BUSINESS RISK

02 EMPLOYEE EXODUS
Employees, either furloughed or simply disengaged, could be searching for something better

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Rapidly shifting goalposts means that contingency plans are continuously changing

12 WORLD ON FIRE
For leaders who have only known peace and stability, how do they adapt?

BRAND AND REPUTATION

Brand matters... more than ever

The coronavirus pandemic has sharpened consumer attitudes towards poor corporate behaviour, which could make or break brands in times of crisis

Joe McGrath

How many times have we heard the word "unprecedented" in relation to the coronavirus pandemic over the past few weeks?

One word that has not been quite as overused is reputation. However, plenty of brands and businesses stand to cement or lose theirs depending on their response to this crisis. And some have already been found wanting, making headlines for the wrong reasons.

Companies are coming under increased scrutiny, whether it is for what they do or do not say. Reputation may be hard to measure, but it becomes a valuable asset during times of crisis especially.

Neil Stanhope, founder of brand agency Underscore, says: "Brand reputation is not just how your company is perceived by your existing customers, but by the market as a whole. In times of crisis, people quickly turn to what they know and trust or they work on market authority and word of mouth.

"A favourable brand reputation means people not only trust your company, but they are comfortable spending what little they have with you."

Every decision your company takes in the COVID-19 outbreak will be examined more closely than ever before, says Louise Ahuja, director of LouiseBcomms.

Brand marketing in a crisis: Why now is not the time for silence, published in March by Opinium, shows the more vocal brands are perceived as having responded better to the crisis.

It is no surprise that supermarkets came out on top for having been vocal and responding well, followed by the healthcare, pharma, and food and drink sectors. Meanwhile, Opinium's research shows the top five sectors consumers think have not done anything in response to the crisis are automotive (27 per cent), fashion and beauty (26 per cent), gym and fitness (17 per cent), financial services (15 per cent) and charities (14 per cent).

> **To then suddenly tell all its staff to get jobs at supermarkets when it was told to shut down and refuse to pay suppliers owed money, suggests its previous stance was purely driven by greed**

"Now is the not the time for silence," says Ahuja. "Even companies that have been forced to close need to find ways to communicate with their audiences to stay relevant and help their customers."

Paul Beadle, associate director and head of social media and digital communications at MRM, a financial comms and public relations consultancy, says during a crisis companies should want their reputation to communicate trust and responsibility.

"If you're a brand like Ryanair, which doesn't come across as being very customer focused, then it comes as no surprise when the airline starts dragging its feet over refunds for passengers. That just compounds a poor reputation," he says.

How have the supermarkets managed to find this balance? "The quality I'm seeing from good brands, like the supermarkets, is the sense that 'we are all in this together'," says Beadle. "Shoppers will be tolerant if there are queues or shortages in stores, so long as companies explain why and show the extra mile they and their employees are going during difficult times."

Stanhope agrees that the best way for brands to demonstrate solidarity is to show empathy with their customers and their supply networks. Who this message comes from is also important, though.

The same report by Opinium found 38 per cent of consumers want to hear from employees on the frontline of brands' communications, followed by 31 per cent who want to hear directly from the chief executive or founder. Only 5 per cent and 4 per cent of those asked wanted to hear from influencers and celebrities respectively.

Ahuja believes employees are now brand ambassadors. "Your reputation is in their hands, which is something all chief executives and communication specialists need to wake up to very quickly," she adds.

As Beadle points out: "Co-op has done well, tapping into its community roots and putting a real face to its communications, using real employees and customers."

But the general public has not responded so well to billionaire businessman Sir Richard Branson, founder of the Virgin Group, whose plea for state aid for his airline Virgin Atlantic fell on unsympathetic ears.

"The Virgin Atlantic brand reporting about unpaid staff leave, furloughs on government money and government bailouts to the tune of £7.5 billion has felt far removed from their celebrated promise as the 'fun, friendly and fabulous choice' to fly," says Stanhope.

"While their needs as a business to weather this storm are completely understandable, it seems the brand itself is inextricably linked in the minds of the public with a high-profile billionaire owner of whom they simply expect more, even in a global crisis."

Of course, many companies will have to break bad news to their employees and customers, but there is a way to deliver these announcements without causing serious, long-term reputational damage.

"Clear, timely and honest communications to staff, customers and shareholders is critical to maintaining a firm's reputation," says Louise Dolan, a partner at Camarco, a financial and corporate advisory firm. "If tough decisions have to be made, such as restructurings, furloughing or closures, explaining why and being transparent will show the integrity of the business and its senior staff."

Keep consistent and authentic, advises Beadle. "When [pub chain] JD Wetherspoon said it was staying open during lockdown because pubs were essential, it was clearly trying to create a 'bulldog' spirit," he notes.

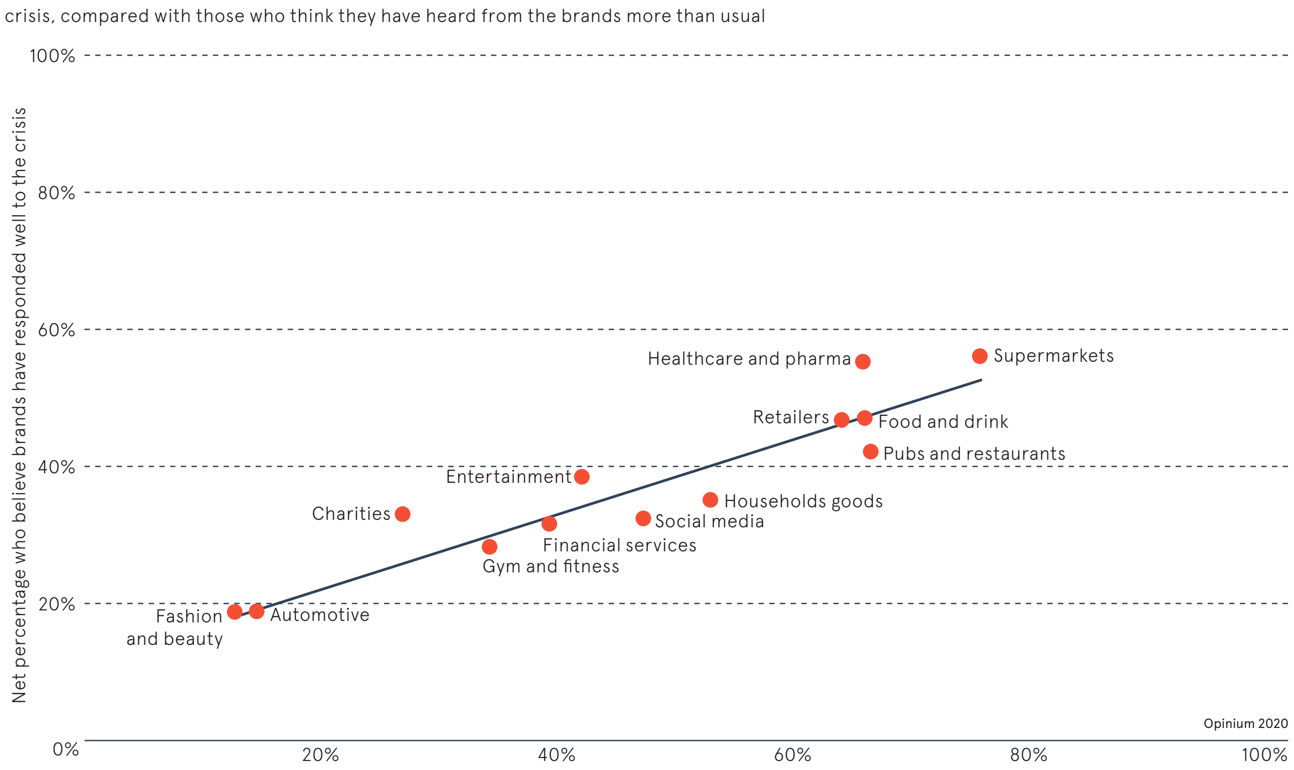
"To then suddenly tell all its staff to get jobs at supermarkets when it was told to shut down and refuse to pay suppliers owed money, suggests its previous stance was purely driven by greed."

One company that can certainly not be accused of greed is insurance provider Admiral, having stated "it isn't our intention to benefit from the lockdown". It announced a stay-at-home refund to its car and van insurance customers totalling £110 million, in recognition of there being fewer drivers on the roads.

"Brand is more than just the logo and colour scheme for a company. It should be how you feel about doing business with them; so it's about a culture," Beadle concludes. "If you still feel the way about a company in a crisis as you do during normal times, then the brand is strong and shines through." ●

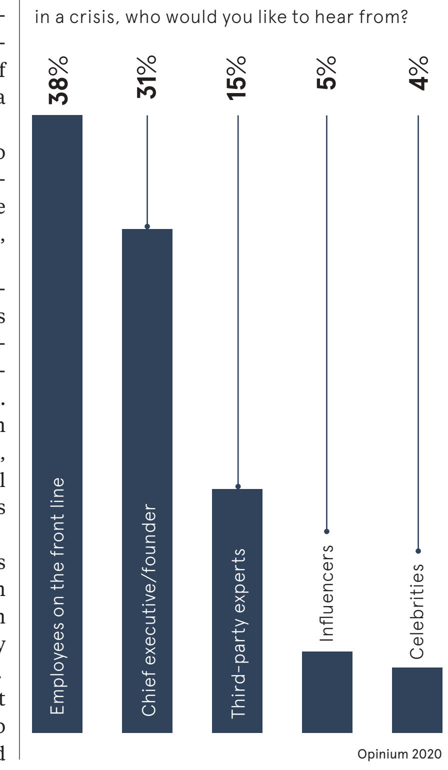
VOCAL BRANDS IN TIMES OF CRISIS ARE PERCEIVED MORE FAVOURABLY

Percentage of consumers who think brands in the following sectors have responded well to the crisis, compared with those who think they have heard from the brands more than usual



CONSUMERS WANT TO HEAR FROM THE FRONT LINES

Thinking about communications from brands in a crisis, who would you like to hear from?



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RETENTION

How to stop an employee exodus post-crisis

Workforce attrition could be a significant challenge for organisations with the phased end of lockdown in sight, as employees – either furloughed or simply not engaged with the work – search for something better

Cath Everett

As coronavirus lockdowns around the world start being lifted, high staff turnover is a real possibility, providing employers with potential headaches as they try to rebuild their business.

Some job losses will undoubtedly come in the form of redundancies as organisations "dispose of what used to be called 'dead wood', using COVID-19 as an excuse", says Geoff Hudson-Searle, a C-suite executive, non-executive director and author of *Purposeful Discussions*. Others, however, will need to restructure "for survival and to reset themselves for growth", he says.

But if the 2008 financial crash is anything to go by, there is also likely to be less voluntary churn than usual as employees sit tight, relieved at having any job at all, according to Jenny Merry, human resources consultancy Kincentric's market leader for the UK, Ireland and France.

Among those employers and sectors where furloughing has been widespread, on the other hand, there is already concern about potentially losing staff to rivals, "especially if the pace of rebuild is variable", she says. Employees could also be lost in other ways, with some rethinking their lifestyles, and even career choices, as a result of working from home and having more time to consider what they really want.

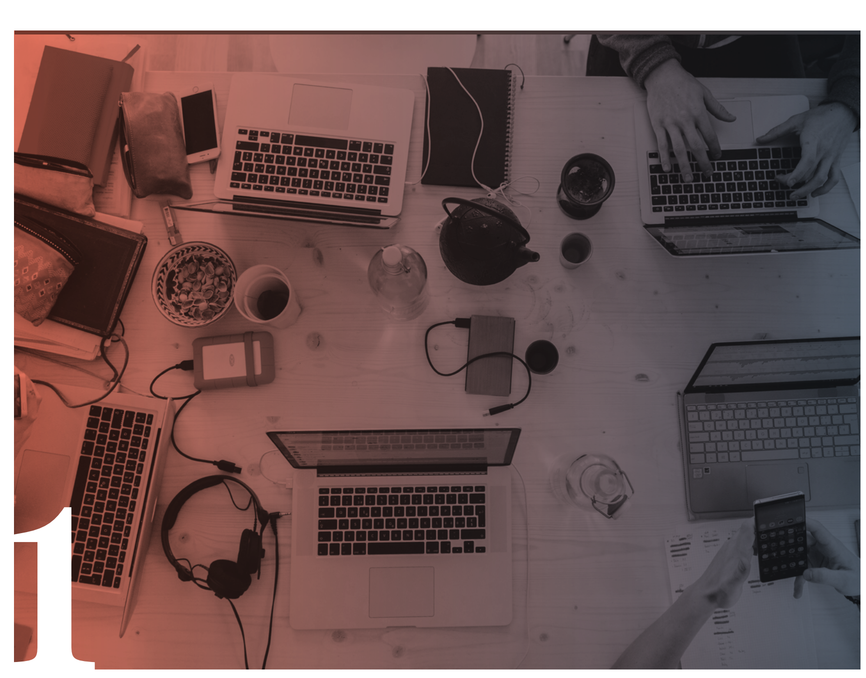
So what key factors will be behind workers choosing to stay or go, and what action can employers take to avoid high staff turnover and keep hold of those they are keen to retain?

TALENT

Five jobs most in demand after COVID-19

What does the top crisis management team look like? With a perfect storm of business challenges, heightened by pressure on team members working remotely, the coronavirus outbreak has spotlighted technology, customer services, communications, wellbeing and data

MaryLou Costa



Head of technology

From barricading against cyberattacks, to bolstering customer service through artificial intelligence (AI), the coronavirus pandemic has resulted in wider priorities for the head of technology as part of a crisis management team.

Cyberattacks are now more likely and should be a top priority for senior management, says Jonathan Hemus, managing director of crisis management consultancy Insignia.

"With a potential second wave of COVID-19, a business that is now wounded may find a major cyberattack in the next six months could push them into bankruptcy," Hemus warns.

"Millions of people are working from home and more vulnerable in terms of IT security. There are likely to be more successful attacks, so thinking about cybersecurity is really important at the moment."

And as consumers have flooded ecommerce platforms with record numbers of online orders, leveraging AI has become paramount. Data from more than 20,000 global companies, compiled by customer service software firm Zendesk, shows that support requests using AI are up 55 per cent since March.

For retailers such as Carrefour, rolling out a chatbot service has been crucial for coping with demand. "We will invest even more in AI," says Jean-Philippe Blerot, head of digital and ecommerce at Carrefour Belgium. "This allows our customer service agents to focus on more complex answers."

Head of customer services/experience

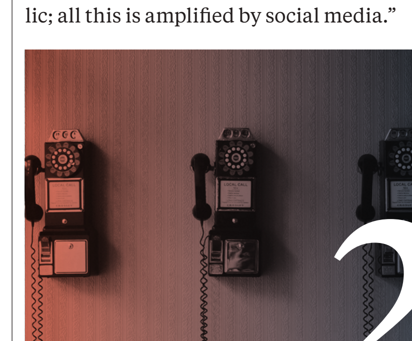
According to Carrefour's Blerot, increase in customer service demand has been staggering at more than 2.5 times higher than usual. The retailer immediately increased by 25 per cent its number of customer services agents, who had to shift from being subject-matter experts to generalists to accommodate the influx of questions.

With the COVID-19 outbreak causing systems and teams to overload, customer services has helped limit customer frustration and create a positive experience, Blerot adds.

The ability to buffer a potentially negative situation through strong customer services should not be underestimated, says Emily Hough, editor in chief of *Crisis Response Journal*.

"Reputational risk, a brand or company's social value, could be threatened by how a company deals with, or is perceived to be dealing with, a crisis. Several companies in this crisis have acted tone deaf and consumers have vowed to remember this," she says.

"Always keep an eye in the mirror to see how decisions could be viewed by staff, stakeholders, customers and the wider public; all this is amplified by social media."



According to Merry, guarding against unwanted high staff turnover levels rests on four key planks. The first involves providing employees with access to the resources and support required, such as technology or personal protective equipment, to do their job effectively in the current circumstances.

The second is about it being made clear how they can grow and develop their career in light of the present situation. Next on the list is what recognition and reward will look like, both financially and in other ways, if staff go the extra mile to help rebuild the company in these troubled times.

Last, and certainly not least, is the degree of connection felt between employees and their leaders, managers and colleagues during the crisis. But Hudson-Searle believes this connection is about more than simply developing positive personal relationships. Instead the secret is in everyone feeling a sense of collective purpose.

"Staff churn will take place if people aren't able to engage in the company's vision, mission and values," he says. "So you need leaders who can instil confidence, but also show emotional intelligence in how they communicate and behave; purpose-driven leadership is now more important than ever if you want to keep people."

Regine Buettner, executive vice president of HR, global and Europe, for DHL Express, which provides courier delivery services in 220 countries around the world, agrees. In her view, however, it is also vital that leaders and managers "treat people as they would like to be treated themselves", that is with respect.

"Managers are there to manage, especially in uncertain times, so they need to demonstrate they can look after the business. But it's also important to be kind and to listen as it gives people the feeling their manager is on their side," she says.

To this end, Buettner encourages leaders and managers to treat each employee as an individual. Doing so involves finding ways to accommodate and help them with their own personal situation, to recognise and reward their hard work and, most importantly of all, to "communicate, communicate, communicate", she says.

Steve Witt, co-founder of online booking company Not Just Travel, which has furloughed 80 per cent of its travel consultants, who are self-employed and work from home, is another advocate of regular and open communication.

The company holds two daily Zoom-based "pulse meetings". The first at 10am is for the internal team to discuss the current state of play and how to tackle any pinch and pressure points.

A second meeting at 4pm is intended to provide non-furloughed workers with updates, create an ongoing sense of community and celebrate any successes. There is also a weekly Zoom meeting to keep furloughed personnel feeling engaged and in the loop.

"If people are at home and not working, it's easy to put two and two together and make 64, so we try to be as open as possible with everyone," says Witt.

> You need leaders who can instil confidence, but also show emotional intelligence in how they communicate and behave

For furloughed workers, the organisation has also brought in a series of mentors, life coaches, fitness experts and training programmes to support their health and wellbeing. It has likewise created a hardship fund using its reserves to help those in need.

