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GUIDE 2021

The pandemic goes endemic

Learning the lessons,
boosting preparedness,
building resilience

Acknowledgements

About Control Risks

Control Risks is a specialist global risk consultancy that helps to create secure, compliant and resilient organisations in an age of ever-changing risk. Working across disciplines, technologies and geographies, everything we do is based on our belief that taking risks is essential to our clients' success.

We provide our clients with the insight to focus resources and ensure they are prepared to resolve the issues and crises that occur in any ambitious global organisation. We go beyond problem-solving and provide the insight and intelligence needed to realise opportunities and grow.

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About Airmic

The leading UK association for everyone who has a responsibility for risk management and insurance in their organisation, Airmic has over 450 corporate members and more than 1,500 individual members. Individual members are from all sectors and include company secretaries, finance directors, and internal auditors, as well as risk and insurance professionals. Airmic supports members through learning and research; a diverse programme of events; developing and encouraging good practice; and lobbying on subjects that directly affect our members and their professions. Above all, we provide a platform for professionals to stay in touch, to communicate with each other, and to share ideas and information.

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Introduction

The responses we have seen to the Omicron variant reveal how fragile societies now are, and also how different the national responses have been.

The worst of the Covid-19 pandemic appeared to be behind us, with the removal of restrictions in the UK in July 2021. Since then, people have started to return to the work place, and business travel is gradually on the increase. Covid-19 might not have gone away, but societies had been learning to live with the virus. The pandemic is becoming endemic.

Yet, new developments such as the discovery of the Omicron variant of the virus threaten to undo much of the post-pandemic recovery. The responses we have seen to this variant reveal how fragile societies now are, and also how different the national responses to the virus and its variants have been. More and more governments are considering making vaccination compulsory, at least for certain groups of people such as health workers. Some countries such as Greece will be imposing fines on citizens above 60 who refuse to get vaccinated.

Anti-establishment political parties lost support early in the pandemic, as voters saw them as not being competent enough to steer us through the crisis. But as the pandemic has dragged on and lockdown fatigue has grown, extremist forms of politics have returned with a vengeance. The outbreak of violent protests in Belgium and the Netherlands in November, against fresh lockdown measures, show how the recovery is susceptible to ever new developments.

Indeed, the pandemic continues to affect regions of the world at different rates and in different ways, depending on seasonality and the success of in-country responses, including vaccination programmes. Organisations will need to continue to focus on their duty of care for their people who travel, while also considering the longer-term implications of business travel in relation to climate change. Organisations need to promote a culture where travel-related risk is taken seriously, as employers address a growing list of common challenges that now include issues such as whether or not to mandate the vaccine and caring for the health and well-being of their people.

Significant challenges continue to exist within the operating environment, and organisations must remain both alert and focused on resilience. For instance, ongoing supply chain issues in the UK, caused by a combination of Brexit and the pandemic, are putting additional pressure on economic recovery and leaving many sectors with a range of different challenges across their value chains.

Finally, the pandemic has caused a significant shift in working patterns, which is here to stay. How this is managed in the long term will have a real impact on an organisation's ability to recruit and retain talent.

"

Ongoing supply chain issues in the UK, caused by a combination of Brexit and the pandemic, are putting additional pressure on economic recovery. Organisations must remain both alert and focused on resilience.

In this report, based on a survey of 118 Airmic members conducted from 1 to 27 November 2021, Airmic and Control Risks revisit the issues surrounding pandemic crisis management for organisations that were last discussed in September 2020 in the guide *New challenges, new lessons: Covid-19 pandemic and the future of crisis management*.

The present report makes the case for risk professionals and their organisations to *learn the lessons, boost preparedness and build resilience*, in order to steer through the looping nature of the Covid-19 pandemic.

Managing the pandemic has become business as usual

The guide *New challenges, new lessons* noted how there is no simple crisis management solution for the pandemic. It expected that the pandemic – as a crisis – would likely continue over several years and then in the longer term become part of 'normality'. It highlighted how long-term planning had been critical, yet the initial responses to the pandemic had been largely focused on the near term and shorter term.

It is more difficult to look long term when the crisis timeline loops back because of further waves of the pandemic, as governments and organisations seek to move further into an economic recovery mode. It is unlikely that the emergency response will double back, but the crisis response could – potentially twice, three times or more – until controls, such as the vaccinations, have attained sufficient scale.

With the surfacing of the Omicron variant, the looping nature of the pandemic crisis has continued to play out as feared.

> **Risk professionals and their organisations need to learn the lessons, boost preparedness and build resilience, in order to steer through the looping nature of the pandemic.**

