

SKILLING UP TO DELIVER ON OUR PROMISE

BRYAN WHITEFIELD

In late February 2021 I ran a poll of around 100 risk professionals while they were attending an event I was hosting. They came from more than 20 countries. I asked them to indicate how risk management is viewed in their organisation. The choices I gave them were:

1. Leadership – Risk management is used to identify where we can and should take more risk and where we should pull back.
2. Insight – Risk management is helping by providing good insights to decision making.
3. Comfort – Risk management is about providing comfort to the board and/or a regulator.
4. Compliance – Risk management is treated as tick and flick.



Pleasantly just over 50% said their organisation was operating "above the line" with just over 20% indicating risk management was providing leadership. Sadly, almost 50% are not treating risk as valuable, with 14% on the bottom rung, treating risk as a compliance activity. Keeping in mind, it is more than 25 years since the first national standard on risk management AS/NZS 4360 was first published in 1995.

While these results are not pure market research, they were in line with my experience of working with risk professionals of all kinds across many, many industries and across the public, private and not-for-profit sectors.

The conclusion? We still have a lot of work to do.

We need to deliver value

It's pretty obvious, however, if you want business leaders to value what you do and adopt your advice you must deliver them something of value. Now value is in the eyes of the beholder. And for some, they value that you keep the regulator and the board happy and only disturb them when you absolutely have to. Unfortunately, that type of value is a dis-service to business leaders and the organisation as a whole.

The type of value you need to deliver is to help them think through their decisions to improve their success rate. McKinsey has published a range of surveys over the years that asked executives to rate the quality of decision making at their organisation. The results have consistently been poor. In one of their more recent surveys (2019) the results were that "only 20 percent of respondents say their organizations excel at decision making" and the "majority say much of the time they devote to decision making is used ineffectively." Perhaps the 20% that excel are using risk as a leadership tool?

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Decision making is very often a complex task. Multiple unknowns, multiple opinions, the needs and wants of multiple stakeholders to balance. The job of the risk professional is to help work through that complexity. Not perfectly, just better. And better comes from good analysis across a range of disciplines and effective communication which requires a broad and strong skill set.

What skills should a risk professional have?

Figure 2 is a set of 20 skills I have identified, under five key categories. I would like you to treat the skill sets a bit lightly with the logic behind the five categories as follows:

- Structure: Risk departments in organisations are usually responsible for the design and implementation of the risk management program.
- Fundamentals: The core work of a risk professional.
- Specialties: Four key areas that lend themselves to specialisation.
- Essentials: The areas that make the difference between a low impact and a high impact risk professional.
- Influence: The skills required to formulate and deliver your advice so your messages cut through.

I am not going to detail here each of these 20 skill sets. Instead, I am going to highlight the ones under each category which I feel are underdone by many risk professionals, or I feel should be applied differently than what I see as the norm. To find out more, you can download a PDF [here](#) that has brief descriptors of each of the three skills that underly each of the 20 shown below.