Indeed, training activity and developing skills that are likely to prove critical in the future is seen as an important means of building organisational resilience, as well as staff engagement. Kincentric's Merry advises encouraging staff, including those furloughed, to work on their personal development plans. Possible options include virtual learning groups, podcasts and online self-study courses.

How employers could cope if faced with high staff turnover levels following an easing of lockdown conditions, she believes it is vital to start planning now for a range of possible scenarios. Just as important is to gain some insight into what the workforce are thinking and feeling to take positive action on stemming any flow before it happens.

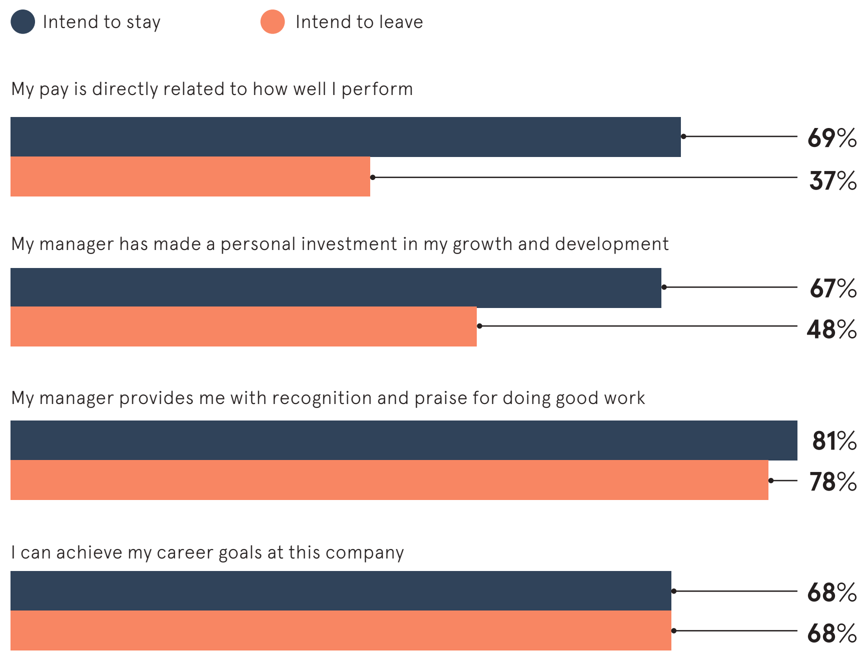
If the worst-case scenario does come to pass though, the main thing is to avoid panic. "It won't help, but what will help is taking time out to think things through, re-evaluating and using it as a chance to reinvent the business," says Witt. "In the short term, you can bring in outsourced and temp staff while you introduce a longer-term strategy, but more than anything else, see it as an opportunity to learn rather than a threat."

Ultimately, to avoid high staff turnover levels post-lockdown, treat employees decently and fairly during it.

As Buettner concludes: "People never forget how you treat them in a crisis. Yes, you have to manage the business and the numbers, but if you don't take care of your people, on the one hand, they won't treat your customers well, and on the other, there'll be payback once the crisis is over." ●

WHY EMPLOYEES QUIT

Survey of US employees, looking at how views differ between those who intend to stay with an employer and those who are looking to leave



Engage2Excel 2018

Head of culture and wellbeing

Company culture and employee stress levels have been pushed to the edge, as social interaction and activities have been stripped away by the pandemic and lockdown.

Recognising the need to balance productivity with mental health and company cohesion has now become front of mind for crisis management teams. As Zendesk chief operating officer Tom Keiser notes, senior management's ability to prioritise staff wellbeing can help teams to "really come through for their customers".

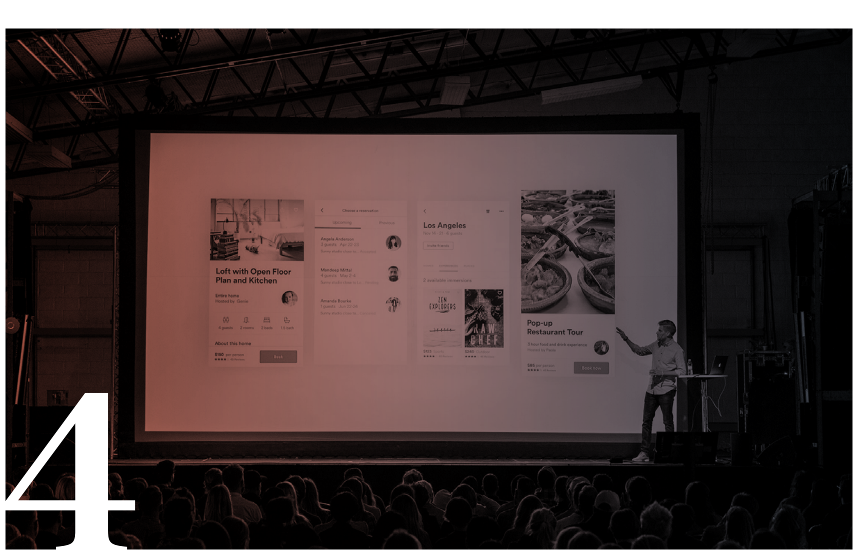
Greg Brooks, global chief marketing and culture officer at WPP-owned media company Mindshare, says the current crisis has promoted the need for more empathy and understanding in business.

Mindshare has since doubled down on cultural initiatives to keep colleagues connected and motivated, he adds. It has launched a remote-working online hub, learning programmes, mental health support and virtual events such as quizzes, workouts, origami, reiki, mindfulness, Netflix chats, book clubs, cook-alongs and even a pet Olympics.

Mental health and wellbeing have also risen up the agenda at marketing technology firm MiQ. Co-founder Lee Puri says, since the crisis began, its new global head of diversity and inclusion has been tasked with introducing a number of initiatives, such as regular wellness webinars, a global buddy programme and virtual employee resource groups to connect team members around the world.

With the human element of a crisis brought into sharp focus by COVID-19, people and culture will play a larger role in business continuity plans and crisis management teams, Brooks predicts.

Head of comms



Communication, or lack of it, can make or break a company in a crisis, yet many are just now seeing this, as demonstrated by the mounting workloads for public relations firms.

"In the normal run of business, about 10 to 15 per cent of clients need our support on issues management. Managing crisis communications around the coronavirus pandemic has been a very different affair and around 25 per cent of clients have asked for support on issues management," says Debbie Zaman, chief executive of PR agency With.

"This has ranged from rapidly putting together entire crisis communications plans in organisations that didn't have one, to helping with employees messaging and managing audience communities in the face of cancelled events."

The COVID-19 outbreak has prompted MiQ to evolve its corporate communications role and strategy, with a focus on internal communications to boost transparency and support to teams and clients. Co-founder Puri says weekly video chats with the board and senior executives have helped keep people connected.

"MiQ's senior leadership recognised from the outset of the pandemic that clear and consistent communications was going to be critical during this uncertain time," Puri notes.

With communication skills a common essential attribute for crisis management teams, Insignia's Hemus envisions more heads of communications could take on the additional role of head of crisis management.

Head of data and insights

Predicting what a post-COVID-19 new normal will look like might be impossible. But successful future business and crisis management strategies should be fuelled by data and insights, Zendesk's Keiser recommends.

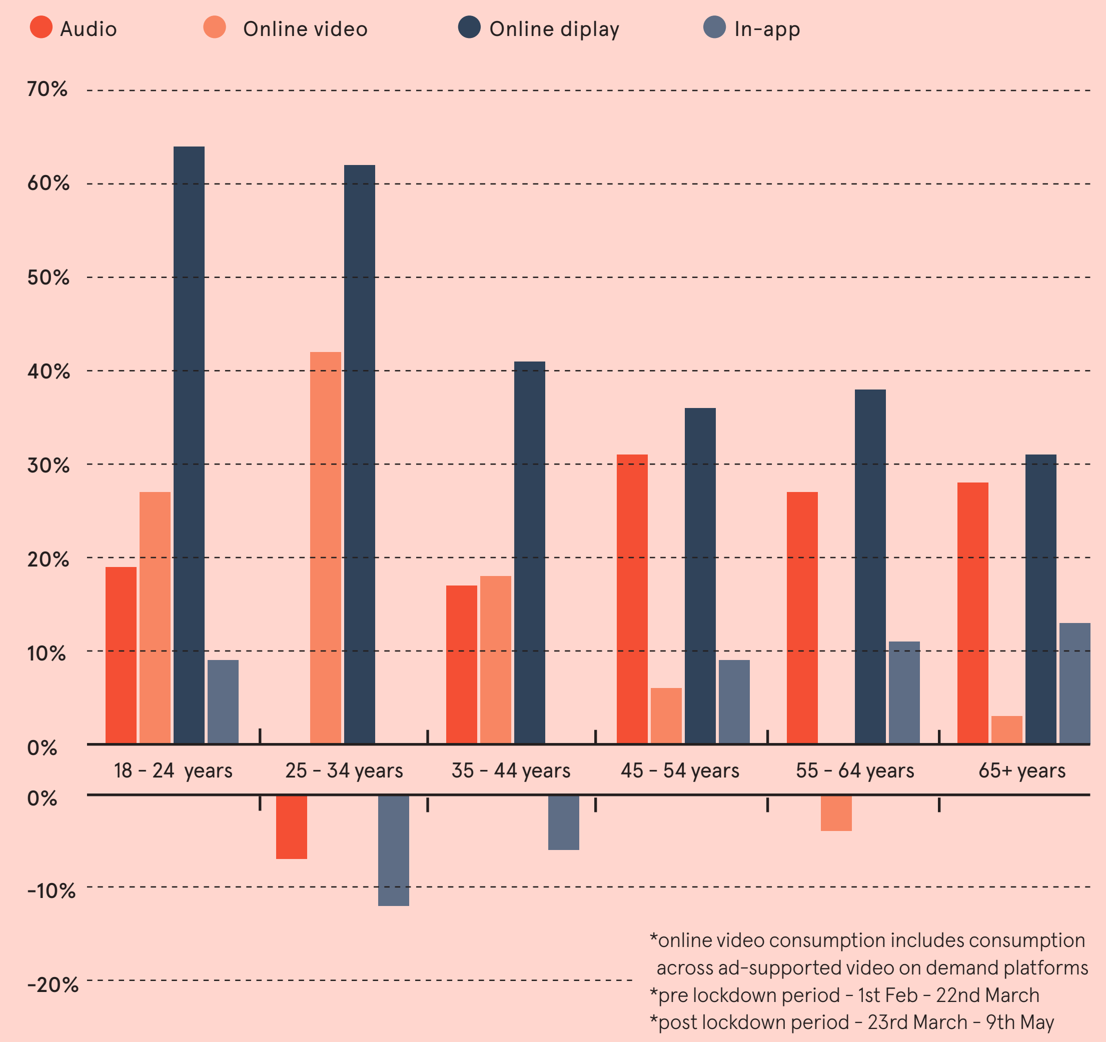
"We can use data to understand how the virus has impacted a variety of industries, roles and services, to support us in making informed decisions to plan for the future," he says.

There might not be a perfect post-crisis management team, but data and insights can successfully support leaders to develop robust recovery plans.

"This crisis has proven the need for organisational agility in every aspect of your business. The agility to react quickly to the insights that are emerging, even when completely opposite to what you may have just planned, will be critical to success and thriving through the recovery phase," Keiser concludes. ●

Commercial feature

CHANGE IN MEDIA CONSUMPTION BEHAVIOUR IN THE UK BY AGE GROUP, DURING LOCKDOWN



The future, but faster

How coronavirus is changing advertising and why the changes are set to stick

During the early, uncertain days of the coronavirus pandemic, business leaders naturally tried to shore up their companies. The imperative to survive such a dramatic and all-consuming shock has been felt across all functions as businesses adapt to a world upended.

And as businesses move to survival mode, there has been a much tighter focus on spending only on activities where return on investment (ROI) is guaranteed. Inevitably, the impact on the advertising ecosystem has been immediate and severe.

> The increased use of connected, digital devices for shopping, relaxing, communicating and living was always the way the world was heading

With social distancing and quarantining measures in place not just in the UK but across the world, consumers simply aren't spending money on lots of the things they usually buy, which is why nearly two thirds (64 per cent) of advertisers have put scheduled campaigns on hold and half have cancelled campaigns outright.

But, while lots of advertisers are currently in a holding pattern waiting for a more opportune time to restart conversations with their consumers, the consumption and media trends we're seeing are worth paying close attention to, not just for weathering immediate challenges, but in planning for the "new normal".

People isolating at home are consuming more digital media in more ways than before. And in many respects, the pandemic isn't changing the future so much as accelerating the changes that were already happening. The result is a new-look digital landscape where advertisers and marketers will have the power to reach more consumers across more connected channels, while also delivering on the measurable, ROI-driven activities businesses demand.

New-look digital landscape

Lockdown measures have radically changed the demographic of the addressable digital audience. Consumers who have never previously interacted with certain online media, such as internet-enabled TV, or bought things online, have now been forced to do so for the first time.

Unsurprisingly, this trend is most prominent in older age groups, with the number of people over the age of 45 seeing a significant increase in both digital purchases and interaction with on-demand video services like Netflix, Hulu and even YouTube.

Suddenly, lots of new people are viewing content in places where they're reachable and the brands that can pivot quickest to reach them will be best placed to seize the opportunity.

At the same time, these consumers are, by necessity, becoming familiar with researching and buying goods online. It's highly likely this will be a habit that outlasts lockdown and it's a huge opportunity for advertisers.

Even when lockdown ends and people start going back to shops, there will be a whole new audience who are used to browsing multiple stores at once online and not just the things in one physical location. So, although making the final purchase in a shop will inevitably come back in many instances, this period highlights that the vast majority of the consumer journey is now online and the path to purchase exists almost completely within the home.

In the new-look digital landscape, it's more important than ever for advertisers to have the right pixels in place so they can understand their consumers in terms of browsing behaviour, demographics and online activity, so they can best target and optimise delivery when attempting to drive online purchases and customer retention.

Meanwhile, decreased consumer confidence and spending power is likely to mean advertisers will all be competing for fewer pounds in a more competitive space. As with the period following the 2008 recession, which coincided with the first wave of measurable, ROI-driven programmatic advertising, it's likely advertisers will place a much greater emphasis on campaign performance metrics, but this time to a far larger audience and in a far larger number of addressable programmatic channels.

Rise and rise of programmatic

Programmatic campaigns, which already account for more than 40 per cent of digital ad spend, will continue to grow in prominence as the need to reach consumers online to achieve tangible business outcomes grows. The majority of advertisers and marketers (57 per cent) already see programmatic as the superior channel when it comes to performance technology, and generally advertisers are also more likely to see programmatic as a better channel for research and insights.

When it comes to measuring success on programmatic initiatives, ROI and return on ad spend are the most common key performance indicators (KPIs) used, with just over half of marketers and advertisers (51 per cent) optimising towards these metrics.

But the way they're measuring ROI may not be up to scratch. Almost half of marketers and advertisers are still using click-through rate (CTR) as a primary KPI. In the new-look programmatic landscape, CTRs simply won't cut it. They're, at best, a proxy metric that tell advertisers little about the true value of their campaigns.

The best programmatic techniques and technologies allow for far more sophisticated measurement and optimisation, either towards cost per action, which links an action like buying a product or booking a service to a consumer's online journey, or to genuine business outcomes, such as customer retention or lifetime value. Advertisers need to demand this greater sophistication in measurement and optimisation so they can make smarter decisions and demonstrate genuine ROI.

Taking control of your programmatic buying

As brands grapple with this new reality, those that have already built the infrastructure to sell directly to consumers are at a clear advantage. For these brands, the impetus has been to bring programmatic buying in-house, executing campaigns directly, while having more control of their data and full transparency around costs and the outcomes they're aiming for.

But for advertisers working with external partners, there are huge opportunities to deliver more than performance metrics. With the current climate, in-housing efforts may be somewhat hampered by the fact that workers have to stay at home, making building internal capabilities difficult. And at a time when brands need programmatic solutions more than ever, managed service solutions that are ready to go and can react quickly may be a more practical answer.

> Advertisers need to demand this greater sophistication in measurement and optimisation so they can make smarter decisions and demonstrate genuine ROI

The future's already here

The COVID-19 crisis has undoubtedly brought dramatic changes to the way consumers interact with digital environments and the way advertisers can reach them. But, to reiterate, these changes were already happening. The advertisers embracing them are now best placed to react and those who can learn the lessons of lockdown quickly will be best set up for the future.

The post-pandemic world may look very different. But the increased use of connected, digital devices for shopping, relaxing, communicating and living was always the way the world was heading. For businesses planning for this future, the importance of measurable, trackable advertising, which can be delivered across a multitude of interconnected channels, is only going to grow.

