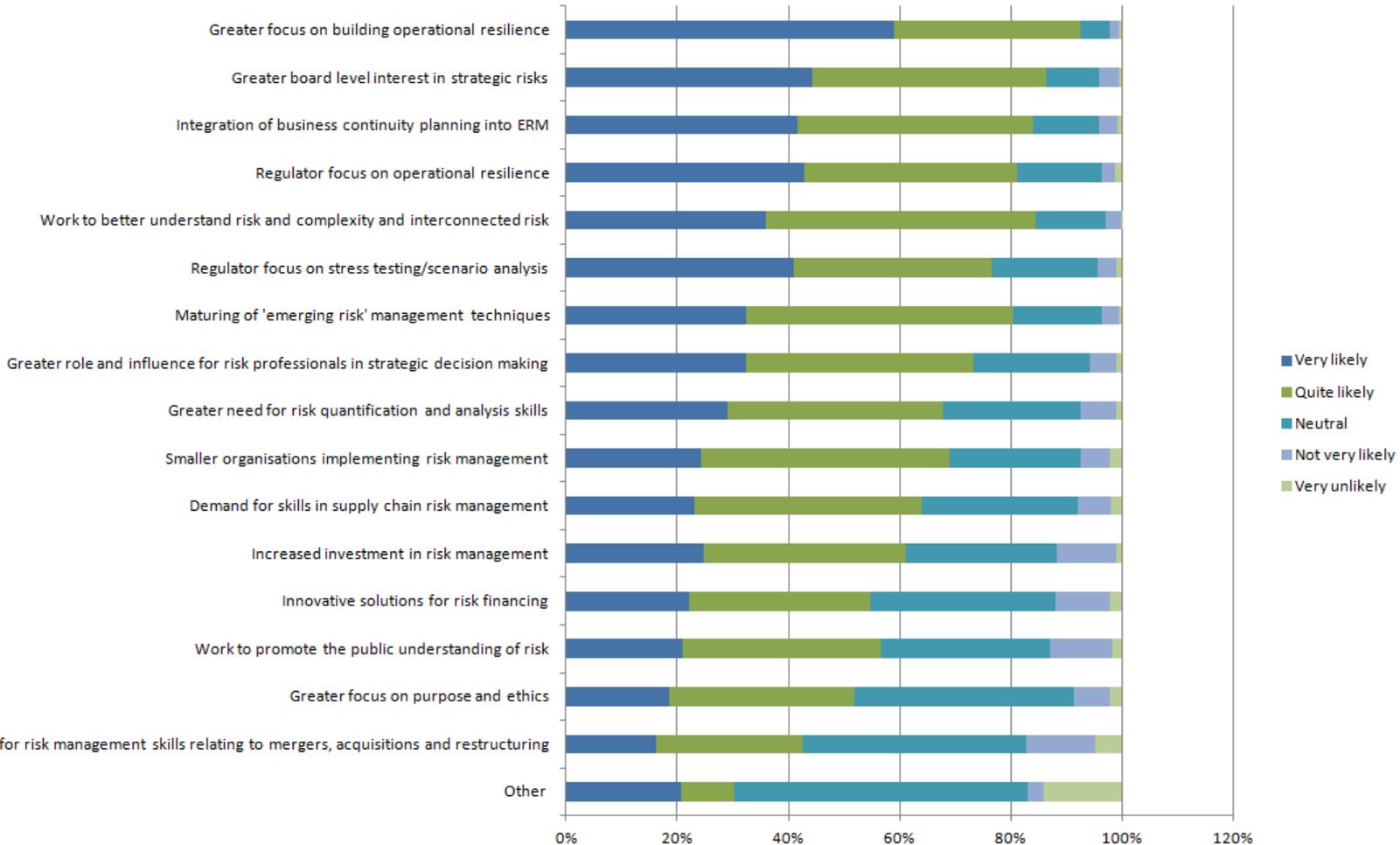
From the point of view of the support that the risk function gives the business, what factors have helped your response?

80% said technology was a major or significant factor.

