Global Risk & Compliance

The Urgent Need for Change

Anthony Stevens

6clicks®

2020: International Year of Risk Management

Never before in the modern world has there been a time when every single business was forced to assess risk.

Significant operational risk to staff and customer health; risk to profit loss and survival; recognition of the potency of communication or lack thereof. The challenges of the global pandemic raised the bar.

Covid-19 has been the massive wake-up call in how organisations handle a crisis, with the pandemic exposing complacency, guesswork, systemic cracks in compliance systems, and devastating failure as a result.

Our increasingly unpredictable world demands tighter, smarter and more effective governance and compliance than ever before. Are you prepared?

An informed, inclusive and realistic approach is essential. The answer lies in a combination of user-friendly technology, insight, leadership, and a truly collaborative multi-level approach to risk management.

The bottom line on future-proofing your business relies on the ability to look after your people, protect sensitive customer information and deliver reliable services, no matter what the circumstances.

An Overview of the Corporate Risk Landscape

In categorising modern corporate risk, four broad quadrants arise. Within each, there may be additional sub-categories (as shown with operational risk, for example):

- Business risk
- Cyber risk
- Reputational risk
- Operational risk (e.g. asset protection, executive protection, physical security, travel safety, human health, logistics & deliveries)

This goes to show the far-reaching nature of risk; the potential that runs deep and exists in every corner of a company. Therefore, it is essential that risk management is shared company-wide, with every department taking responsibility for a clearly defined response during a crisis.

To achieve a rapid and coordinated crisis response:

- Real time information must be shared and be as far-reaching as the risk potential itself.
- Functional owners and department heads must be enabled to assess risk from their unique viewpoint.
- Access to information about emerging risks must be democratised and not just available to all, but actively communicated to all.

The Value of a Well-Oiled Risk Management Plan Cannot by Understated!

Behind the scenes of an effectively-coordinated corporate crisis, the work is fast, complex and deeply collaborative. From the outside, the company's response to stakeholders and the public appears seamless and unified. There is clear communication about the risk impacts, an action plan, and reporting back once the risk has been alleviated.

Compliance Failure Must Be Addressed

Several common areas of non-compliance have been exposed in recent years, many well-entrenched before the first wave of Covid-19. The four main failure areas have emerged as follows:

- **Lack of communication.** Leaving key people left out of the loop makes it impossible to achieve full risk management and compliance.
- **Lack of collaboration**. Without real team input, feedback and consultation, compliance is ineffective and incomplete.
- **Poor information**. A lack of comprehensive risk library, essential in helping an organisation to identify, define and prepare for imminent threats.
- **Old technology / no technology**. Whiteboards, sticky notes and clunky admin are no substitute for smart software systems everyone can use.

There's no more room for complacency. Companies need to lift their game on compliance, or risk organisational failure to survive, let alone thrive.

Leadership, Leadership, Leadership

Within the broad bandwidth of risk leadership, from the chairperson to department heads, a key ingredient has often been missing: **dialogue.**

Strong, insightful and consistent leadership, from the top down and the inside out, will create clarity and cohesion and be a major key to survival, let alone success.

Three leadership areas to improve on:

- **The human element** The importance of intra and inter department dialogue cannot be stressed enough. Good old fashioned communication gains measures of consensus about what's important and what's not, and how to move forward.

- **Teamwork makes the dream work.** A good leader gets team input from as broad a spectrum as possible, gathering individual and collective experiences on risk likelihoods and impacts.

- **Establishing risk libraries.** With the increased breadth of risk, consultants are limited in the 'unknown unknowns'. A good leader embraces technology to collate information and 'tool up' their organisation for any future disruption.

6 Best Practices to Building a Risk Management Plan

Operational challenges will be more easily navigated and avoided by ensuring these key elements: proactive management, shared responsibility, a common viewpoint, and real-time information.

As an analogy, think of the situation room in an impending national disaster. A hurricane is hours away from descending on a region. Leaders from every shire council and government department are present in the room and receive the same information in real time. They assess the risk and make quick coordinated decisions with the shared goal of protecting people and assets, managing rescue operations and getting life back to normal as quickly as possible.

Modern risk management is highly collaborative and looks to the situation room as its model.

1. Clearly Defined Roles and Responsibilities

An evolved, coordinated and unified risk response is one in which every department knows their sphere of responsibility in manifesting an orderly and efficient response. This is no time to act in an ad hoc manner or solely in departmental interests. A holistic view that takes all parties and shareholders into account is essential.

A common and simplified example is the fire evacuation, where defined fire warden roles in each department merge staff for a coordinated and orderly building exit at managed points.

2. Anticipate and Simulate Future Risks

Look at the probable risks that your company might encounter, and like the fire drill, regularly practice and simulate your response.

3. Communicate Information in Real-Time

This is your cornerstone to crisis-handling. Information that is relevant and up-to-date will give an accurate picture of the size and scope of a crisis, no matter what its nature, enabling sound decision-making. This is critical for global enterprises where a risk event might be nations away from headquarters, and equally crucial for staff and stakeholders who are at the coalface as an event unfolds.

In a quickly-developing emergency for example, travel safety is paramount. In this analogy, corporate security teams use real-time reports – often significantly ahead of official reports – to learn of unpredictable emerging threats and be able to warn employees on the ground whose safety is compromised by the incident.

4. Be Human in Your Digital Risk Management

Good old-fashioned communication also delivers insights straight from humanity. Our diversity and separate lived experiences create valuable perspectives. Don't overlook this when dealing with cold hard data.

5. Enable Equal Access to Data and Information

Every department within a company should be granted equal and consistent access to real-time information, empowering them to assess the risk from their unique position. Without information being universally shared, bottlenecks can occur while waiting for information to be processed and distributed (for instance, by an external security operations centre). The result of a bottleneck? Slower response times, unfounded rumours, lack of alignment, and the potential for critical mistakes by uninformed staff.

6. Future-Proofing With Technology

Smart, resilient team-based solutions will allow your company to rise to any challenge. Here, technical innovation should be leveraged wherever possible. Intuitive, easy-to-use and collaborative team-based tech solutions can clearly help businesses of every size to achieve effective governance and risk management practices.

Cybercrime and pandemic-related ransomware are not the only risks. In a post-pandemic world, higher ethics, standards and regulatory expectations are embedded in digital transformation. To fall behind is to risk everything.

Your Solution Starts With a Click

Now you know the direction you should be taking. If getting your risk management strategy underway still seems an overwhelming task, procrastination itself is a risk. You needn't delay this vital addition to your organisation when the risk management experts are just a click away.

6clicks offers a complete Risk and Compliance Operating System that revolutionises the way organisations mature their cyber security, data privacy, risk management and compliance capabilities.

Our suite of products includes:

Next-generation SaaS platform, including white-label functionality for advisors

Curated and customisable content library

Award-winning mobile app

World-first AI engine

Ground-breaking risk intelligence social network

Insight, efficiency, productivity, cost, relationships & security

Our service and products allow our direct customers, consultants, lawyers, assessors, auditors and service providers in general to leverage the 6clicks Risk and Compliance Operating System easily and at low cost.

With offices across APAC, UK, U.S. & India - there is a 6clicks team member near you.

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