For more information please visit wearemiq.com

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Professor Richard Clegg
Chief executive,
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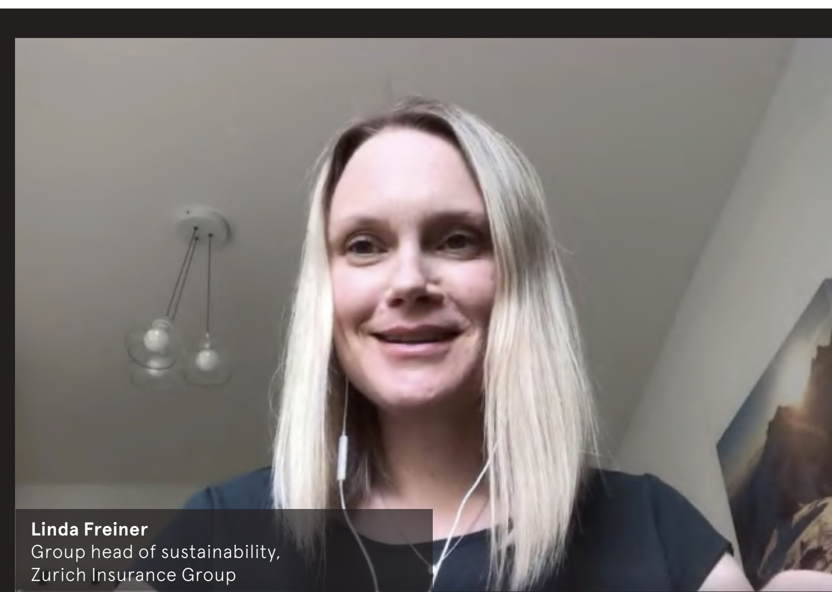
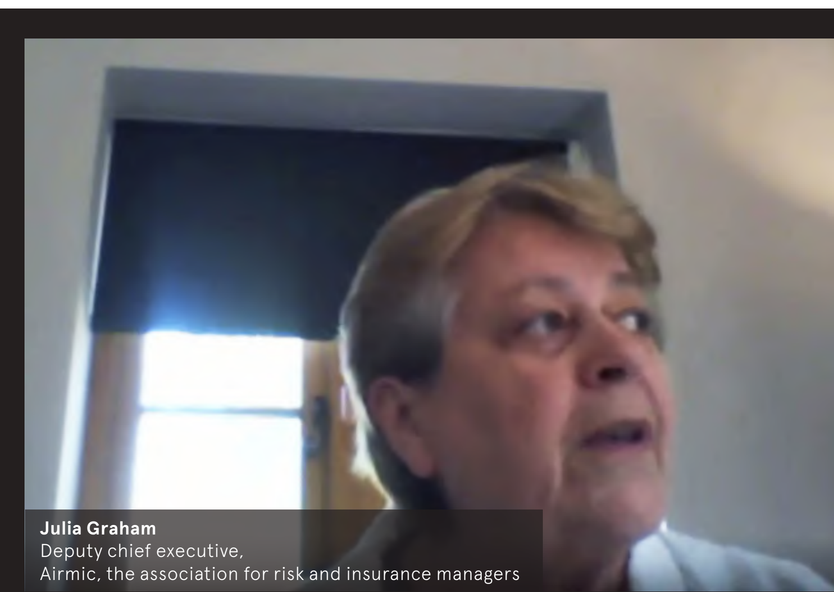


Linda Freiner
Group head of sustainability,
Zurich Insurance Group



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Deputy chief executive,
Airmic, the association for risk and insurance managers

Richard Hoult
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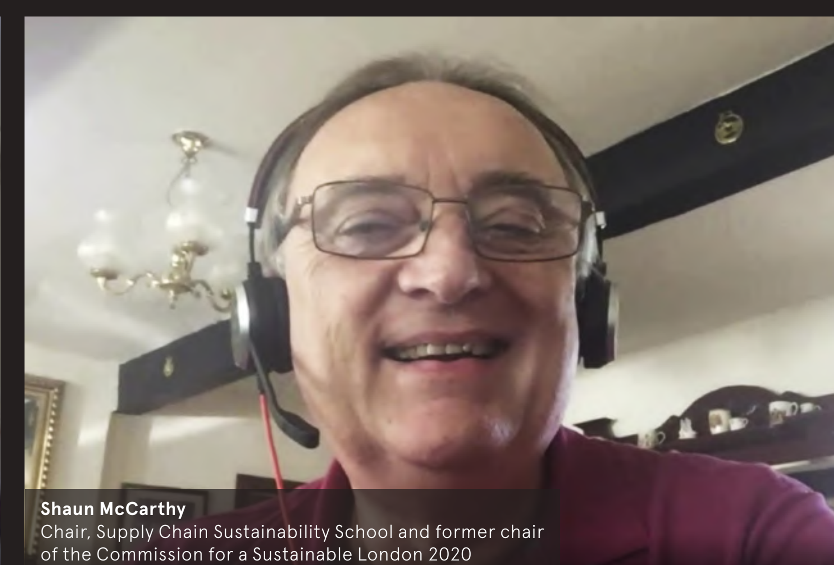
John Ludlow
Chief executive, Airmic



Shaun McCarthy
Chair, Supply Chain Sustainability School and former chair of the Commission for a Sustainable London 2020

ROUNDTABLE

Climate change: the crisis that could be bigger than any disease

Matthew McEwan
Director, risk management,
Coca-Cola European Partners

How will the coronavirus crisis change the way businesses think about the risks of climate change? Seven experts ponder this and other pressing questions in a Raconteur virtual roundtable

Gren Manuel

Q Does the pandemic provide an opportunity to rethink how businesses approach climate change risk?

LF Both climate change and COVID-19 are an outside shock to the system. Both cause massive disruption and have a non-linear impact and multiply risks. And they both hit the most vulnerable the hardest. So there's an enormous number of lessons that we can learn. Of course, it's different in that climate change does not spread like a virus, but its impact does accumulate. Also, we shouldn't underestimate the link between disease and climate change. For instance, by 2080 global warming could expose nearly one billion more people to tropical, mosquito-borne diseases in areas such as Europe.

MM I think there's going to be a greater understanding that we're going to listen to the collective view of science, at an individual level, as a society and at corporations. If you watch the British government's daily COVID-19 update, we have a politician who says a few words, but most of the discussion is coming from medical officers and scientists. Hopefully, if we listen to scientists we will start making changes instead of looking at predictions of what will happen in ten years, taking them with a pinch of salt and kicking the problem down the road. The current crisis also highlights the interconnected nature of risk. There needs to be new thinking on how we use the past to predict the future and new modelling techniques that can show the real impact. For climate change, we might be talking of the sea level rising one metre or more, but what does this truly mean to individuals, companies, governments and the ecosystem?

RC Climate change is a risk multiplier, amplifying existing risks in areas like food, water and energy security. Mass displacement of people because of sea-level rises caused by climate change threatens political stability, and extreme weather endangers the safety and resilience of the critical infrastructures that modern societies depend on. So the current crisis teaches us some lessons that can be carried across, such as the importance of international collaboration and assuring the resilience of supply chains. We can also learn a lot from the crisis around the public understanding of risk and behavioural sciences.

Q How will companies' view of the supply chain evolve?

SM I think there may be more inshoring. That may be done to reduce risk, but potentially there is an environmental upside to this as well, not having things transported all around the world.

> "You can't sleepwalk into another problem that is potentially of a magnitude bigger than COVID-19"

RC The thinking to date on supply chains has been around cost and efficiency. I think we'll see supply chains a lot shorter and increased focus on resilience, reducing complexity. Assuring the provenance and traceability in supply chains is a growing matter.

RH If you want to shorten supply chains, you may need collaboration. For instance, if you want a sub-contractor to move production from China back to the UK, you may need collaboration with other organisations to ensure there's enough demand for it.

Q Will planning for climate risk be a luxury companies battling for survival can't afford?

SM It's going to be hard, but it's necessary. You can't sleepwalk into another problem that is potentially of a magnitude bigger than COVID-19. I think people may be more prepared to try new risks and be less afraid to fail.

JL The more you want to increase risk, the better your risk management needs to be. As businesses become more ambitious, then poor risk management becomes a limiter. Companies become accident prone and vulnerable. Resilience will be sought after.

JG I hope the focus on climate change will come back, among other emerging risks. But all of these risks should be discussed around the boardroom table rather than being ranked, put into a ring binder and maybe thought about twelve months later. All too often people see lists of risks and debate their ranking, rather than asking "What does this mean for us and how must we change to be resilient and advantaged in the future environment?" It's key for boards to consider high impact, but low probability risks alongside the risks that do make it into their risk register. Emerging risks, such as climate change or pandemic, demand a different way of thinking, more future-gazing and more frequent discussion.

Q So will boards become more interested in risk?

JG Every time we've seen a new risk in the last few years, we always say it will make the board spend more time managing risk. But then every report I read about the allocation of board time to risk shows it has stayed the same, about 5 per cent. Given the connectivity and the strategic importance, both in climate change and COVID-19, hopefully more time will be given to talking about risk.

RC A question is whether boards have the relevant skills to manage growing technology-related and environmental risks. A recent review by Grant Thornton reported that technology skills are increasingly being brought on to the board in recognition of this. The current crisis has shown the public trust put in scientists and the importance of science and evidence-based decision-making. I imagine there will be increased attention to "tail risks", events with a low probability but with high consequences.

JL Boards like to focus on things they feel they can influence and things like climate change and external shocks are not. Therefore they put them into the "too hard" pile. Boards are better at investing time in risk management than crisis management. If the board doesn't know the answers it's OK, but they must surround themselves with people who do. They can hire somebody who knows what they're doing, put them into middle management somewhere and tell them to come back with the answer.

MM I wonder whether, as a result of what's happening with COVID-19, maybe the accounting establishment will look at more disclosures, such as asking for a statement from the board about their crisis management capabilities, their resilience capabilities. Investors are looking for companies that are a good long-term bet and have the agility to respond to a crisis outside conventional models.

Q Does the current crisis show company silos need to be broken down?

JL More of our world is connected than ever before. You have to manage with your peers, other stakeholders. Nothing these days works as a silo.

SM Maybe the video-conferencing technology we're using may help. It's now easier to get people together at short notice, rather than trying to find space in diaries, speaking to PAs, travelling to meetings; maybe it's an enabler.

LF It's so important that within companies the risk managers are connected closely to the sustainability managers so we have both a short-term and a long-term risk perspective.

Q Have risk managers lost credibility because they didn't predict this crisis?

RH There is a chance it switches round, from losing credibility to gaining credibility, showing how we can help the business understand the risks today, next month and in the coming years. There are signs the board will make more contact, asking "Do you think the business has sufficient risk management plans in place? Do you think they're credible?"

JG We knew the risk was there: the World Economic Forum Global Risks Report has had it for the last ten years, although it was down at the bottom because the probability was low even though the impact was high. Back in 2006, sponsored by the Bank of England, the City of London had a pandemic rehearsal because the financial services sector thought there was a serious potential problem. So people have known about the risks. But it has fallen off the radar because people don't like spending money and time on improbable incidents.

RC Some traditional predictive theories have been shown not to work. Maybe it's time to move away from modelling and predicting events to admitting things are going to go wrong and just creating a general resilience in the system.

RH In our business, every year we conduct a ten-year viability plan and include a number of shocks and stresses. COVID-19 was not among them, but there were other shocks and stresses and that allowed us to understand the size of our financial buffer which has now been utilised.

LF On modelling, that's something we insurance companies are already working on. We rely on CAT models [standard computer models used by insurers to predict losses from extreme weather based on historical data] but they are not really going to help us understand the physical risks caused by climate change. So we are now working on climate change models that can have a more forward-looking view and help customers understand things like where they put physical infrastructure and the risks of that location. That's very high on our agenda.

> "It's so important that the risk managers are connected closely to the sustainability managers so we have both short- and long-term risk perspective"

Q Are there positive lessons from the pandemic?

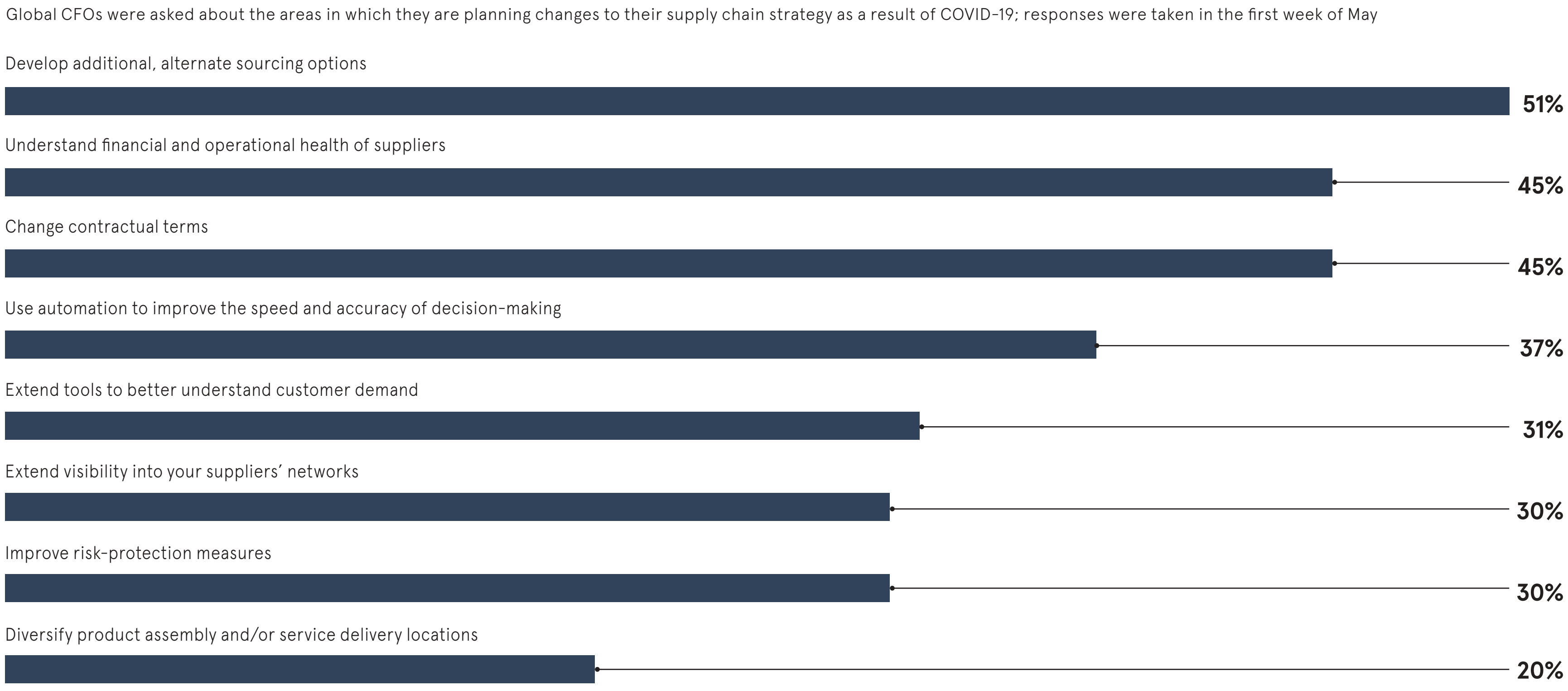
RH We should use COVID-19 as an opportunity to apply innovation to how we think, plan and act in the future.

SM I think the coronavirus crisis has taught us that if there's a genuine sense of urgency, we can do things really quickly. There's potentially a vaccine being developed in months and not years. You have companies collaborating to make ventilators, something they have never done before, in timescales that were previously unthought of. If we can bring some of this attitude, thinking and collaboration into tackling climate change, we could make a big difference.

JG We have to squeeze out all the lessons we've learnt. As companies and countries, we're not always very good at doing that. We are all too quick to get on to the next thing. We must take time to reflect. ●

PLANNED CHANGES TO THE SUPPLY CHAIN

Global CFOs were asked about the areas in which they are planning changes to their supply chain strategy as a result of COVID-19; responses were taken in the first week of May



PwC 2020

RISK

Compliance in the COVID-19 era

As regulators move goal posts and relax rules, coronavirus has taken a wrecking ball to compliance frameworks as cybercriminals look to exploit vulnerabilities in companies small and large

Mark Taylor

For the last two decades, quantitative risk assessments and industry surveys have cited digital espionage as the top threat to business, triggering vast spending on advanced cybersecurity frameworks. In December, however, almost all that time and expense was rendered obsolete by a mystery infectious pathogen that caught everyone off guard.

Advancement of the coronavirus from a global health emergency to a full-blown macroeconomic crisis has completely redrawn the boundaries of risk appetite and is forcing businesses to review how far they are willing to go to seek profit.

"COVID-19 has been a torpedo to the hull of the cybersecurity and resilience profession," says the head of risk at a tier-one UK investment bank, who wishes to remain anonymous. "We have been preparing for years for 'the next big threat', widely agreed to be a nation-state cyberattack taking out swathes of critical national infrastructure and spreading around the world's computers. In reality, it was not a digital virus, but an organic one."

Major international incidents, such as the 1987 and 2008 financial crises, 9/11 and the 2011 Fukushima earthquake and tsunami, have taught businesses harsh lessons about continuity planning. But the unprecedented extent to which COVID-19 is upending every industry on the planet, with disruption ongoing, is redefining risk appetite.

Requirements to comply with social-distancing regulations, resulting in employees logging on from home in numbers not seen before, are central to executive concerns. The speed at which remote-working operations have been set up has been beneficial from a public health perspective, but experts say embryonic risks emerging from this new normal are potentially significant.

"Businesses whose employees are working from home face a raft of new threats, both in terms of cybersecurity of remote connections and physical security of hardware in private homes," says Tim Hickman, partner at law firm White & Case.

The Information Commissioner's Office (ICO), which oversees compliance with the General Data Protection Regulation (GDPR), has said it will continue to issue large fines for major breaches and will not accept COVID-19 as an excuse for lax security. "Businesses would be well advised to remain vigilant against the growing threat of cyberattacks during this crisis," says Hickman.

Employee health is also a concern, as while some may cope and even thrive in this environment, others can quite literally lose connection, says Alex Viall, head of regulatory intelligence at people analytics company Behavox.

"Firms have had to make rapid transformations in their compliance practices and they have had to reassess risks, which have changed since many employees have been required to work from home," says Viall.

In less than six months, COVID-19 has prompted several transformations that financial services firms, for example, have resisted for decades, such as the migration of operations to the cloud, letting staff communicate with encrypted messaging services, such as WhatsApp, and allowing traders to work remotely.

Future risk appetite frameworks must cover all this and consider how individuals in regulated entities may behave away from the physical oversight of risk and compliance monitoring. Pressure from depressed earnings, slashed bonuses and volatile markets may lead to a rise in fraudulent activities in-house.

"This sort of culture results in individuals begging for forgiveness rather than permission," says Viall. "It's a very tricky time in terms of being able to keep tabs on everyone's mental state and their actions, their motivation and ability to collaborate."