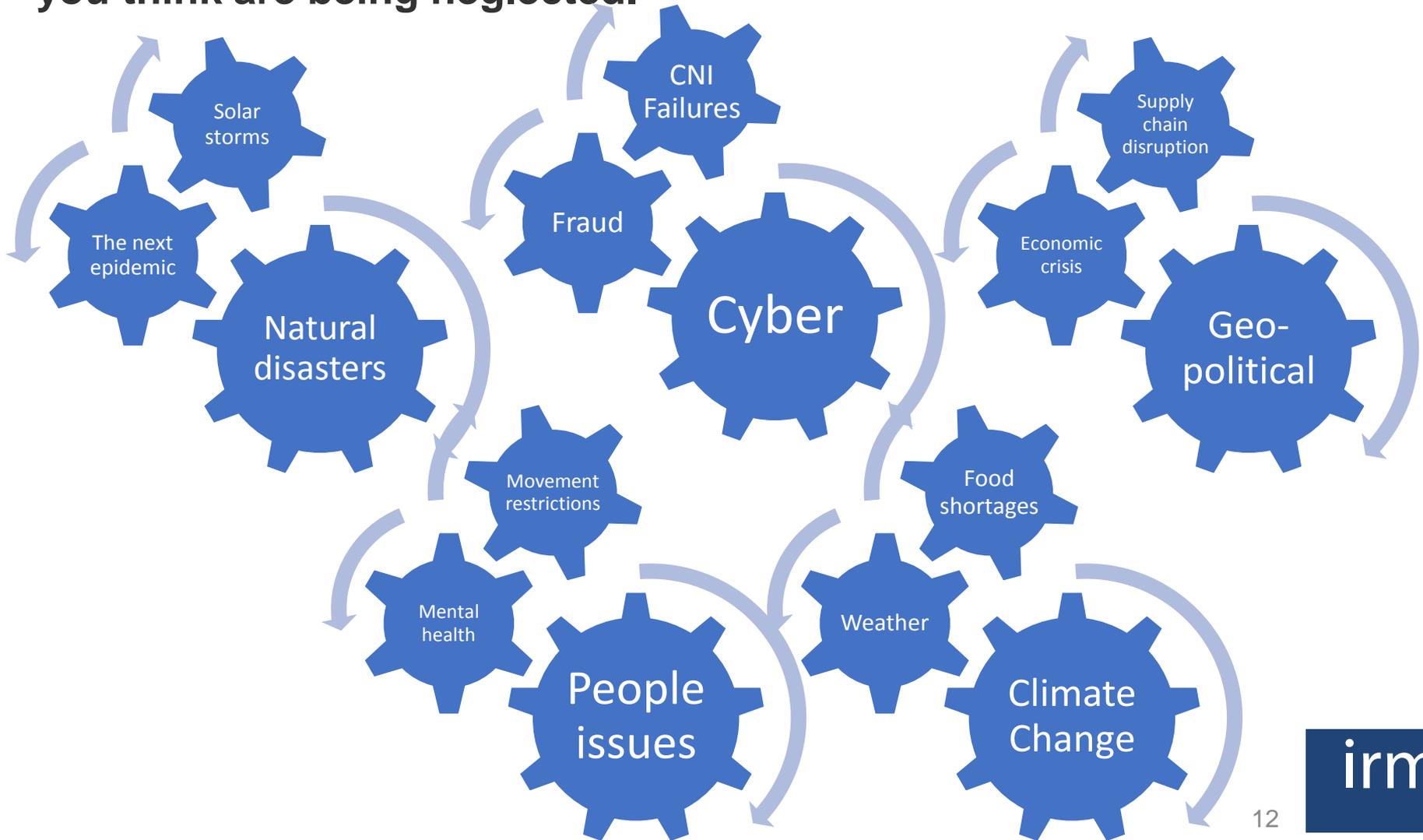


How likely do you think it is that we will see the following changes in the field of risk management as a result of the COVID-19 pandemic?

92% predicted a greater focus on operational resilience.

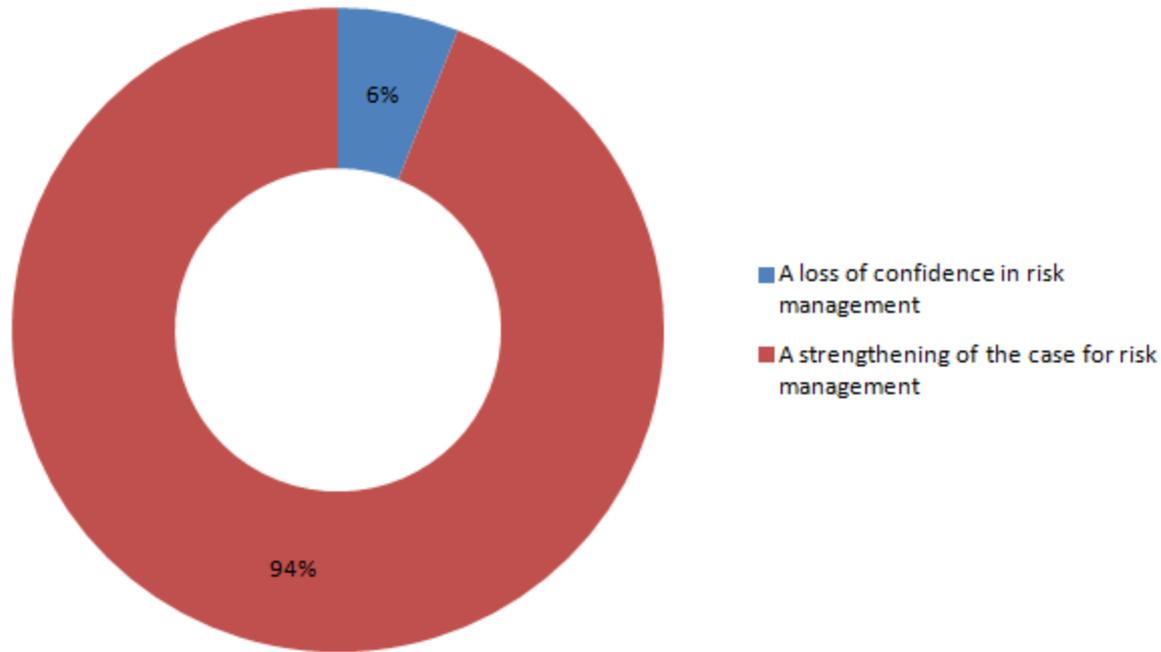


Please comment on any other 'high impact, low probability' risks that you think are being neglected.