Key skill set for risk professionals

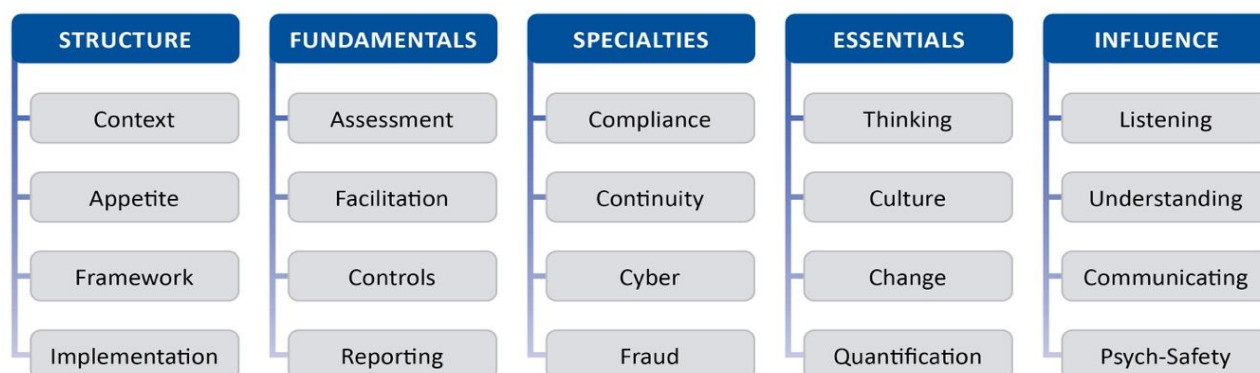


Figure 2

STRUCTURE CATEGORY

Under the Structure category, documenting and operationalising the organisation's risk appetite is often underdone. Too often I see very bland risk appetite statements that tell me nothing. "We have a very low appetite for cyber risk." "We have a high appetite for innovation." Pretty much who doesn't?

Better practice is to have the discussion with the executive and board about their willingness to accept specific areas of risk when it comes to achieving each corporate objective. And the areas of risk to be avoided. I ask them about "The line in the sand we must cross to achieve the objective and the line in the sand we should not cross." This results in a much deeper conversation about what is at stake and their desire to achieve goals. For a more in-depth look at a strategic objectives approach to risk appetite, see this [May 2020 COSO paper](#).

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The other issue I constantly see is overly complicated frameworks. Please, please, please apply the KISS principle. No one in the business cares how technically correct you are when it is too long and difficult to comprehend.

FUNDAMENTALS CATEGORY

Anyone can assess risk and devise controls, poorly. Your job is to help others to do it well. And that is where your facilitation skills come in. If you are not being asked to run workshops, or worse still, the business is avoiding your workshops, you might need a change of approach. Start with your mindset. The purpose of a risk workshop is not to collect risks in a risk register or to update an old one. It is to help the team find answers to challenging questions. So that they are better informed and better prepared to work towards achieving their goals. If you think, and talk, like this you will start to shift the mindset of others to value creation and protection. Not dreaming up a collection of risks.

And one quick tip on risk reporting: Integrate it into business-as-usual performance reporting. Risk and strategy go hand in glove. So should their reporting.

SPECIALTIES CATEGORY

If you are in a smaller organisation you may not have internal resources to rely on for these and other areas of specialty. Please recognise there is plenty to learn in these areas and reach out to colleagues or external providers for assistance or consider RiskNZ's training offerings. If you are in a larger organisation, the imperative is to seek alignment of approach. That is, ensure each specialty area is using common language and common risk criteria that are being applied with a common understanding of risk appetite.

ESSENTIALS CATEGORY

You may find it interesting that I call this category "essentials". The reason being, that each of these skills are needed to create a resilient and ultimately higher functioning organisation. You need to be good at critical thinking, be acutely aware of the culture you want and the culture that exists so you can create change and lead the organisation to the creation and protection of more value.

The last skill in this category, quantification of risk, is problematic. In fact, I call what I often see, quantifornication: the plucking of likelihood, consequence and control effectiveness ratings out of thin air in a facilitated risk workshop. We can do so much better. Please start collecting more data.

INFLUENCE CATEGORY

It is one thing to be technically correct across all facets of risk management. It is another thing for business leaders to listen to you and act on your advice. I consistently see risk professionals seeking more and more technical training while ignoring these core skills which collectively provide you the ability to influence with impact.

Being a strong influencer starts with listening. Listening, combined with your critical thinking and analysis skills helps you in understanding the person(s) and their challenges so you can provide valuable advice. Having valuable advice is worthless if you are not communicating it in a compelling way. And lastly, you need to be acutely aware of the level of psychological safety for staff to speak up. If it is not safe, they won't speak up and it can be career limiting for you if you speak up on their behalf. You must learn to influence business leaders on the importance of psychological safety and learn how to foster a psychologically safe culture throughout the organisation. So, it is safe for you and others to speak your minds.

BRYAN WHITEFIELD

Bryan Whitfield helps risk professionals lead through complexity. One thing he knows for sure, is that being technically correct is one thing, to be correct and to be listened to is quite another. Hence his passion for increasing the influence of the profession and why he has written [Risky Business: How Successful Organisations Embrace Uncertainty](#) and [Persuasive Advising: How to Turn Red Tape into Blue Ribbon](#).

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