> **The reality is when policy such as GDPR was crafted, this situation was not imagined and thus not catered for**

Regulators have said they understand the situation calls for a different approach and the Financial Conduct Authority, Financial Reporting Council and ICO have altered some aspects of their oversight to allow flexibility.

Reporting requirements have been eased and the implementation of incoming legislation around pension transfers and two-factor authentication for online shopping have been delayed. The ICO has suspended its ongoing audit work and, with similar announcements from sister agencies, experts say it is critical businesses stay focused despite the reduced compliance scrutiny.

"It would be a mistake for businesses to assume that because regulators have adopted a more measured approach, data protection and data security can be ignored for now," says Hickman. "There have been reports that cyberattacks have significantly increased, as malicious third parties and state actors look to take advantage of any businesses that may have taken their eye off the ball."

Although implemented just two years ago, the European Union's GDPR appears outdated, as the importance of identifying contagious people threatens to trump the individual's right to privacy.

"One possible future approach is the creation of a 'wartime' framework that would allow a relaxation of certain requirements, under specific conditions," says David Hardoon, senior adviser for data and artificial intelligence (AI) at UnionBank of the Philippines. "The understandable reality is when policy such as GDPR was crafted, this situation was not imagined and thus not catered for."

The regulation could be updated to allow such carve-outs, he says, as the importance of tracking and tracing individuals, and even logging their wellness data as asymptomatic carriers, is central to public health concerns.

"Now there is absolutely no question on the necessity of digitalisation and data connectivity," says Hardoon. Former chief data officer of the Monetary Authority of Singapore, he believes big data analysis and AI are central to the future of risk appetite analysis.

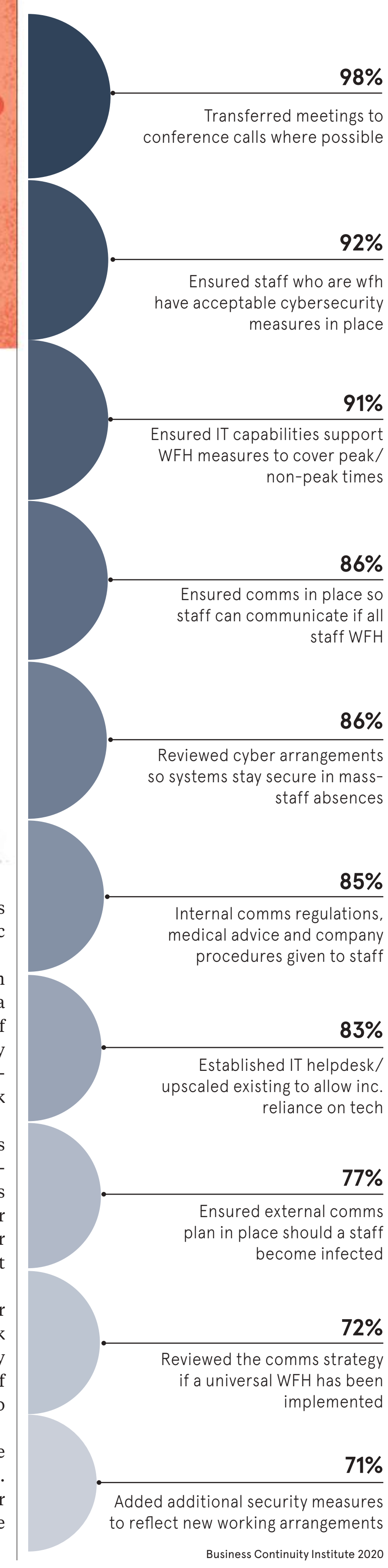
"These are mathematical algorithms with the ability, given a certain probability, to uncover patterns within data," says Hardoon. "Risk is a pattern. Thus, it is for us to use all the tools available to uncover patterns that not only increase revenue but mitigate risk."

The challenge now is for firms to consider the limits of resilience-testing and risk appetite, and to really stretch how far they will go to maintain operations, says a chief risk officer at a large UK asset manager, who wishes to remain anonymous.

"If you're not already thinking about the next, next big thing, you're losing," he says. "We are learning we will go a lot further than many people planned, where those who are inflexible are breaking." ●

ENTERPRISE TECH RISK PLANNING

IT, tech and comms-related measures global organisations have taken as a result of the coronavirus pandemic



Business Continuity Institute 2020

Commercial feature

Virus highlights clear need for insurers to support policyholders

Insurers have a vital opportunity to build reputations in the current crisis, but with a number refusing payment for apparently valid business interruption claims, policyholders are being left without support

The insurance industry could face a public relations disaster if it maintains an across-the-board stance of rejecting claims under business interruption policies during the coronavirus pandemic. Meanwhile, its approach also serves as a much-needed reminder to policyholders that choosing insurance on price alone is risky.

The situation appears to be worsening thanks to the actions of several insurers that have clear terms including pandemic coverage, but which are nevertheless refusing to pay apparently valid claims on the grounds of a perceived threat to their own existence.

"If business interruption policies clearly cover coronavirus-related losses, or if the wording of any policy is ambiguous, then just issuing a blanket 'no' is always the wrong thing for insurers to do," says David Pryce, managing partner at Fenchurch Law, a boutique law firm which specialises in insurance coverage disputes. "During the coronavirus lockdown, there are countless businesspeople feeling terrified about their economic futures."

The refusal-first approach being taken by some insurers is particularly unwelcome given the London insurance market's reputation for fair claim payouts, established during the aftermath of the 1906 San Francisco earthquake. "The market has benefited for over 100 years from that incredible response and insurers need to remember that paying claims during a crisis isn't just the right thing to do, but it's good for business," says Pryce, whose firm acts exclusively for policyholders.

The uphill struggle for businesses around COVID-19-related claims is reminiscent of another recent issue: the payout problems for the owners and residents of residential tower blocks in the wake of the 2017 Grenfell Tower fire. Policyholders felt their "latent defects" policies covered them for replacing the dangerous cladding on their properties, but many found claims being wrongly refused.

"With coronavirus as with cladding, not only should the policies that clearly cover claims lead to prompt payments, but insurers have a moral obligation to help their policyholders if there is any reasonable ambiguity. The insurance market provides a valuable public service and should be about more than short-term profit," says Pryce.

> **The COVID-19 crisis represents a major opportunity for insurers to deliver desperately needed help to stricken businesses making valid claims**

The current problems in extracting business interruption payments from insurers may, however, change commercial policyholders' approach as it shows the clear need for companies to reduce claim payment risk. Essential measures include careful selection of insurers, addressing concerns in policy wordings early on and involving brokers before the parties reach loggerheads.

"While in the case of coronavirus, the situation is here and it is too late to change the early decisions taken by insurers, it does shine a spotlight on the need for careful insurance selection," Pryce explains. "Policyholders must look at insurers' payout record, examine terms and never choose policies based on the lowest cost alone because that will backfire when there's a claim."

During a disputed claim, all is far from lost as there are still steps that can bring about success. "Policyholders must involve their broker," says Pryce. "The broker can bring a lot of pressure on the insurer, because they supply so much business. Doing so can transform an individual claim from being easy to refuse into a much bigger threat of losing multiple customers' future business."

Fenchurch Law acts for policyholders alone in resolving insurance disputes and it involves brokers alongside making legal representations; only rarely are court proceedings needed. The technique has an extensive successful history, including when working alongside a broker allowed the firm to resolve a client's £70 million loss from the London riots in 2011, without the need for litigation.

The COVID-19 crisis represents a major opportunity for insurers to deliver desperately needed help to stricken businesses making valid claims. It equally represents a turning point for companies in how they approach insurance selection and negotiation, and how they work with brokers to ensure fair claims are met.

To find out more about insurance risk reduction and effective dispute resolution please visit fenchurchlaw.co.uk

FENCHURCHLAW

Commercial feature

Driving ambition in uncertain times

As the global crisis forces social distancing in countries worldwide, C-suite executives have embraced new ways to maintain employee and client engagement. At the same time, they have developed new structures to support the workforce

In a crisis, it is imperative to get ahead of the questions that are going to be in the hearts and minds of your people. So says Matt Harris, group head of international operations at Argo Group.

"People are hearing scary numbers. The economic impact appears to be substantial, so there is a lot of uncertainty. As a leader, it is your job to translate what people are hearing into something tailored to your industry," he says.

Harris's assessment of the economic landscape chimes with a survey of 17,800 UK business leaders by the Office for National Statistics. Published on April 9, the survey found that 47 per cent of businesses across all industries had seen lower than normal turnover as a result of the coronavirus outbreak.

In addition, the survey notes that some 48.2 per cent of employees at these businesses were entirely working from home, with a further 47.7 per cent being encouraged to do so.

Empathetic leadership

Harris says the change in working behaviours in the current crisis has been dramatic for many and has underscored the need for leaders to take "an empathetic leadership approach" during the initial weeks.

"In the first couple of weeks, it was all about acknowledging the difficult circumstances, but making sure people had the infrastructure to get the job done," he explains. "Once that was stabilised, and people knew they could function remotely, the leadership imperative has been to bring people back to their goals and objectives."

The international operations boss says employees' anxiety about ceasing to be office based may require leaders to nurture collaboration, to ensure the entire workforce remains engaged. This, he says, requires several techniques.

"There are multiple levels of communication which are equally important: daily calls with the executive team, separate calls with the business continuity group and making sure there is frequent one-to-one contact with employees," says Harris.

Argo has embraced conference calls that are group-wide or team specific to express gratitude for employee efforts and reflect on how global events may specifically affect the industry further downstream. Typically, these calls cover customer retention successes, completed projects and offer the ability for employees to raise questions.

"You can never be clear about what's on every single employee's mind, so we do a question-and-answer process, through an anonymous link," Harris explains.

"Our people simply post questions and we answer them. It is about acknowledging the difficult set of circumstances, but dealing with each question in a transparent manner," he adds.

Encouraging feedback

Use of anonymous polling, which has been embraced by Argo during this crisis, was endorsed in a 2018 paper published in the *Harvard Business Review*, co-authored by renowned Wharton Business School professor Adam Grant and two senior executives at Facebook.

> **As a leader, it is your job to translate what people are hearing into something tailored to your industry**

The paper concluded that surveying the workforce anonymously offers employees the chance to feel heard and can act as a vehicle for changing behaviour.

But Harris insists leaders must go beyond traditional methods of communication and find new ways to drive employee engagement through digital channels.

"I don't think anything has fast-tracked the need to embrace a variety of digital communication mediums like the current situation," he says. "Organisations have embarked upon a version of a digital strategy.

"We are doing WebEx calls, using Zoom, using Microsoft Teams. I get invitations to dial in and see 18 to 20 faces on the screen. That is not perfect, but people can physically see you. It drives camaraderie and I am increasingly impressed by how effective some of those platforms have been."

Harris stresses the need for leaders to remain connected with employees on an individual level and not to rely solely on group interactions. He acknowledges that one-to-one interactions are impossible with every colleague on a weekly basis, but believes weekly written communications can go some way to bridge this gap.

At the same time, Argo's leadership has sought to maintain employee delivery expectations, so colleagues know what is expected of them in the new working environment.

"We put a lot of emphasis on performance objectives," Harris explains. "The challenge I put out to the leadership group early on is making sure everyone in the team is very clear about what is expected to be delivered."

Maintaining contact

As an insurance business, Argo is people orientated, which means face-to-face contact with brokers is vital. Harris has urged colleagues to maintain that interaction. "We have implored leaders not to cancel meetings. You have to maintain the dialogue, but you may need to be creative around how you do that," he says.

For business leaders, finding a way to maintain customer engagement is a priority in the current economic climate. Like other forward-thinking businesses, Argo has been considering how best to connect with clients.

Recent innovations include establishing a broker forum, a digital meeting place where top business producers can discuss the current market developments with their broker colleagues.

"There will be a conversation around COVID-19, the impact on the business and the impact on the industry," says Harris. "We are going to open up the Q&A to our brokers so they can submit questions which are on their minds."

While senior executives may be tempted to focus on the challenges of the current environment, it is also important to seize the opportunities that the new working arrangements have thrown up, he adds.

"I probably would not have had the frequency of dialogue with our senior business partners that I have had," Harris concludes. "You are not losing hours in aeroplanes. You are not stuck in meetings. You have more time to connect. When you need to talk to someone, you can pretty much get them."

For more information please visit www.argolimited.com

ARGO GROUP

TOP TIPS FOR LEADERS FROM MATT HARRIS:

- Take an empathetic leadership approach
- Nurture collaboration, and embrace multiple levels of communication
- Encourage feedback
- Find new ways to drive employee engagement through digital communications channels
- Connect with employees on an individual level – do not rely solely on group interactions
- Maintain employee delivery expectations

THE IMPORTANCE OF COMMUNICATION FROM LEADERSHIP AND ACROSS TEAMS IS BORNE OUT BY RECENT STATISTICS

43% of those working from home say they are communicating with their colleagues less than they did before

26% say their workload has actually increased, with a lack of separation between home and work being cited by 31 per cent of that group

51% feel lonely working from home

Conducted by YouGov in partnership with USA TODAY and LinkedIn

CONTINGENCY PLANNING

Forward planning for an unknown future

The ability of companies to think disruptively and ruthlessly prioritise may just see them through the current coronavirus crisis. But when you can't predict the unpredictable, it raises the question: is contingency planning worthwhile?

Marianne Curphey

Over the past few months, businesses have had to contend with a rapidly changing environment in which the goal posts have shifted hourly. Contingency planning done at the beginning of a week has had to be revised only days later.

It has been the ultimate test of business resilience and leadership: thinking the unthinkable, adapting to a global shutdown and managing employees remotely, while supply chains and cash flow have collapsed. So has contingency planning been the saviour of business or just a waste of time?

For many businesses, the problem has been that planning was limited to familiar scenarios of business interruption or damage to premises.

"The plans may not have dealt with long-term shutdowns caused by external factors such as pandemics," says Rick Smith, managing director of Forbes Burton, company rescue and insolvency specialist.

As the threat increased, daily updates from the government began to indicate that national lockdown, initially seen as unlikely, was set to happen. This led to many companies playing catch-up.

Plans in many cases were inadequate and inflexible, says David Poole, chief executive of technology-focused consultancy Emergence. "They are typically formulaic, bureaucratic box-ticking exercises sealed away within one department and invisible at the strategic or board level," he says.

"In the future, contingency planning will need to sit at the very centre of the business, be discussed at board level, and involve a complete paradigm shift and a digital over-

OPINION

'If we deliver our very best, while being open and honest, we build trust in our profession and serve the public better'

Risk analysis is a central part of any functioning insurance market.

Actuarial science, which sits at the heart of risk analysis, plays a huge role in insurers having the information they need to provide adequate cover for people and businesses, in even the most extreme situations.

Forecasting and developing in-depth accurate scenarios quickly allows the market and insurers to respond to changing risk profiles, and the UK is a world leader in this area with a rich history spanning hundreds of years.

Risk management is undertaken in response to this detailed statistical analysis.

The relevance of this is wide ranging from developing new products, to improving premium pricing and, in extreme cases, exiting a market that becomes too difficult to price effectively.

So, while from a business perspective these decisions can be seen as quite straightforward, it is when we approach this from a point of professionalism and ethics, taking the view of customer outcomes, that it becomes clear there are issues around how risk analysis is acted upon and communicated.

An example of this can be seen in professional indemnity insurance in response to unsafe cladding on buildings following the Grenfell Tower fire, where legislation continues to create unknown unknowns within building regulations and standards.

The Chartered Insurance Institute (CII) acts as the secretariat for the Insurance and Financial Services All-Party Parliamentary Group, which is currently engaged in an inquiry into the issues resulting from unsafe cladding on buildings and how the market can collaborate with government to try to resolve these issues.

While we are at the very beginning of these proceedings, it is clear the key problem for all parties concerned is clarity.

It has been the lack of communication on what the underlying risk is, how high the risk is deemed to be and how the insurer can mitigate this risk fairly for all parties, whether it be increased premiums or rejecting cover entirely, that are at the heart of the issue.

Apart from the need to find another, wider short to medium-term solution, this serves as a helpful reminder of how as a profession we can build trust in the public. Put simply, this is through proper engagement.

In terms of wider more available cover, there also seems to be a fundamental issue with how positive risk management decisions are conveyed.

For example, telematics has been proven to reduce the risk for younger drivers. This doesn't just decrease the premium, but it improves road safety for everyone and thus saves their lives too.

The product was designed in response to the ever-increasing risks in road safety in relation to younger drivers, not only to themselves but also to others, and serves to highlight the value of risk analysis and innovative risk mitigating product development.

Yet take-up of telematics among young drivers is far less than expected and communication around why people should use this technology surely has a part to play.

The CII creates standards of professionalism, regardless of any specific discipline. It is about holding your work to a higher standard, delivering the best outcomes for customers and having pride in the work you do as your career, not just a job you do.

Insurance and the wider financial services sector has the ability to change lives and enhance our society for the better in many cases. But there is always room for improvement.

I think the current coronavirus pandemic will only serve to highlight how much more we must do to continue the incredible work we already undertake, reach out more effectively with new affordable and understandable products, and ensure we bring our customers with us on the evolving journey.

We might not always be able to keep all parties happy, but if we deliver our very best, while being open and honest, we build trust in our profession and collectively serve the public better. ●

Sian Fisher
Chief executive
Chartered Insurance Institute

haul of processes, policies and personnel. In short, immunity needs to be baked into the corporate DNA."

One of the most striking aspects has been how quickly some companies have been able to adapt, thanks to brave and disruptive thinking by leaders.

"Respirators are rolling off the production lines of car manufacturers and food wholesalers without restaurants to supply are delivering straight to consumers," says Nicky Little, director at leadership specialist Cirrus.

Yet for others, the pandemic has exposed sloppy planning and revealed the pitfalls of many formulaic contingency planning strategies.

"From the outset, the pandemic checked all four boxes for impact," says David Nolan, founder and strategic adviser at Fusion Risk Management. "It was at once a workforce, workplace, supply chain and technology event. The organisations that have thrived were focused on combining what was knowable in advance with situational data to clearly understand the situation they are confronted with."

