Risk, Resilience and COVID-19:
In the frontline of the 'war' against COVID-19

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In our previous three articles on the subject we shared risk-based best practice that would guide management to avert organisational meltdown during a crisis. In living our vision to be dynamic, pragmatic and innovative in our consulting approach, the articles did not only focus on steps to determine the most effective methodologies to prepare for and manage a crisis, but it also included guidance to consider efficiencies. Efficiencies are critical in times of a crisis, especially widespread crises that impact the full value chain of a business, including increased costs and reduced income.

In this article we focus on Mondial's practical experience in the frontline of this 'war against COVID-19' as it is so aptly named by the South African Government. We are expanding our experience right now as members of several Business Continuity Management (BCM) teams at several large mining, health care and other organisations. Our involvement in BCM teams, consisting of very capable predefined members of organisational management, has given us valuable insights into COVID-19 and its impact on people, the environment, the economy and on an organisation's reputation.

Extracts from our activities on the front line:

One	We had already been exposed to the management of COVID-19 impacts before the first positive case was registered in South Africa. We are part of a team implementing a large business improvement project at one of our clients where we are responsible for guiding the project risk management element. The implementation team includes an European contingent and, during a presentation, a member of the European contingent fell ill. This immediately triggered the disinfection protocols established by the client in its laboratories, demonstrating how controls established to manage risk in one area of the business could be implemented in another. Fortunately, the consultant was not tested positive for COVID-19, but the experience did increase the organisation's readiness for the pending crisis.

Two	Shortly after the first scare, a Mondial team member, fulfilling the role of the risk manager (Mondial's Rent-a-Risk-Manager service) at one of our clients was informed that a member of staff had tested positive and that a number of staff members were in 'close contact' with the 'positive' staff member. We, also having been identified as being in 'close contact', were able to work with the management team to execute the Crisis Communication Plan (CCP) that allowed for a structured selection of the Crisis Management Team (CMT) lead, as it was based on the organisation's Risk Appetite and Tolerance (RAT) levels. The remainder of the CMT was quickly identified based on abilities to function in this specific crisis. Interestingly, as detailed in an earlier article, we referred to roles focussed on the most appropriate "chefs" and "ingredients", meaning that if you have the right team, with the right roles, allow them to formulate the 'recipes' as situations and events unfold. As the crisis unfolded in this specific instance, this proved to be a practical, sustainable approach to managing the organisation's business' continuity requirements. Following the team selection, the one-page summary of the CCP simplified the development and documentation of objectives together with high-level actions to focus on and achieve those objectives. Lastly, the identification of stakeholders, pre-populated in the CCP together with the required level of communication, simplified the communication tasks of the CMT. This resulted in timely and appropriate communication being risk-based both from a content and communications platform perspective to preserve the organisation's reputation.
Three	During the following 14-days of quarantining, all executives and several managers remotely managed stakeholder communications, as well as closely monitored and planned for COVID-19 as it escalated into a pandemic. Using remote dial-in to process and approve transactions, and video/telecon management meetings quickly became part of their daily work life. A significant benefit was being able to test the practicality and quality of remote access to the business, previously identified as a risk treatment action, and to familiarise themselves with other risks and requirements of working off-site. These requirements would soon become a reality for most of the business during the fast approaching lockdown.
Four	Once formal lockdown was enforced, a number of plans, based on travel-, training-, management meeting-, material and equipment delivery and maintenance-, raw material acquisition-, production-, storage- and product delivery-risks identified, were already in place at operational sites across the country. To ensure adequate monitoring, a daily crisis management dashboard, including a risk heatmap detailing prioritised key actions, were developed and used by the CMT.
Five	Once it became clear that the business had timely focussed on appropriate crisis elements, the daily remote CMT meetings, initially attended by a core CMT team, gradually expanded to a team focussing on business continuity in addition to monitoring the crisis management elements. Areas that received an increased focus, across the full value chain, include continued containment of infections, clear and accurate communication, welfare and continued availability of critical skills, raw materials, consumables, and production plants resulting in availability of products.
Six	Key elements currently being managed by the Business Continuity Team (BCT) include both risks that could negatively impact the business, opportunities to develop treatments for the SARS-COV-2, as well as developing income and cost scenarios to plan for the impact the COVID-19 crisis period will have on a post-COVID-19 business environment.

