

Risk Management: Re-evaluating & Prioritizing for the Next Normal

Risk implies probability and during this time even organizations that had good risk management practices in place are re-evaluating their plans. As a business leader, you must ensure the right people and dollars are being used where they will make the most impact and mitigate exposure. As decisions are made to deploy your limited resources, how do you decide which risks to prioritize and address first?

REASSESS YOUR BUSINESS RISK INVENTORY

As companies reassess their risk profile along with new strategies and objectives, here are some of the areas to reconsider and questions to ask:



CUSTOMERS

Have I contacted customers regarding their needs?

Have customer buying patterns changed?

What problems can I solve for my customers?



COMPETITORS

How are my competitors positioned to weather the new environment?

Do we expect industry consolidation to occur as a result of new norms?

Do we expect asset sell-offs and are there opportunities for acquisition?



SUPPLY CHAIN

Do I understand the critical needs of my products and business lines?

Have I contacted my Tier I suppliers to understand their challenges?

Should I increase supply orders to avoid production disruptions?



WORKFORCE

Am I keeping a log on employees, contact information, and locations?

Have work from home and device policies been reviewed?

Does my workforce have the tools to maintain productivity?



INFORMATION TECHNOLOGY

Are reliability issues addressed with failover and disaster recovery plans?

Is sufficient security in place and are exploits actively monitored?

Are we adequately managing data governance and privacy?



PHYSICAL INFRASTRUCTURE

Are physical facilities secure and are critical/valuable assets secured?

Have we established preventative procedures to protect onsite employees?

Have backup systems like generators been tested?



FINANCE

Have capital needs and availability been assessed?

How secure is my line of credit (i.e. could the bank pull it)?

Are there sources of capital we can tap quickly as a contingency?



LEGAL & REGULATORY

Are we monitoring regulatory and policy impacts due to Corona responses?

Have we considered force majeure for our contracts?

What new liabilities have resulted from this crisis?

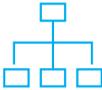
OUTPERFORM THE MARKET WITH BETTER RISK MANAGEMENT

This is where strong risk management principles and governance can make a difference in business success. It is proven that companies with mature risk management governance and processes outperform their industry peers.¹ In a crisis, every advantage counts so now is the time to examine the organization's risk profile and governance to maximize results. Jabian recommends your business do four things:

- 1. Identification & Assessment**
Identifying and assessing risks is a continuous, ongoing process. The goal is to define the appropriate risks across critical business areas like the ones above to achieve strategic objectives and protect the business. This process can be accelerated by facilitated Risk Identification and Assessment activities that result in a comprehensive Business Risk Inventory.
- 2. Prioritization**
To ensure resources are focused on the most important risks, prioritize them by examining the impact, probability, and how well each risk is currently managed. Examining and discussing risks in a senior leadership forum is important as this provides perspectives on disparate views and helps align the organization's priorities and interests concerning risks.
- 3. Deep Dive on Target Areas**
With an understanding of the organization's top risks, it is often necessary and highly recommended to select 3-5 risks to examine for deeper insights. These insights can be valuable for the organization to prepare for another crisis, help manage risk strategically, or plan for how risk could impact strategic objectives.
- 4. Risk Governance**
Tasks 1-3 are supported by Risk Governance practices with oversight from a Steering Committee that includes senior leaders from across the enterprise. This protects the company by examining fiduciary responsibilities and assessing whether current practices are effective in managing risk. While there are many frameworks available, two of the most popular are COSO and ISO 31000.

JABIAN IS HERE TO HELP

Organizations that have good risk management policies and procedures are proven to be more resilient. Jabian's Risk Management professionals can help facilitate identification, assessment, and action plan development. Depending on your need, Jabian provides solutions to:

 Facilitate workshops that identify and prioritize business risk	 Provide expertise to effectively model risk impacts and probabilities	 Conduct business risk inventories and governance assessments
 Establish best practice Risk Governance policies and processes	 Implement and manage industry best practice risk frameworks	 Design and deploy incident response and communication plans

If you're interested in learning more about how you can better manage risk, contact us at planahead@jabian.com. We can start with a conversation around your needs and tailor an approach that fits your organization.

¹ <https://www.aon.com/risk-services/thought-leadership/report-rmi-insight-nov-2017.jsp>