Paul Smith, executive vice president and general manager of Salesforce UK and Ireland, says businesses are having to reimagine and make decisions faster than ever before. What once took months is now taking days.

"At Salesforce, we think of this crisis in three distinct phases: the crisis response; recovery and getting back to work; and the new normal. Whereas the initial phase demanded a fast shutdown, the second phase will see the gradual return to offices and other physical locations."

He points out that as businesses start to reopen, there will be a huge need to upskill staff so they can adapt in a world rapidly becoming digitalised.

The challenges of COVID-19 have shown that far from being a waste of time, contingency planning has been the saviour of many businesses. But it is only effective if it is flexible and innovative.

"Strategic and successful contingency planning will always require regular reviews, rewrites and updates, and cover scenarios that may not occur," says Mark Halstead, partner at Red Flag Alert, a business intelligence solution.

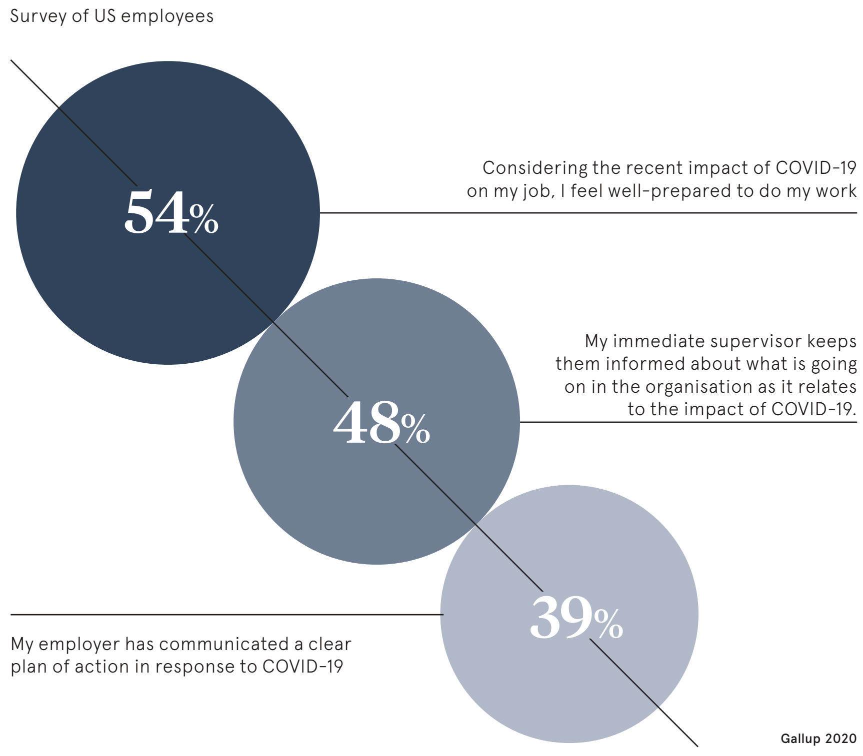
"This isn't a waste of time. It's time well spent, helping prepare a business for the worse, and can prove the difference in how a company either fails or survives a crisis."

In certain sectors where safety is paramount, business continuity planning and emergencies are an integral part of planning.

"We had an outline pandemic plan," says Clare Barlow, chief human resources officer at the government's National Nuclear Laboratory. "This was a rapidly moving situation, where we had to adapt to travel restrictions and lockdown." ●

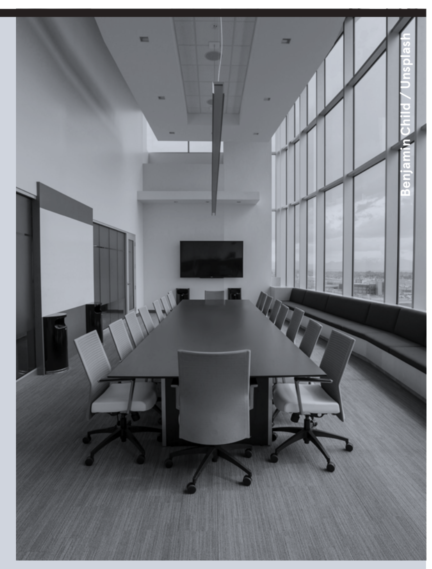
LEADING IN A CRISIS

Survey of US employees



Gallup 2020

What works in a crisis?



Promote internal discussions

"We have always planned for business continuity following things like a fire forcing an office to close, or disruption in a single country. We have even run drills and simulations to test our resilience. But we had never planned for the entire world to shut down at once," says Vlad Nanu, co-chief executive of software company Amdaris.

"Two weeks before the lockdown was enacted, we decided to write a specific coronavirus business continuity plan. Even as we were writing it, we weren't sure we would ever actually use it as things were still very fluid at this point. Our plans were based on past outbreaks of ARS, MERS and swine flu.

"In the third week of the lockdown, we allowed staff to send in their own questions and I answered them with no advance preparation on a video call with 100 people. Planning is essential, but even more important is having a company culture which promotes internal discussions of problems. We reacted earlier than most companies to the threat of coronavirus because of concerns raised internally, and which we listened to and responded to."

Set new strategies

"We found that scale, agility and speed are key components for a successful contingency plan," says Amit Kapur, UK and Ireland lead at TCS.

"This has led to a new strategy vision. By 2025 we will only need 25 per cent of our employees in the office at any one time to ensure 100 per cent are productive. Employees will only need to spend 25 per cent of their time at the office, only 25 per cent of a project team will physically need to be in one location."

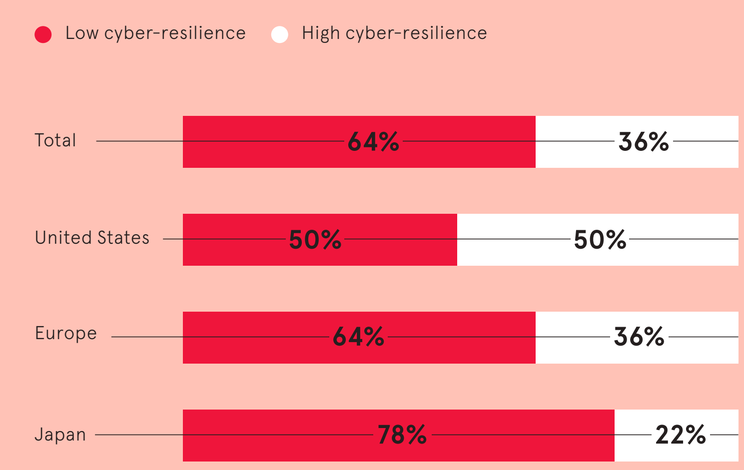
Commercial feature

Rise of cyber-resilience and how to achieve it

In an increasingly challenging threat landscape, organisations with a high level of cyber-resilience are able to mitigate the impacts of cyberattacks and thrive in the digital age

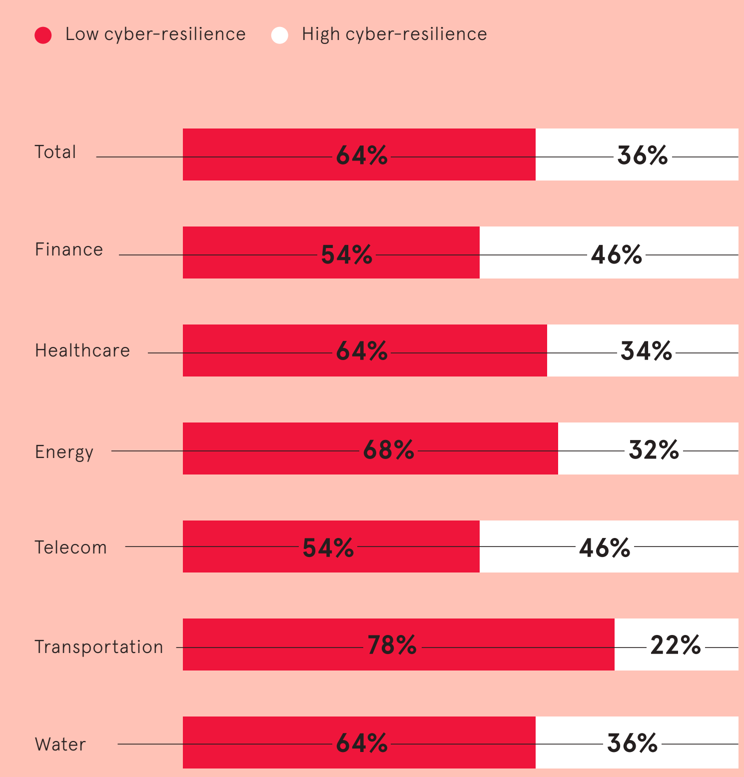
HIGH VERSUS LOW CYBER-RESILIENCE

Cyber-resilience by region



HIGH VERSUS LOW CYBER RESILIENCE

Cyber-resilience by industry



Survey of 370 critical infrastructure providers located in the world's five largest economies

Greenbone/Frost & Sullivan

The cyber-threat landscape has continued to evolve drastically as hackers have sought to exploit new vulnerabilities emerging through the ever-widening use of technology by businesses and society.

Cybercriminals have matured their use of ransomware, conducting small-scale exploits to enable intensive reconnaissance before a full-on attack, and using multiple known vulnerabilities to breach systems.

Advanced persistent threats, meanwhile, have become more focused on accessing details about how production environments work and brand sabotage is increasingly inflicted by attacking the integrity of a supply chain to cause recalls and production slowdowns.

The growing frequency, velocity and potential damage of these kinds of attacks on organisations has driven the rapid ascent of the term "cyber-resilience" in the business vernacular. Yet while companies will now regularly express their desire to be cyber-resilient, there remains a lack of clarity and understanding around what that actually means and, most importantly, how it can be achieved and sustained over the long term.

"Understanding the definition is somewhat difficult for a lot of companies, as I experienced at a recent conference," says Dirk Schrader, cyber-resilience architect and chief marketing officer at Greenbone Networks, a global provider of resilience and vulnerability management solutions.

"There were five panellists, including a government official and the chief information security officer of a large defence firm, discussing their take on cyber-resilience. I asked them about their definition of cyber-resilience and earned silence. They didn't have one."

Such confusion could perhaps explain why genuine cyber-resilience capability is lacking across many industries. A study by Greenbone Networks and analyst firm Frost & Sullivan found only 36 per cent of organisations are what they deemed to be "highly cyber-resilient". Though this is higher for regulated industries, such as financial services and telecoms, where 46 per cent of companies were found to be highly cyber-resilient, sectors like energy (32 per cent) and transportation (22 per cent) flounder behind.

Cyber-resilience is not a matter of budget, according to the research, but rather putting in place good business practices and establishing a thorough understanding of mission-critical digital assets and business processes for both information security and operations staff.

Being able to activate these teams quickly is one of the most significant distinctions between companies' resilience levels. Of those found to be maintaining a higher level of cyber-resilience, 43 per cent primarily view it as a technology issue.

Greenbone's understanding of cyber-resilience, shared by researchers from Stockholm University, focuses on an entity's ability to continuously deliver its intended business outcomes despite adverse cyber-events.

The objective of cyber-resilience, they say, is to ensure business delivery, not just protect IT. Its intention is to enable failure in a safe and controlled way, as opposed to "fail safe", which is often understood as no failure at any cost.

Its approach is to build security from within the business processes, rather than putting security fences around them. Its architecture is multi-layered, considering business-critical assets first and foremost. And its scope does not stop at the boundaries of a single organisation, but instead encompasses the interconnected nature of businesses, their supply chains and end-customer setups.

"If organisations are using digital assets to render services or provide products, they are dependent on these elements to deliver their intended business outcomes," says Schrader.

"These intended outcomes and the businesses processes involved are the elements, from a business risk perspective, vulnerable to being interrupted if they have a cyber-event. The dependency on digital assets will continue to rise, making cyber-risk incidents a top peril for future growth. The danger is simple: if the traditional approach to information security doesn't change, it will be easy for cybercriminals to attack.

> **The danger is simple: if the traditional approach to information security doesn't change, it will be easy for cybercriminals to attack**

"The existing, widely used concept of implementing security – a one-size-fits-all approach to firewalling and building high fences around the network – has been proven to fail. Cyber-resilience is the only way to overcome the disconnect between technical information security, such as firewalls and VPNs [virtual private networks], and high-level information security management systems being used in large organisations, as mandated by regulations.

"Cyber-resilience can't be achieved with a high wall around your business processes. You need to really embed the resilience and digital hygiene into the business processes."

Greenbone Networks delivers a vulnerability analysis solution for enterprise IT, which includes reporting and security change management. It helps companies to identify and measure the attack surface, model critical business processes and visualise them to see which have the largest risk and what would happen if a risk or vulnerability is exploited.

The Greenbone Security Manager, in its various forms, including OpenVAS, now known as GVM, is deployed in more than 30,000 installations and integrations across a broad range of industries and company sizes. It has been downloaded more than 2.5 million times.

The company advocates a three-step process to embedding cyber-resilience in business processes. In the first step, it's crucial to be clear about business processes from the outset; how they stack up on and interact with each other, which ones are critical and what are the critical steps within them.

Organisations should ask themselves what would happen if certain attack surfaces appear and then have answers in place. By simulating these what-if scenarios, pre-empting attacks on critical assets and quickly implementing new processes or revising existing ones to recover rapidly from attacks, companies are twice as likely to be highly cyber-resilient.

In step two, organisations should make sure responsibilities are aligned when it comes to remediating and mitigating identified points of vulnerability. Business processes and cybersecurity architecture should also be aligned and it's important they avoid gaps and unrealistic expectations in their organisational agility to respond quickly.

Companies with these capabilities are three times more likely to be highly cyber-resilient. If they can reach step three, however, that likelihood doubles. It means they are proactive if a process evolves or changes and they maintain communication with business process owners, visualising the risk for them in their own terminology.

"Building cyber-resilience is one thing, but it's crucial to sustain that over time," says Schrader. "As a business evolves, it will make changes to processes. It might have to adapt to new regulation or develop new products and services. The challenge is to embed cyber-resilience as a concept into each evolvement. Culture is one way to maintain and sustain cyber-resilience. The other element is more technical, connecting existing infosec technology through applying cyber-resilience into business processes.

"The future of business risk will be driven by players who are able to connect the currently distinct topics of business process and information security management at board level, and information security status and tooling in such a way that process changes can easily be visualised and managed, while a high level of cyber-resilience is maintained. Our aim at Greenbone Networks is to provide a tool to do exactly that."

For more information please visit www.greenbone.net/en/businessrisk

Greenbone

Commercial feature

Delivering successful projects in the interconnected era

Traditional risk management is failing in the age of the interconnected enterprise. Understanding the real risk exposure of projects requires a more intelligent approach

Project performance relies heavily on a company's ability to manage a complex web of dependencies, that evolve across time, including supply chains, teams and resources. These dependencies form networks that determine the fragility of a project to large-scale, systemic failures, such as those caused by a global pandemic. When projects are as complex and connected as they are today, traditional risk management falls short in response to events like the coronavirus crisis.

Risk is commonly defined as the probability of a harmful event taking place, multiplied by its impact. But in the context of modern projects, this equation no longer adds up. The COVID-19 pandemic was seen by many as a low-probability and high-impact risk, often called a "black swan" event, but that is not the case. Applying traditional risk procedures and tools will lead organisations to ignore the complexity and interconnectivity of doing business in the digital world, perpetuating a false sense of confidence and deepening their risk exposure.

"The COVID-19 pandemic is very similar to a systemic financial crisis", says Dr Christos Ellinas, a world leader in redefining project management, co-founder and chief technology officer at Nodes & Links. "Both events show that our economy is composed of networks coupled together and both are wrongly interpreted as black swans. Many experts predicted for a long time that a pandemic was bound to happen.

"Ultimately, it doesn't really matter whether it's low probability, high impact or any other combination of the two. What actually matters is the fragility of the overall system. Nothing is too big to fail, but it can be too connected to fail. The challenges we are now facing with COVID-19 are the result of our society and economy being deeply connected."

There is another way of understanding risk, shifting the focus from probabilities to connectivity. Connectivity is a quantifiable and measurable aspect that can help companies leverage risk and capitalise on opportunity. Nodes & Links brings this perspective into a core aspect of almost every organisation: projects. By understanding the implications and consequent exposure that projects have against risk, project experts can optimise decision-making while delivering tactical workload savings and cost efficiencies.

> **Companies that don't embrace the technologies which enable them to alleviate emerging risks are going to be left behind**

Nodes & Links does this through Aegis, its cloud-based intelligent platform. By incorporating the effect of networks that underpin the delivery of projects, Aegis empowers its users to improve the outcomes of capital and infrastructure projects across all sectors.

"Conquering project complexity is one of our core missions," says Dr. Ellinas. "Aegis allows project experts to better understand what the data tells them, and then test different scenarios to assess the overall exposure of the project and the likelihood of it being delivered on time."

The modularity of the technology has allowed Nodes & Links to quickly help businesses quickly deal with COVID-specific scenarios. The novelty of the approach has seen the results reach all parliamentarians, ministers and even No 10 after featuring in a report by the Parliamentary Internet, Communications and Technology Forum.

"Tackling COVID-19 is near impossible with a traditional risk perspective," Dr. Ellinas explains. "But approaching it from the perspective of fragility means we can deal with risk and achieve resilience in a simpler, more effective way."

By uncovering how risk percolates across entire organisations through the lens of project delivery, Nodes & Links is opening up a new era of data-driven, corporate governance and enabling new economic opportunities. Its platform combines high-fidelity raw project data with tagging by project experts to provide a better understanding of where risk lies, unlocking innovative products such as micro-insurance based on the likelihood of certain tasks being delayed.

"We live in an interconnected era and as we see more digitalisation, organisations need to be agile in how they adopt, utilise and capture value from digital tools," Dr. Ellinas concludes. "Unless we provide the formal instruments to deal with risk in a way that is appropriate to this era, it will come back to bite us again and again. Companies that don't embrace the technologies which enable them to alleviate emerging risks are going to be left behind."