Overall, do you think that the COVID-19 pandemic will result in....

94% believe the case for risk management is strengthened by our pandemic experience



Comments

“For my organisation, the role of risk management has been to raise leadership eyes from dealing with current challenges to anticipating incoming ones, moving from a total focus on "fire-fighting" to a consideration of medium- and longer-term challenges and opportunities....it's also been tremendously valuable to have an ERM framework in place.....with the exception of a few "new" risks linked to COVID-19, the vast majority are risks we've already identified and developed management plans for. This has given us a tremendous head start in terms of updating pre-existing risks to meet the new reality, and the ability to ramp up controls for risks that have become more severe as a result - whether related to liquidity, cyber security, confidentiality or health and safety.

“....improved advocacy for proactive risk management engagements in government and governance. Inclusion of basic risk management training in our education system and culture...”

“Conventional risk management is not sufficient to assess such pandemic, crisis risks ...understanding complexity and risk is essential”

“Hopefully organisations will realise the important and strategic role effective risk management can leverage in mitigating and managing pandemics. Risk management needs to be integrated and embedded into organisational planning, objectives/priority settings and general day-to-day management. I also hope that learning from risks will be prioritised and embedded as a tool for continuous improvement and enhancing organisational resilience.”

“Small to medium size firms will now begin to see the need for a formalised approach to enterprise risk management. “

“Risk Managers are now in the right position to make effective contributions in managing this global pandemic. There is no other career more rewarding at this point in time than being a Risk Manager.”

“I saw many businesses waited and saw how the situation evolved and then took the actions. More proactive actions will be needed in every aspect of crises and risk management...”

“Specific plans and generic plans are all useless, what counts is trained, responsive well defined management teams.”

“Future focus on scenario planning”

Comments

“ I think we need to prepare for other crisis soon and maybe even before this all settles down.....”

“.....should add knowledge on business, BCP and risk quantification techniques to existing RM certification / training programs....”

“The most important impact will be the reassessment of supply chain risk and a shift in the risk versus cost evaluation.”

“We have benefited from not being complacent about reviewing potential global risks to our organisation on a routine basis, which I believe put us in a strong position to respond. Also Brexit preparations with e.g. supply chain reviews has supported our response.”

“It is no longer just about risk management. There is a direct link to building resilience. In future it will be about 'Enterprise Risk and Resilience Management (ERRM)'.”

“...more attention will be given to leading indicators in future. Also to ways of funding business preparedness/ resilience for 'once in a lifetime' events, that might not otherwise satisfy the risk appetite / riteria for the spending of investors / shareholders / taxpayers money.”

“I don't feel that risk management as an "industry" has been on the front foot during this crisis. Pandemics are one of those "what if" events that we try and plan for that are rarely taken seriously, maybe current events will change that in the future. These events should also give risk managers the confidence to ask for more/better planning/contingencies when it comes to multiple "what if" scenarios.”

“The power and the responsibility of risk modelling has never been greater. Decisions informed by risk modelling have saved millions of lives, and have cost trillions of dollars of economic activity. It's too soon to say whether governments and society will thank, blame, or forget the modellers.”

“The current crisis will “help” risk managers in getting buy-in for their assumptions when conducting scenario analysis. We'll always be able to say “well, remember when we were all locked in for weeks and oil price went to \$20...”

Comments

“The pandemic and its impact is exceptional, so I wonder whether any organisation’s risk plans were, overall, adequate to deal with it. How do you plan, for example, for many of your customers to close down over the course of a few weeks? Of course, risk planning will have to evolve to cover this situation now, but it seems to have been high up on governments' risk registers (even if not so much on corporate risk registers) and yet even many of them have shown themselves not to have been well prepared.”

“In some ways the risk function has become less critical and front line services have become the absolute priority. The strength of risk management for me lies in preparing for crises in order to mitigate their effects not the actual management of them at the time. That has fallen predominantly to senior leadership.”

“We need risk professionals to be visible, proffering solutions by educating businesses and organisations on the framework and methods of preparing for very stressful events.”

“... (this) has opened doors into planning in a way which wasn't the case only a few months ago. Really being encouraged to lead on resilience training and business recovery.”

“...essential for risk managers to lead work to learn lessons from COVID-19 and be very open on where risk management failed (pandemic risk was not a black swan yet were preparations sufficient?) and how we can improve....”

“It’s sad that risk management is not currently being taken seriously in many emerging markets especially in Africa. The COVID-19 pandemic is a wake up call....the ball game will certain have to change in both private and public sectors.”

“The haphazard response of some companies towards risk management has highlighted the importance of ERM. Risk professionals that will help their companies deal with the crisis will create a strong foothold of their function in the company...”

“Companies need to invest in risk management .”



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