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Seven	During the coming week the team would probably focus on the closing down phase of a 'hard' lockdown environment and requirements from Government to manage a 'soft' lockdown until the winter passes.

Impacts on the pre-COVID-19 Enterprise Risk Management (ERM) process:

We found that, although formal ERM processes to identify, analyse, evaluate and treat risks were embedded in the business, the opportunities to formally follow the process significantly reduced during the extended crisis period. Efforts to manage the crisis **did not include formalities** such as *identify a risk, including its causes, consequences and link these to current controls, rate the control environment, prioritise the risk, do a formal cost benefits analysis, assign owners and monitor progress with risk treatment actions and if necessary re-rate risks*. It was merely a case of managing the crisis using the risk management principles already embedded.

These principles, embedded into the day-to-day business of the organisation over a number of years, included regular updates by risk champions at tactical level and follow-up actions by the Risk Manager of these tactical level risks that informed the strategy level risks and treatments which were all premised on a practical[1] risk management methodology. This ensured that certain members of the management team were knowledgeable about tactical and strategy level risks resulting in relevant information that could be utilised by the CMT and other management team members during the crisis period.

Interestingly enough, and in contrast to the routine risk management processes, is the fact that, although the risk assessments were available at the start of the crisis, these were not formally and continually updated during the management of the crisis. A new form of updating, continually focusing on pre-empting actions, both existing and 'to-be-developed', to manage possible events that may occur in a fast-changing internal and external environment arose and the formal risk registers will only be updated as and when there is time to spare.

Looking ahead to the winter in the southern hemisphere:

Several risks will change and new controls, developed during COVID-19, will become part and parcel of a post-lockdown world. This will result in a review and update of risk management processes as well as significant portions of risk information databases.

Based on the above we believe that a few key controls to manage business resilience over the next few months of the crisis should, amongst others, include:
-   Formally approved emergency procurement procedures employing RAT levels and considering impacts on people, the environment and business operations, in that sequence, that would result in the organisation's reputation being protected;
-   Risk-based controls to ensure the availability of critical raw materials and consumables without which the organisation's production process will be severely impacted, and

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[1] *The practical risk management methodology focussed on the residual risk left after taking into consideration controls in place to management possible future events that could impact the achievement of objectives, which were rated using Board approved risk appetite and tolerance levels in order to prioritise individual risks and resources allocated to treatment actions.*

- A focus on identifying possible negative stakeholder events that may impact the organisation's reputation and putting controls in place to manage these on a pro-active basis. Opportunities may even be identified which could result in improved stakeholder engagement with, amongst others, competitors, staff and regulators.

In addition, 'soft' lockdown regulations (after the 'hard' lockdown which is initially scheduled to end on 30 April 2020), to avoid an overwhelming increase in infections and collapse of the country's health system would probably have its most significant effect on the 'people side' of most businesses. These may include:
- Continued school closures, having a significant impact on employees with families having to take care of school kids;
- Increased costs to families including internet connectivity required at home for school and other communications resulting in unbudgeted family expenses;
- Family members having lost their jobs, having reduced salaries or no increases resulting in personal stress and its resultant impact in the work environment for working family members;
- Reduced income of some organisations leading to vacant jobs not being filled resulting in increased burdening of existing staff;
- Reduced opportunities for people to move between jobs resulting in unwilling staff feeling trapped; and
- Reduced investment income / provident/pensions values impacting on staff morale.

Assistance to ensure improvements in the business environment during the coming 'soft' lockdown period and thereafter:
If you need any assistance in improving your continued management efforts through enhanced practical risk-based approaches during these unprecedented and challenging times, let us know. As we have said in our earlier communications, our assistance includes steps to ensure that efforts and processes that are implemented during this crisis need to be to practical and robust enough to be useful in a post-COVID-19 world.

Resources and additional reading:

https://www.who.int/emergencies/diseases/novel-coronavirus-2019/situation-reports/
https://www.nicd.ac.za/
https://www.gov.za/welcome-official-south-african-government-online-site
https://www.irmsa.org.za/page/covid-19_noticeboard
https://www.thebci.org/knowledge/coronavirus.html

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