For more information please visit www.nodeslinks.com

NODES & LINKS
complexity made simple

8 WAYS COVID-19 HAS AFFECTED RISK

From supply chain troubles and operational disruptions to leadership issues and managing a remote workforce, the challenges faces every facet of business right now are truly unprecedented. And with all economic outlooks being revised sharply downwards, the way companies respond to the crisis will determine their resilience and success in the years to come

1 LEADERSHIP

What employees need more than ever is for their leaders to give a well-communicated outlook for the future and a clear path forward. According to a nationwide survey by Gallup in the US...

39%

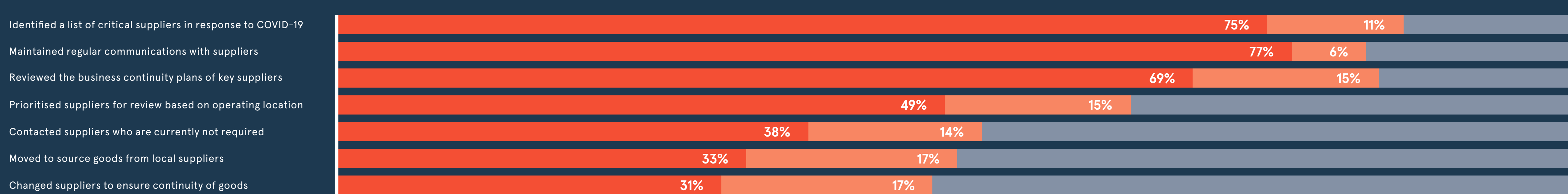
of employees strongly agree that their employer has communicated a clear plan of action in response to COVID-19

48%

strongly agree that their immediate supervisor keeps them informed about what is going on in the organisation as it relates to the impact of COVID-19

2 SUPPLY CHAIN/OPERATIONS

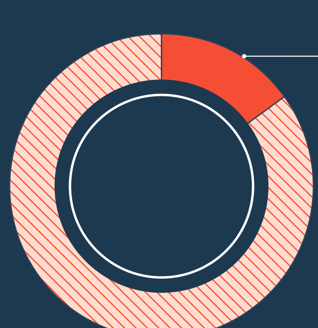
Around the world, supply chains have been disrupted or completely dismantled by the pandemic, forcing factories to close, suppliers to stop working and logistics companies to adapt their operations to the new normal. According to a global survey, business continuity and risk/crisis management professionals have implemented, or are considering implementing, the following measures:



Business Continuity Institute 2020

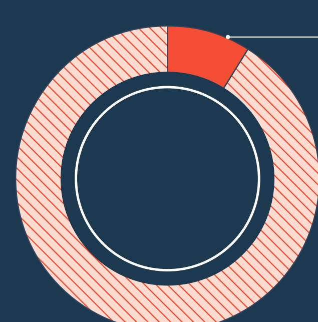
3 WORKFORCE MANAGEMENT

The pandemic has transformed how businesses are looking after their workforces, not only through remote leadership but through financial necessity. According to a survey of UK employers and HR leaders by the CIPD, **46 per cent** of employers had already furloughed employees by the end of April, with a further **10 per cent** planning to do so. However, despite the government intervention, permanent redundancies are expected by some:



15%

expect to lose up to 10 per cent of the workforce



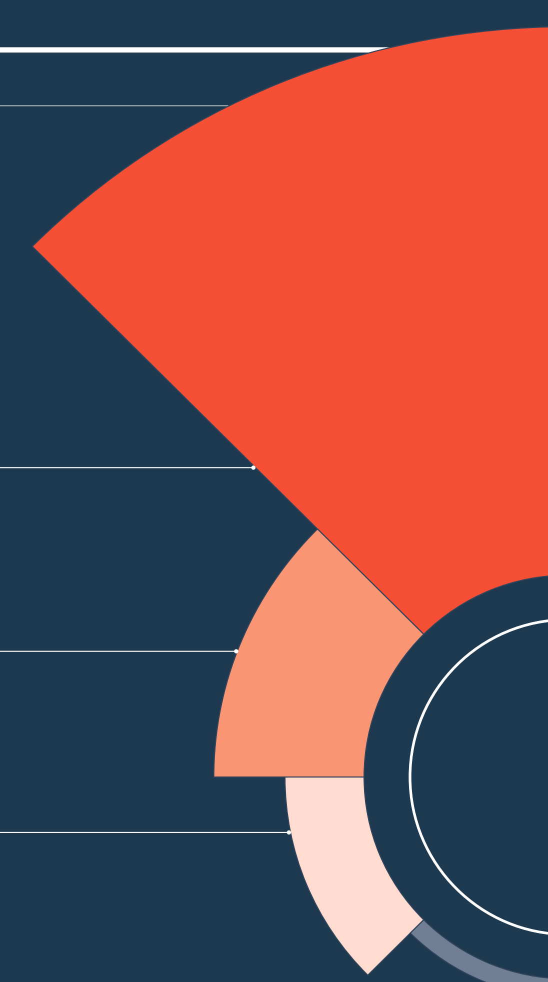
9%

expect to lose between 11 and 49 per cent

CIPD 2020

4 BUSINESS OUTLOOK

According to a PwC survey of global chief financial officers in mid-April, a potential global recession was the most feared impact of the pandemic **(69 per cent)**, shortly followed by the financial impact on their business **(67 per cent)** and a potential fall in consumer confidence and consumption **(43 per cent)**. When asked about COVID-19's impact on their own business outlook in mid-April, CFOs identified with the following four categories:



70%

COVID-19 has the potential for significant impact to our business operations and it is causing us great concern

19%

COVID-19 is limited to specific regions in our business currently, but we are monitoring closely

10%

COVID-19 is an isolated challenge not greatly impacting our business currently, but we are monitoring the situation for any change

1%

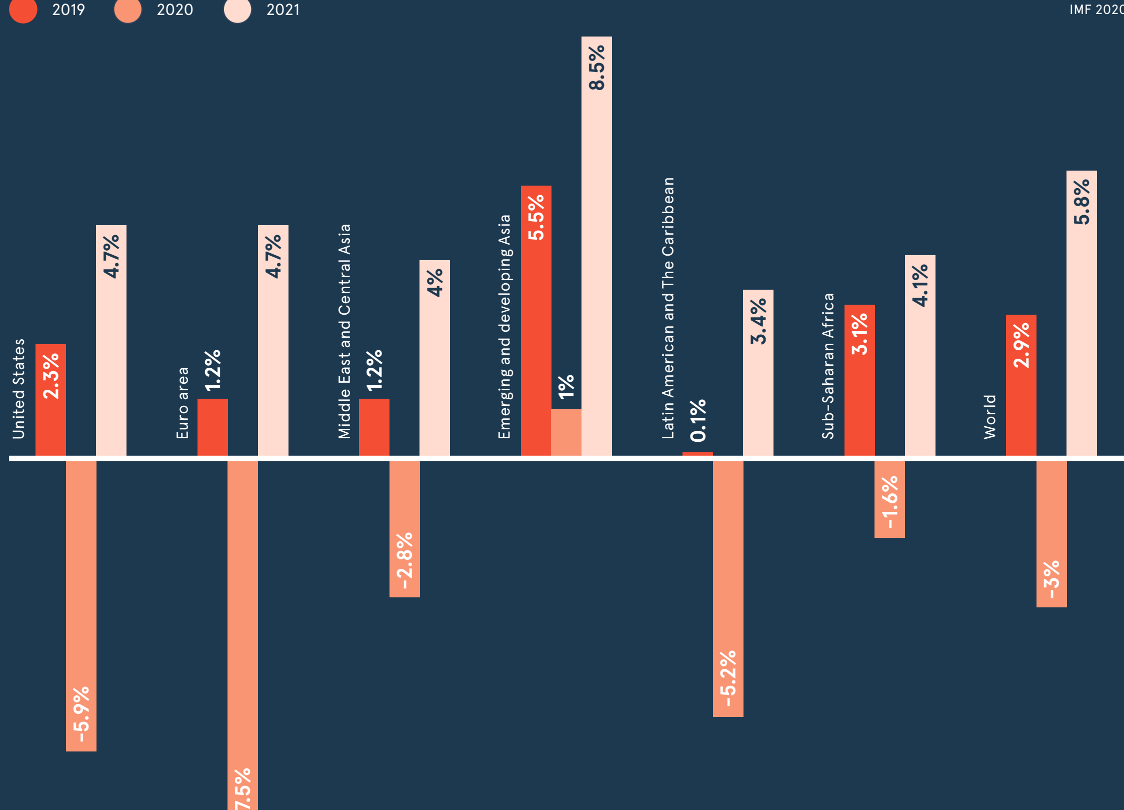
COVID-19 is not currently impacting our business.

PwC 2020

5 ECONOMY

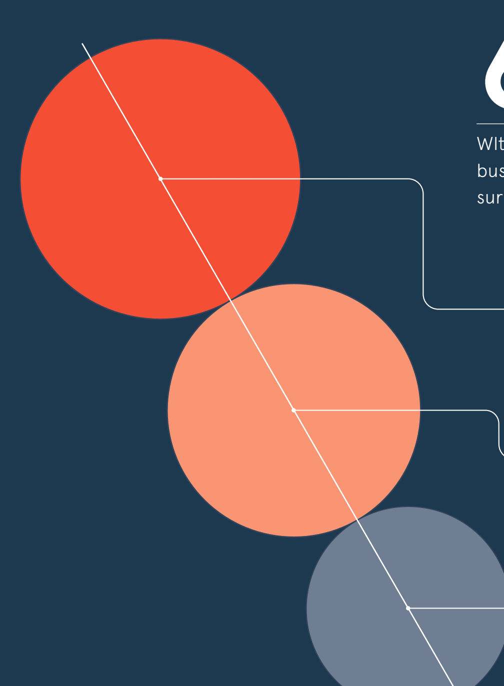
As expected, many economists and research institutions have made sharp downwards revisions to global GDP estimates for 2020, with a recession likely this year. And while a significant rebound in growth is expected next year, this will be from a low base. This chart shows the percentage change in real GDP, according to the IMF's new projections made in April.

IMF 2020



6 WORKPLACE MANAGEMENT

With health and safety paramount as companies prepare for a gradual return to work, business leaders are reassessing their priorities to manage the transition. According to a survey of chief financial officers around the world...



49%

are planning to make remote work a permanent option for roles that allow it

40%

will accelerate automation and new ways of working

26%

will reduce their real estate footprint, such as the partial opening of offices and retail locations

PwC 2020

7 CYBERSECURITY

With entire nations now working from home, some of whom have never done so before, organisations are battling a surge in cyberattacks and phishing attempts, and having to ensure employees and operations remain cyber-resilient. According to a survey by the CNBC Technology Executive Council in March, more than one third of IT executives said that cyberthreats had increased as their employees transitioned to remote working.

18m

daily malware and phishing emails related to COVID-19 detected by Google in the week ending April 16

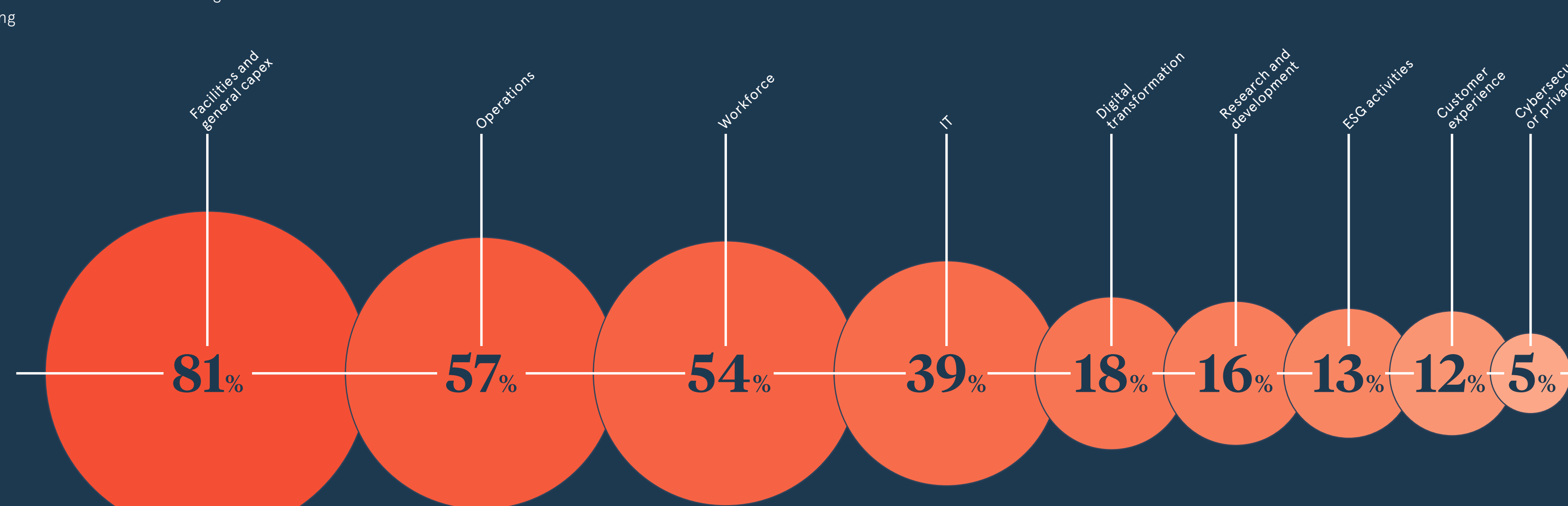
240m

daily spam messages related to COVID-19 detected during the same period

Google 2020

8 FINANCE

Some **82 per cent** of chief financial officers reported that they are looking at cost containment as a result of the pandemic. Of those, cancellations or delays in the following investment types are being considered:



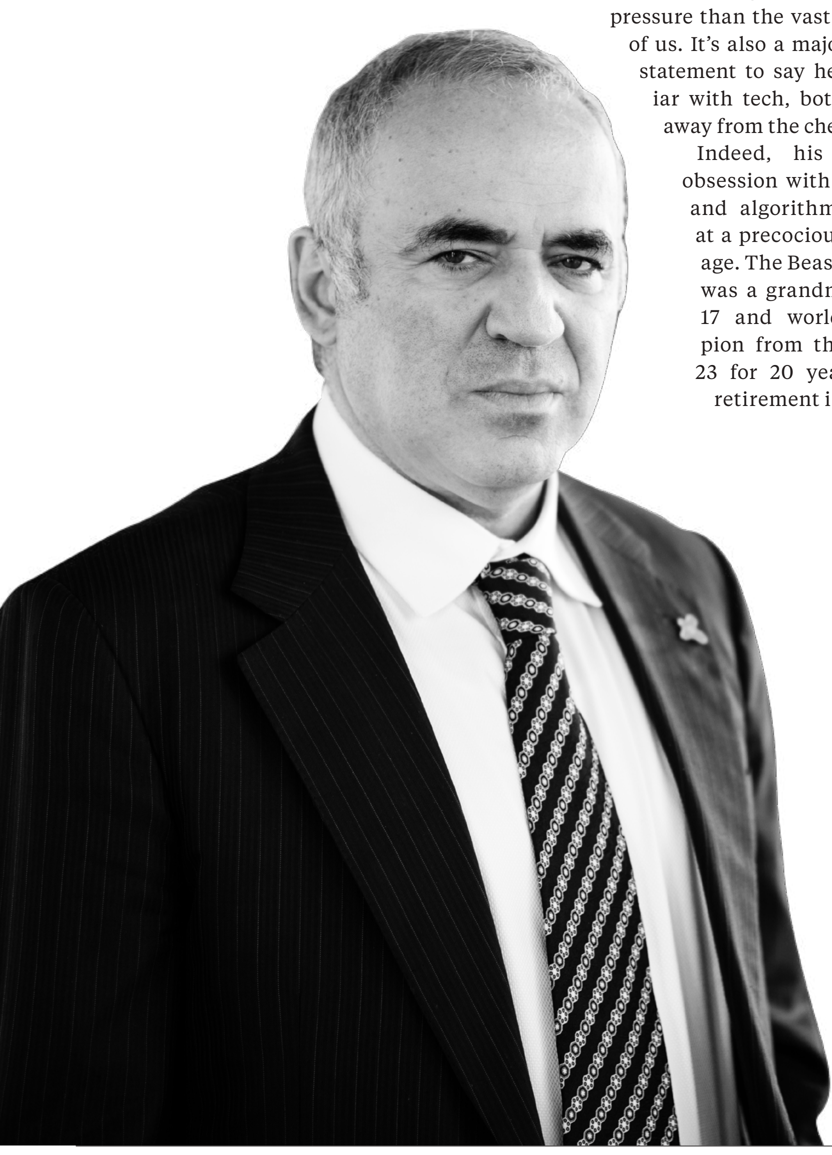
PwC 2020

INTERVIEW

‘Tech must be celebrated, not feared’

Garry Kasparov, chess grandmaster, political activist and technology advocate, reflects on the current climate of COVID-19 and why now is the time for businesses to double down on digital transformation

Oliver Pickup



Business kings and queens may feel like the coronavirus pandemic has forced them into a losing checkmate position. But their fate is not so black and white, and an endgame can be averted, insists Garry Kasparov. And when the greatest chess player in history proffers strategy advice, it is worth heeding.

Now is the time to fight back and double down on technology, says the 57 year old, who since retiring 15 years ago has become revered as one of the great intellects of the 21st century. It is critical, he argues, to expedite digital transformation and for humankind to embrace machines.

Kasparov certainly knows more about risk and planning under extreme pressure than the vast majority of us. It's also a major understatement to say he's familiar with tech, both at and away from the chessboard. Indeed, his lifelong obsession with big data and algorithms began at a precociously early age. The Beast of Baku was a grandmaster at 17 and world champion from the age of 23 for 20 years until retirement in 2005.

Not satisfied with just being the dominant human chess player of his generation, Kasparov welcomed the challenge of Deep Blue, IBM's chess-playing computer. The pair first clashed in February 1996 and human triumphed over machine 4-2, but he knew "the writing was on the wall". It was only a matter of time before technology would be able to reign supreme, and probably sooner rather than later.

In May 1997 his much-anticipated rematch against what he called a "$10-million alarm clock" took place. With the hopes of humanity resting on his shoulders, again Kasparov knew that he was risking his reputation. Indeed, on the eve of the second meeting, *Newsweek* ran a preview headlined *The Brain's Last Stand*.

Deep Blue had improved from the year before. In an early example of machine-learning, it was smarter and triumphed over its human opponent 3½-2½, becoming the first computer system to defeat a reigning world champion in a match under standard chess tournament time controls.

In an essential lesson to business leaders, the power of narrow artificial intelligence (AI), in this case, trained to seek out optimal moves on the chessboard, proved irresistible. Consider that Deep Blue used a brute-force approach, with its 256 processors able to process 200 million possible moves every second.

When, in 2018, Kasparov featured on BBC Radio 4's *Desert Island Discs*, he said: "If it is a closed system, when there are rules [like in chess], machines will do it better. Because it is not about solving the game; it is about winning or prevailing. And even the best humans are doomed to make mistakes. It is inevitable."

He is now a great advocate of AI and encourages leaders to harness digital technologies to optimise business performance and mitigate business risk. That tech will inevitably succeed means instead of shying away from AI adoption and digital transformation, organisations have to invest heavily, especially at this epochal moment, Kasparov reasons.

"Yes, Deep Blue was a wake-up call for me, and the world, but rapid tech progress is fantastic," he says. "We should celebrate it instead of fretting and fear-mongering. New technology is why most of us are still alive to complain about new technology.

STAN HONDA/AFP via Getty Images

Kasparov during one of his many games against the IBM Deep Blue computer in May 1997 in New York; the monitor on the right relayed the computers' moves to an IBM scientist sitting at the table

> It's about people, not technology. Tech doesn't exist in a vacuum, so think about how we use it and how it affects us

"The digital world can change even faster than the material world, so the rate is increasing in some areas. But even that can be to our advantage if we go into the unknown, instead of simply making existing things faster."

When asked whether the COVID-19 fallout offers humanity a chance to press the reset button, he continues: "There is no reset; there is only learning from our mistakes and moving forward, with bumps and turns in the road. It's not a coincidence that so much progress comes from crises and wars, as terrible as that sounds to say.

"Of course, we shouldn't hope for catastrophes. To paraphrase [18th-century English writer] Samuel Johnson, a pandemic concentrates the mind wonderfully. It brings out the best and the worst, and exposes them as well. For example, we're seeing a stark difference in leaders and regimes that value human life and those that value only power. We should rethink alliances with those in that latter category, because in a crisis they put us all at risk."

Given the pace of advancement, how should leaders engage with technology in the next 20 years, not just in terms of business processes, but also from an ethical standpoint? "That's a big question and I've tried to answer it over the years in many lectures, articles and a book, *Deep Thinking*," says Kasparov. "I write about these issues a lot because human-machine and AI are where security, human rights and politics come together to define this era.

"Just two of the most important messages, then: it's about people, not technology. Tech doesn't exist in a vacuum, so think about how we use it and how it affects us. Two, tech isn't good or evil; it's agnostic. 'AI ethics' are human ethics, a mirror. So, for your country or your company, don't expect AI to be moral if the people in charge aren't."

Having made his name in an individual sport, it is somewhat ironic that Kasparov now extols the virtues of collaboration. In April, he helped facilitate The Global Hack, the world's largest-ever hackathon, with more than 12,000 participants, in a bid to create and accelerate solutions for the challenges thrown up by COVID-19.

Kasparov urges members of the C-suite to pool knowledge, open data, work together and delight in the resurgence of "garage" innovation. "It's great to celebrate the garage-innovation culture that was responsible for so much of the technology in the modern world. With the offices all closed now, we're forced back to the garage," he says.

What can business leaders learn from The Global Hack? "This crisis is already spurring a lot of home-brew innovation across the world, from ventilator and mask hacks to musical collaboration and community organisation," he says. "People need to see the small contributions, not just big, well-funded ones, though. So they think: 'Hey, I could do something like that'." C-suiters, it's your move. ●

CULTURE

Building a culture of resilience

Purpose, people and process are key to weathering disruption and these three business pillars will support organisations through the coronavirus pandemic

Morag Cuddeford-Jones

In testing times, the British are fond of nothing more than a good homily. Whether it's putting your best foot forward or keeping calm, there's a distinct sense of carrying on regardless. However, when faced with a historic challenge, it takes more than a stiff upper lip to emerge not just safe, but stronger on the other side.

What defines a company's culture as resilient? Such a company tends to have strong, transparent and visible leadership, engaged and empowered employees, and strong brand trust, both internally and externally. Resilient cultures have a powerful, ethical core so employees don't have to second-guess the right thing to do.

Many also favour an agile working model, fostering a climate of collaboration that enables rapid communication and supportive, effective colleague networks.

If this sounds like something of a utopia, it is. Resilience culture is not built overnight. It depends on a long-term investment in purpose, people and process. And while most senior executives agree it is their goal in theory, in practice many are still far behind the curve.

London's Alexandra Palace is one of the UK's busiest venues, hosting upwards of 400 events a year. It is also an historic destination and a charity. Creating a common purpose was about bringing the organisation together so it could maximise its potential as well as protect it from risk.

That risk isn't just the chaos caused by COVID-19. The commercial arm operates in a highly competitive environment while, as a charity, Alexandra Palace is fighting for an ever-dwindling pot of private and public funds.

"It wasn't about a consultant coming in to write a purpose for us," insists Alexandra Palace's chief executive Louise Stewart. "It was written by our team and captures what the organisation is about. It allows both the charity and commercial arms of the business to be passionate and have a sense of responsibility to the health of the whole organisation."

Niki Lawson, director of human resources at global law firm Addleshaw Goddard, says: "People need to understand how they fit into the bigger scheme of things. One of the fundamental aspects of our brand is a culture of collaboration. People are rewarded for working together, which creates a network of support that has really been fundamental at the moment."

However, Lisa Lyons, senior principal, leadership and workforce transformation practice lead at Mercer, says: "There's a lot of talk of broader purpose, but much less action," adding that Mercer's *Global Talent Trends* research shows 85 per cent of business leaders agreed an organisation's purpose should be about more than generating shareholder return, but only 35 per cent put it into practice.

The idea of culture is so conceptual, it can be hard to know where to start. "Reskilling becomes a practical way to measure progress," says Lyons. Companies with more resilience tend to include forward-looking metrics such as degree of workforce reskilling as well traditional, historical measurements like quarterly revenues or productivity, she adds.

TSB chief marketing officer Peter Markey discovered the value of broadening his own skills and those of his team when the bank encountered a significant IT outage in 2018.

"It became really important that we didn't just hold on to jobs we did before and, instead, move quickly to a new way of operating with new types of roles and new types of work," Markey explains. "My role became much more about front-facing communications rather than brand and advertising. Overall, it is about thinking differently and letting go of what you did before."

15–30%

average estimated revenue decline by global organisations this year

3x

the rate at which firms are furloughing staff compared to laying them off

15%

are instituting salary cuts

20%

have implemented salary freezes

*Survey held in late-April

Korn Ferry 2020

For some, necessity has been the mother of invention. "COVID-19 has given us the opportunity to look at how we deliver what we do using a different model," Stewart reveals. "We have staff who deliver in specific areas, but they have transferable skills, so we're looking at developing a multi-skilled workforce that allows us to develop more quickly, even at a junior level."

But again, leaders need to get rid of preconceptions. The *Global Talent Trends* research discovered that while 78 per cent of employees are ready to reskill, only 45 per cent of executives believe they are capable of doing so.

Staff flexibility is at the heart of building the agile processes that make up the third and final pillar of a resilient culture. Asking staff to pivot is no use unless a process is in place to support them.

Modern technology is undoubtedly a boon now and in a post-crisis world. At Alexandra Palace, Stewart notes the COVID-19 crisis has highlighted the need to invest in automated technologies to formerly sceptical holders of the charity's purse strings. Addleshaw Goddard's Lawson adds video conferencing has been revelatory in improving flexible working.

However, executives universally agree that it has been in transforming communication – frequency, transparency, hierarchy – that has delivered the biggest uptick in organisational resilience.

Lawson says straightforward communication, with no sugarcoating and direct from leadership, has been critical in weathering the pandemic. "We thought really carefully about it. Perhaps we're even over-communicating, but the feedback is that it has been reassuring," she says.

Stewart adds: "How we communicate has been very much experimental, but it's about what style suits our organisation; checking in regularly, encouraging staff to share concerns, which is healthy, but also how to make sure we join those conversations to hear those concerns."

Mercer's Lyons concludes: "The changes we are witnessing, brought about by uncertain times, are setting a new precedent for how we live and work. This situation also shines a spotlight on the level of resilience of each company. We clearly see companies getting ahead in this period and others falling behind." ●

Banking on resilience

"For TSB chief marketing officer Peter Markey, resilience is ultimately about people. While a resilient culture is built on clear values and purpose, the real strength is in the people delivering it. "You have to live and breathe your values every single day, and make sure those things are true. If you don't cultivate them, they wither," he warns.

From frontline staff interacting with stressed members of the public, to supporting community causes and pulling together internally, Markey is clear it is the organisation's ability to unite its people behind a common goal that has helped it through moments of crisis.

"Having a cause is not unhelpful. It's amazing how that common problem can galvanise people into action. Throughout COVID we have put our colleagues front and centre in our ad campaigns because they are our greatest ambassadors," he says.

This wouldn't be possible, Markey adds, if the company didn't put its money where its mouth is when it comes to living that purpose. He concludes: "You can see a lot of companies trying to retrofit purpose. Looking out for your people was a big learning from two years ago. That's a big theme for me when right now I have more than 100 people working from home."

HOSPITALITY

Preparing for a new normal

The pub, restaurant, bar and hotel industries have all but ground to a halt because of the coronavirus pandemic. But with light now at the end of the tunnel, brands are beginning to envision a new future after lockdown

Nichi Hodgson

The hospitality industry has been one of the most affected by the coronavirus crisis and as the UK's third largest employer, with an economic contribution of £130 billion annually, reopening will play a significant part in economic recovery. With prime minister Boris Johnson suggesting the possibility of some businesses resuming in July, what must the sector do to prepare for operating in the "new normal"?

Ferdie Ahmed, founder of Barrio Bars, says: "The hospitality industry has always been resilient. That said, COVID-19 presents a set of circumstances that no hospitality business has ever planned for and, with the lack of detailed government guidelines, we are frantically working up what we believe will be the requirements post-lockdown."

As venues reopen, those requirements centre around maintaining social distancing and enhanced safety and hygiene standards, which will require some creativity in rethinking how venues serve patrons. Bar and restaurant venues like Barrio are remodelling their spaces and guest experience. We can expect tables two metres apart, contactless ordering, use of perspex screens, one-way systems and toilet attendants.

Meanwhile those such as Open House London are working on a "hospitality manifesto" of safe working practices for both guests and customers, which managing director Ankur Wishart says would provide "elevated safety standards benchmarked above government guidelines".

While international travel remains restricted, hotels' primary struggle will be attracting domestic visitors to book their rooms, but social distancing will inevitably mean limited patrons and reduced profits.

As Jack Stein, chef director at the Rick Stein Group, says: "The key issue is how will we make enough money to survive. We do have restaurants, hotels and bars in the group so there are multiple challenges.

"Focusing on our restaurants, we are trying to work out how the kitchens and dining areas can be rearranged to support social distancing and also trying to model how much income we could achieve with, say, 50 per cent fewer covers because of the restrictions. The likelihood is it just wouldn't be viable; it would cost more to be open than closed."

It's for this reason that revenue streams that bring the dining and drinking-out experience to people at home, such as DIY food and drink boxes, will become vital ways of both acquiring new customers and supplementing revenue, essentially COVID-proofing an element of the business for the future.

For the Rick Stein Group, this means trialling two new services: Stein@Home – recipes, food packages and chef videos – and Wine and Stein click and collect or delivery – fully cooked meals – which experiment with both an interactive format and function, testing how food that has never been delivered before travels.

Bars, meanwhile, are already innovating at speed. Seb Lyall, founder and creative director of Lollipop, an immersive lifestyle group, has pivoted to offering delivery cocktails nationwide since shutting physical venues. This has helped to retain employees and engage with Lollipop's customer base as well as providing a new revenue stream.

The service is here to stay, says Lyall, and it's inspired a new way of thinking about innovation and collaboration with other similar businesses. "We have actually opened the platform Gulp to trade suppliers," he says.

As social distancing evolves and small groups from different households begin to mix, the new kind of interactive and experiential elements we can expect to see in delivery boxes will also involve a Zoom cocktail masterclass, for example, delivered by your favourite bartender, or a live DJ set from someone you used to dance to in their venue.

And if lockdown is lifted, but customers remain concerned about venturing out, as many in the industry predict, hiring a bartender, who would hop on their bike and run a makeshift bar in your home for a house party, could be as easy as ordering a burger on Deliveroo, says Barrio's Ahmed.

For customers, affordability will be the sticking point. "You could opt for the bartender to raid your kitchen and get creative. You simply pay for their time or add a set menu of cocktails to be shaken and stirred to order. DIY boxes with accompanying how-to video remain more likely and affordable," he says.

But whatever the complexity for businesses, as Tom Jackman, co-founder of Rocket Leisure, says: "Sales, reservations and cancellations will not be the same for many months and, without being able to rely on data from previous years, how businesses observe and work with these new trends will determine their futures."

Yet innovation alone won't help businesses survive. In March, industry leader Jonathan Downey founded Hospitality Union. Comprised of more than 3,000 business owners, the union is campaigning for a #NationalTimeOut. This is a nine-month national payment pause that would push back commercial rents and the debt repayments secured on premises until January 2021, which Downey says is vital for the industry's recovery.

"If we don't come up with a national solution to the impending rent apocalypse, 50 per cent of businesses will close and two million jobs will be lost by the end of the year," he warns.

In regional tourism hotspots, the balance of recovery is particularly precarious and building public confidence back up will be crucial. Barbara King, chair of Food Drink Devon, says: "A campaign to urge holidaymakers to stay in Britain would really help local economies, when it is safe to do so." As such, King is one of many calling for clearer details about when the industry could reopen.

If hospitality receives the right support, owners like Ahmed believe the industry is well placed to recover. "We've survived market crashes, recessions and austerity. These have meant we've had to evolve, innovate and enrich the whole guest experience, and give people more reasons to drink and dine out in our establishments and part with their hard-earned money," he says.

But while the world waits for a vaccine, it's clear the hospitality industry has been altered forever.

"For those of us who survive, our business models will need to change to ensure customer and staff safety, but also to deliver the hospitality we are famous for," says Stein. "My parents started this business over 45 years ago, and my brothers and I are determined we will survive and come back stronger, but it will be changed." ●

UK hospitality sector

3rd
largest private-sector employer in the country

£130bn
annual economic contribution

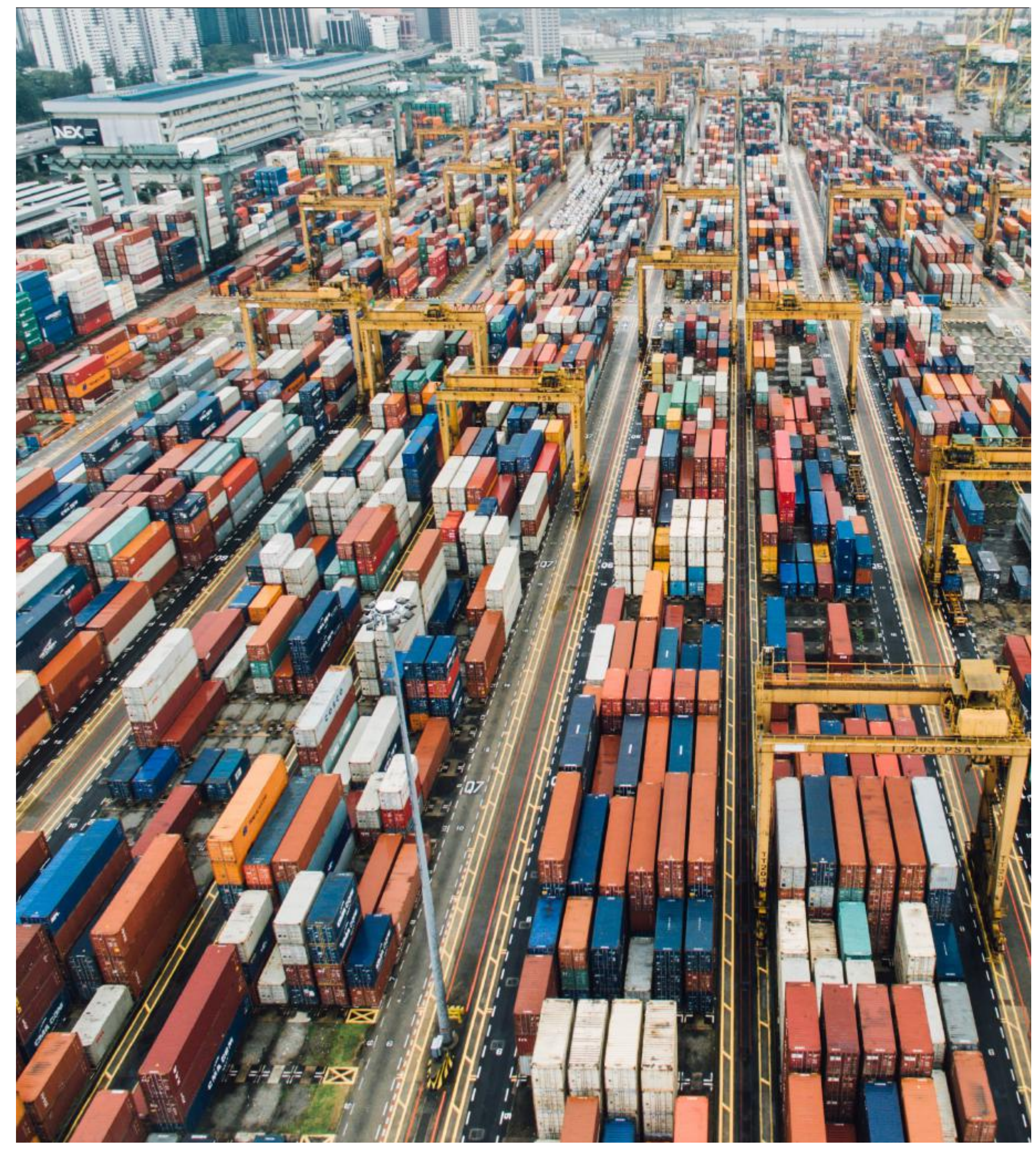
3.9m
workers

UK Hospitality 2020 (edited)

Ferdie Ahmed, founder of Barrio Bars, believes the industry can recover

Jeff J Mitchell / Getty

Commercial feature



Navigating risk in a complex world

When the worst case occurs, organisations need to be able to weather the shocks to their business and keep critical systems and functions running without interruption

Security is a subset of reliability and risk is a consequence of dependence. These simple truths are often overlooked during times of disruption and crisis. But really understanding them and how they relate to achieving resilience is crucial when businesses have to operate in present uncertain, dynamic and contested environments.

Organisations naturally want systems that support their mission-critical workflows and revenue-generating activities. Framing security in that context – the operating environment they've designed and the systems that need to work for them to function well – is particularly important when they are grappling with a virtually countless and growing set of external risks.

With remote working suddenly so commonplace, modern enterprises have become even more dependent on their internal networks and a wide range of internet-enabled services. Many are realising they need to update investments in IT and operational technology to ensure they can safely and confidently run their business in a decentralised and unprecedented way. This is proving to be more difficult and important than ever before.

The threat environment hasn't recently changed in terms of who the bad actors are or the tactics and techniques they're using, but as more employees are at home and worried about current events, they are more susceptible to phishing attacks.

Meanwhile, a huge amount of traffic is flowing through devices and networks that don't have the same corporate visibility or security controls they do when accessed in many core networks in office environments. This is all happening at a time when companies are more dependent on IT, creating a perfect storm for hackers, especially ransomware groups.

In light of this, Jason Crabtree, co-founder and chief executive of technology company QOMPLX, says it's vital organisations catalogue the range of vulnerabilities they have and the degree to which they think they are a target for different threat actors. In doing so, they can better understand the potential frequency and severity for the design scenarios they wish to consider. Those design scenarios provide a mechanism to enumerate an appropriate set of risks and create a risk register that identifies what risks exist, both before and after mitigation.

"You can't mitigate everything and you're never going to just 'fix' cybersecurity. It's not as simple as buying security tools as if they are a virtual lock on the door," he says. "You've got to have a holistic response, not to just remediate the actual deficiency if one were to occur, but also to understand the secondary and tertiary effects on the business, such as brand reputation, customer confidence, mandatory notifications or regulatory requirements, and how to estimate event severity and frequency to assign a risk level.

"A key aspect is looking at the landscape of different failures and incidents along with an objective assessment of the likelihood to remediate an incident quickly. The risk register process facilitates this, categorising the high risk and high effort, high risk but low effort, low risk but high effort and low risk but low effort.

"But it's also really important for executives to spot check this work because we commonly see risk inventories that have a lot of hand-waving and a lot of lipstick on the pig. That can be an extraordinarily dangerous way for organisations to live, especially if they are already in a stressed state, such as during the ongoing pandemic. Risk registries are too important to be treated like a checkbox. They must be pursued earnestly to have any value."

> **Security is enabled by the technology, people, processes and data flows you can maintain, not just when the sun is shining and everyone's at their desks, but when the worst case happens**

Companies often turn to traditional consultancy firms to build their risk register, but that can result in it not being truly reflective of the business as surveys by consultants are very different to real inspections.

QOMPLX dives into an organisation and leverages sensors on the network to enumerate the active directory environment, pulling back every single user account in every group, looking at the attack paths on real data and then evaluating how privilege and access is being managed. Often what this approach shows is that reality will not match with the company's own perception of its security posture or resilience.

QOMPLX's software-as-a-service products predominantly focus on gaining tremendously accurate and direct visibility about security resiliency and network configuration. They begin by extracting all active directory information and integrating data sources to develop a ground truth map of privileges.

Next the company aids clients in gaining control over authentication via validation of all Kerberos messages, before introducing additional detections and use-cases leveraging Windows event logs and other existing sensors. The company also provides special situations services to aid in developing security metrics programmes, supporting mergers and acquisitions, advanced open-source intelligence and integration of security programmes into an enterprise risk management or organisational resilience initiative.

"You've got to have that real-world mapping of your network," says Crabtree. "What is the topology? What logs are available? How do privileges, vulnerabilities, exploits and threat actor profiles come together and relate to business processes? If this key service goes down, does it impact everything? Is there an elegant failure mode where you move from your primary to your alternate to your contingent to emergency kinds of functions?

"The only way to answer all of that and have an effective risk register is to do business-process mapping, understand critical dependency and implement monitoring software that keeps you as close to ground truth as you can at any given time."

In an enterprise landscape with unprecedented uncertainty and unknowns, it's crucial organisations are able to understand how prepared they are to weather successive shocks of disruption to their business. QOMPLX provides tools that allow them to evaluate critical assumptions, which are fundamental to managing risk.

"Great risk managers and executives experienced in leading through crisis focus on what must be true for everything else to continue to be valid," says Crabtree. "They understand which critical IT and operational technology systems must be uninterrupted for the business to continue to function.

"If you work backwards from this lens, you can make sure things like maturity models and compliance are supporting that, but too many organisations lack the discipline required to navigate crises successfully and just assume they are fine because they are compliant and score well on a maturity model.

"Compliance should be about more than being afraid of your auditor. Maturity models must be about more than being laughed at by your peers. They are best when they mutually support security, which is about ensuring your unique business processes and obligations to your customers and other vested parties are fulfilled.

"Security is enabled by the technology, people, processes and data flows you can maintain, not just when the sun is shining and everyone's at their desks, but when the worst case happens. That's the world we live in. It's a complex environment, but QOMPLX helps organisations navigate this with a bit more poise and elegance so they can be more successful."

For more information please visit qomplx.com

QOMPLX:

GEOPOLITICS

Leading in the age of rage

In an increasingly polarised world, the coronavirus crisis has further highlighted socio-economic tensions, while managing organisations amid such conflict is something very few business leaders have experienced before

Mark Piesing

Protesters gather outside the doors of the chamber room at the Michigan Capitol Building in late-April to protest the state's stay-at-home order

JEFF KOWALSKY / Getty

The attempt in the United States to storm the floor of the Michigan legislative chamber by men armed with assault rifles and shouting "Heil Whitmer" – Gretchen Whitmer is the Democratic Party governor who took the state into lockdown – is a brutal reminder in the midst of the pandemic that we are living in the age of rage.

The problem is a generation of business leaders in the West, who have risen to the top knowing peace and stability, are now facing decades of political instability and conflict, the institutional memory of how to survive during such turmoil forgotten.

While the current crisis – health, social, economic and political – is very much unprecedented in recent times, what lessons can these leaders learn from businesses that have survived or failed in other crises?

Not all businesses ground to a halt when protests erupted on the streets of Chile, in the power struggles in Afghanistan or during the Syrian civil war. The successful businesses learnt to adapt.

In 2010, Ahmad Sufian Bayram, Syrian entrepreneur and author of *Entrepreneurship In Conflict* Zones, learnt first-hand how conflict can affect businesses as he nurtured his startup while the country headed towards civil war. Now the on-going Syrian war is the second-deadliest conflict in the 21st century, with around 400,000 killed and 12 million displaced.

"In conflict zones, checkpoints and fierce battles cut off complete areas inside the country and increasing limitations to market access force business owners to shift strategies and search for alternative suppliers or new markets," says Bayram, who now lives in Germany.

His research identified ten main challenges business leaders were confronted with in the conflict zone. There are the obvious, like insecurity, political instability and the loss of skilled workers, and the perhaps less obvious, such as the drying up of finance due to a run on the banks in the build-up to conflict. Also there were "unfriendly regulatory environments", involving "gifts" to local officials to get things done, as well as a lack of patent, trademarking and enforcement of contracts.

"Violent conflict leaves deep scars in a country's physical infrastructure," he says. "The lack of access to electricity, damaged road networks and unreliable telecommunications cut off entrepreneurs from potential markets."

Destruction of assets is an ever-present threat. The devastation of the industrial zone of Aleppo forced startup NobelChemist to leave the second-largest city in Syria.

"Polarisation means businesses may have no choice but to supply their goods or services to specific areas of the country, or to avoid business relationships with those who are considered to be supporters of the 'other' party," says Bayram. "It can also mean irreconcilable conflicts within businesses themselves.

"The number-one strategy for business leaders is adapting fast," he says. "Entrepreneurs need to think differently to adapt to the new reality, and encountering these challenges can in turn trigger innovation and creativity."

Business leaders must be prepared for a brain drain of talent. Those workers who don't leave the country may have gone through traumatic or life-changing experiences and will need support from their managers.

"Businesses also need to work hard to repair the damage caused by polarisation, by being inclusive, transparent in their decision-making and working at the grassroots to develop communities," says Bayram.

Entrepreneurs in Europe and North America may not have experienced the violence their Syrian counterparts have, but they are certainly having to navigate their companies through an era of social conflict and political instability that is no less serious.

Clashes in parliaments and workplaces have been fuelled by the insecurity and anger of those who did not share in the benefits of globalisation; those hit by austerity policies and drastic cutbacks in the welfare safety net and who were fearful of migration. They have been stirred up by a generation of populist politicians who embrace far-right nationalism, invoke the will of the people against the elite and threaten violence on the streets if this so-called victory of democracy is rejected.

New technologies enable groups to spread their message faster and more widely, but the tech is not the cause of their hate.

> **If relationships at work are under threat due to polarisation, then it will have a negative effect on culture, motivation and productivity**

"We can have a conversation about whether populism is an ideology, a discursive style or even a communication style," says Dr Daphne Halikiopoulou, associate professor in comparative politics at the University of Reading, who has written extensively on the rise of radical nationalism.

"What makes populists politically important isn't that they talk about the people versus the elite, but the extent to which these parties believe listening to the will of the people is the only legitimate and correct way to make decisions," she says.

The moral authority populists derive from representing the people's will means their opponents are now the enemies of the people, with whom there can be no compromise, and democratic institutions can be bypassed, designed as they are to control and restrict such movements.

Populists then leverage the will of the people to hijack the state apparatus and rewrite the constitution to ensure they hold on to power; a concentration of power that the pandemic will only make worse. Corruption becomes commonplace.

"Populism is a vision of democracy that is in many ways an alternative to liberal democracy and that is the danger," says Halikiopoulou. "It's really who is hiding behind this populist façade that matters and if that is the far right, then the conditions causing these parties to rise will not disappear."

In workplaces banter divides, particularly when directed towards under-represented groups in a company. People feel entitled to be offended by others' opinions and voices are raised.

"Polarisation is becoming a dreadful problem," says Kate Cooper, head of research, policy and standards at the Institute of Leadership & Management. "If relationships at work are under threat due to polarisation, then it will have a negative effect on culture, motivation and productivity. It will lead to presenteeism or people looking for another job."

Solutions can still be disarmingly simple and political discussions don't need to be banned. "Managers need to call out behaviour at the time it happens in a non-confrontational way. There needs to be openness and transparency if a comment offends someone else. Political discussions can take place, but just need to occur with respect," says Cooper.

In the new decade, actions like the storming of the Michigan legislative chamber may even become the "new normal". The economic devastation caused by lockdown, and the division between those who can work from home and those who cannot, is sure to fuel divisions and conflict that a new wave of populist parties and leaders can exploit to disrupt their older, tired rivals.

Bayram learnt many lessons struggling with his startup during wartime. The most important was the ability to cope quickly with changes. And that is a crucial lesson for all businesses in this age of rage. ●

Commercial feature

Achieving resilience in a world of uncertainty

The coronavirus pandemic has exposed limitations in the ways companies approach resilience planning. Navigating the tricky path ahead will rely on an ability to adapt and evolve

COVID-19 has highlighted a large disparity in resilience among UK companies. Just one in five global board members believe their organisation was "very prepared" to respond to an adverse risk event before the outbreak, according to EY's *Global Board Risk Survey*.

So, while some have been flexible enough to adjust and respond well to the unprecedented impacts of the pandemic, others have floundered. As a result, many businesses have been left badly exposed to the impacts of the shock on their workforce, operations and supply chains, and are scrambling to adjust.

There is no such thing as absolute resilience and no organisation can prepare itself for every eventuality. However, those that have developed organisation-wide resilience are reaping the benefits while others struggle to sustain poorly thought-through solutions for any prolonged period or for the whole workforce. These patterns hold true for the turbulence that lies ahead: readiness is all.

The pandemic has exposed examples of what Risk and Resilience, a consulting firm, calls "aspirational planners", organisations whose perception of their own resilience was built on untested assumptions, ignoring the "softer" aspects of resilience, or that didn't think through the practical details. It is these companies that are now left wondering why their resilience preparations haven't worked as well as they should.

"There's a big difference between putting together some plans and implementing a genuine and coherent resilience capability," says Rupert Johnston, director at Risk and Resilience. "The latter includes detailed practical solutions and well-trained crisis management teams, looking across all aspects of the business to manage whatever situations arise. Building resilience takes effort."

Risk and Resilience works with organisations to understand, build and sustain resilience. The consulting firm provides an end-to-end service that develops capabilities and processes, helps realistic planning, trains teams, and runs exercises and tests, holding up a mirror for companies to see how effective their preparation and planning has really been. Its no-nonsense, pragmatic approach also helps improve the behaviour, skills and competency of in-house teams.

> **The ability to adapt, which is at the heart of resilience, has never been more important**

"For that capability to have a meaning, it has to be anchored on an ongoing understanding of the organisation and its situation," says Johnston. "Where are you not prepared to accept gaps between how resilient you want to be and how resilient you really are, given the art of the possible? We support executives with those risk-based decisions and with strategies and processes to improve resilience in the areas they want to protect. It's often more about people and processes than technology."

Risk and Resilience director Alan Elwood adds: "As risk and resilience practitioners, we know what will practically work and we really challenge aspirational planners. When the chips are down, if you haven't done the background thinking and planning across the business, your plans will not work as you hope. And building a capability once is not enough; it has to be baked in. You have to continuously improve for your efforts to be meaningful."

The near future will be a period of navigating turbulence and uncertainty. The ability to adapt, which is at the heart of resilience, has never been more important. To change quickly in the right areas, organisations need situational awareness, understanding what the current situation is, how it's evolving and what the emerging impacts and risks are.

A whole business approach will be vital, enabled by a capable "nerve centre" allowing companies to make effective decisions as quickly as necessary. It won't be a straight path, but organisations can navigate it safely with the flexibility to adapt their approach and implement new plans at the right time. It is crucial companies learn from the past and focus on the challenges ahead, not behind them.

"Having coped with the initial impacts of COVID-19, companies risk succumbing to resilience fatigue or complacency," says Elwood. "Those that navigate the next 12 to 18 months successfully will recognise the value of sustaining resilience. Resilience as a business improvement provides a real advantage for the future and that's what we help them achieve."

For more information please visit www.riskresltd.com/resilience-navigator/

Risk and Resilience

OPINION

'Professional risk management will deliver the resilience that organisations will need to emerge and recover'

The role of risk management is to help organisations achieve their objectives in an uncertain world. Firms everywhere are obliged to report on the principal risks to their business, and what they are doing to mitigate them.

In 2020 the world has been turned upside down as a long observed, although perhaps insufficiently managed, risk – a global pandemic – has become a massive live issue.

The Institute of Risk Management (IRM), which educates the world's risk professionals, recently conducted a survey of its global community to find out how the profession viewed the crisis. Nearly 1,000 people, from all sectors and regions of the world, responded.

The survey found that 98 per cent of respondents were still working in their risk roles, indicating that risk was considered a function that could and should be kept going at full strength when organisations come under pressure. Accordingly, 94 per cent of respondents believe that the current pandemic experience strengthens the case for risk management.

Those who have studied or trained with us will be familiar with the principles, tools and techniques of risk management, business continuity and crisis response that can be deployed to help organisations prepare and respond to situations like this.

Hopefully organisations have continuity plans, and these will form the basis of their current responses, but it is quite likely that they did not foresee a situation as widespread, complex and long lasting as we are facing. We are also seeing how well theoretical plans work when faced with real life situations.

32%

of organisations had not considered pandemic risk or anything similar before the COVID-19 outbreak

21%

of those which had considered pandemic risk didn't then do anything about it

IRM 2020

Looking forward, it's quite clear that resilience and strategic risk management are going to be hot topics as firms seek to protect themselves for the future. And it's hugely important that the current crisis doesn't obscure the other major risks that we still face, including climate change and cyber-risk.

We have had a wake-up call that we need to get better at handling risks of all types, and also finding opportunities to drive recovery.

Preparedness is key, effective risk management and business continuity plans now kicking into place will play a pivotal role. And some less risk-mature organisations will be in uncharted territory which will sadly, inevitably, lead to some businesses folding as has been widely reported. Many companies do not survive a moderate-severe global risk event like the COVID-19 virus.

We are now deep in a phase of response and recovery. As risk professionals we are skilled at framing and understanding these difficult policy choices. One of the challenges for risk managers will be to ensure there is a balanced, proportionate and common sense approach.

A core principle of risk management is to learn from experience and improve; there will be lessons from the experiences of dealing with the challenges of COVID-19 which will result in improved resilience and better risk management in the future.

Professional risk management will deliver the resilience that organisations will need to emerge and recover from the pandemic crisis. The role of the risk manager has never been more important. ●

Iain Wright
CFIRM
Chair of the IRM