Introduction

Figure 1: Crisis response and business recovery practices need to change with an ongoing crisis that keeps looping back
Source: Control Risks, Airmic, 2021
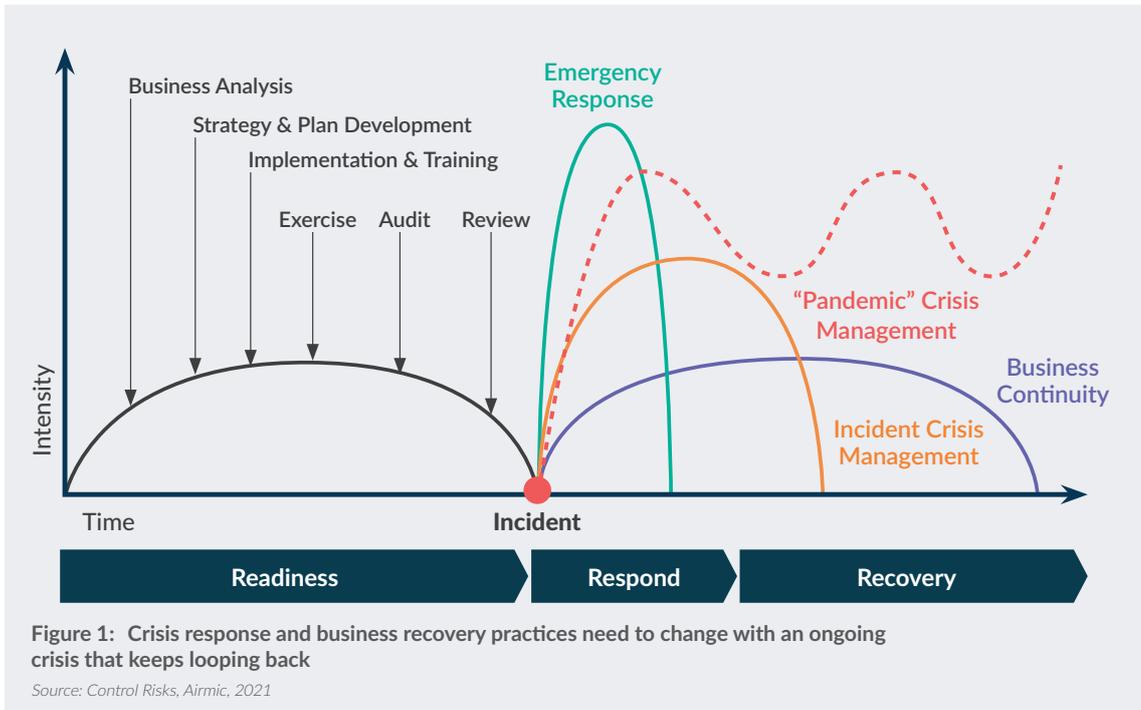
How organisations responded to the pandemic: Recap of 2020

At the start of the pandemic, organisations set up crisis management teams to co-ordinate the response to the pandemic. These crisis teams were resourced with senior executives, to enable an effective strategic response and clear communication. Regular updates on company crisis policy were cascaded to management and staff, while employees were encouraged to work from home where possible and companies adapted at pace to digital working practices.

As the UK continues its successful vaccine roll-out, many restrictions have now been lifted. Businesses are beginning to return to some form of pre-pandemic normality, or at least are standing down their crisis teams.

However, what we think of as 'business as usual' has changed. Many employees continue to work from home and business travel is still at a minimum. While some face-to-face meetings are happening, many continue to be virtual, and the shadow of another wave of Covid-19 infections continues to darken the prospects of a full business recovery in the immediate future, with the rapid rise of recent infections in Europe as winter approaches.

Learn the lessons, boost preparedness, build resilience

Organisations now have an opportunity – and an imperative – to reflect on what has gone well over the last two years, and where crisis management and resilience can be improved.

They ignore the lessons of the past two years at their own peril. But learning the lessons requires a process and structure, rather than sheer aspiration.

This report therefore calls for organisations to:

1. **Learn the lessons** – so as not to repeat the mistakes, such as those that characterised the initial national and organisational responses to Covid-19 in early 2020

2. **Boost preparedness** – by continually scanning the horizon for the next emerging risks

3. **Build resilience** – in a way that puts them in good stead for the looping nature of the pandemic crisis.

1 Learning the lessons

As noted in the report *Learning that can save lives*, commissioned by the UK's National Preparedness Commission and released in September 2021.

The adoption and application of a process for identifying and acting on 'lessons learnt' from adverse events to inform future planning is a key characteristic of any preparedness system.

The report identified the following points of failure in learning from major incidents and disasters such as the pandemic:

1. **The failure to lead and manage the 'lessons-learnt' process from the top down.**
2. **The failure to develop positive mindsets about the potential to achieve learning goals.**
3. **The failure to foster informed perceptions of risk, a positive learning environment or an understanding of how past learning applies in the present.**
4. **The failure to adopt an approach to learning that recognises the psychological limitations.**
5. **The failure to repeat and retain learning from adverse events.**
6. **The failure to measure and monitor progress on key learning outcomes.**

As our survey showed, many risk professionals and their organisations are using formal crisis debrief and 'lessons learnt' sessions to inform their strategy going forward. People issues have emerged at the top of their list of lessons learnt, especially in relation to changes in workforce flexibility, such as working from home arrangements, supported by greater access to and use of digital tools.

The lessons that organisations have learnt from the pandemic are leading them to restructure in order to make their businesses more efficient, as well as helping them find their competitive advantage by differentiating themselves from their competitors.

Most risk professionals use formal means to capture and apply lessons learnt from the pandemic; people issues are at the top of their lessons-learnt list.

Through FORMAL crisis de-brief and "lessons learned" sessions used to inform strategy	40.0%
Through AD HOC INFORMAL "lessons learned" sessions	24.7%
Through FORMAL "lessons learned" sessions captured at team operating levels	18.8%
Don't know	11.8%
We have not captured or communicated the lessons learned	2.4%

Figure 2: As the world attempts to emerge from the pandemic, how has your organisation captured lessons learned?*
Source: Airmic survey, November 2021.

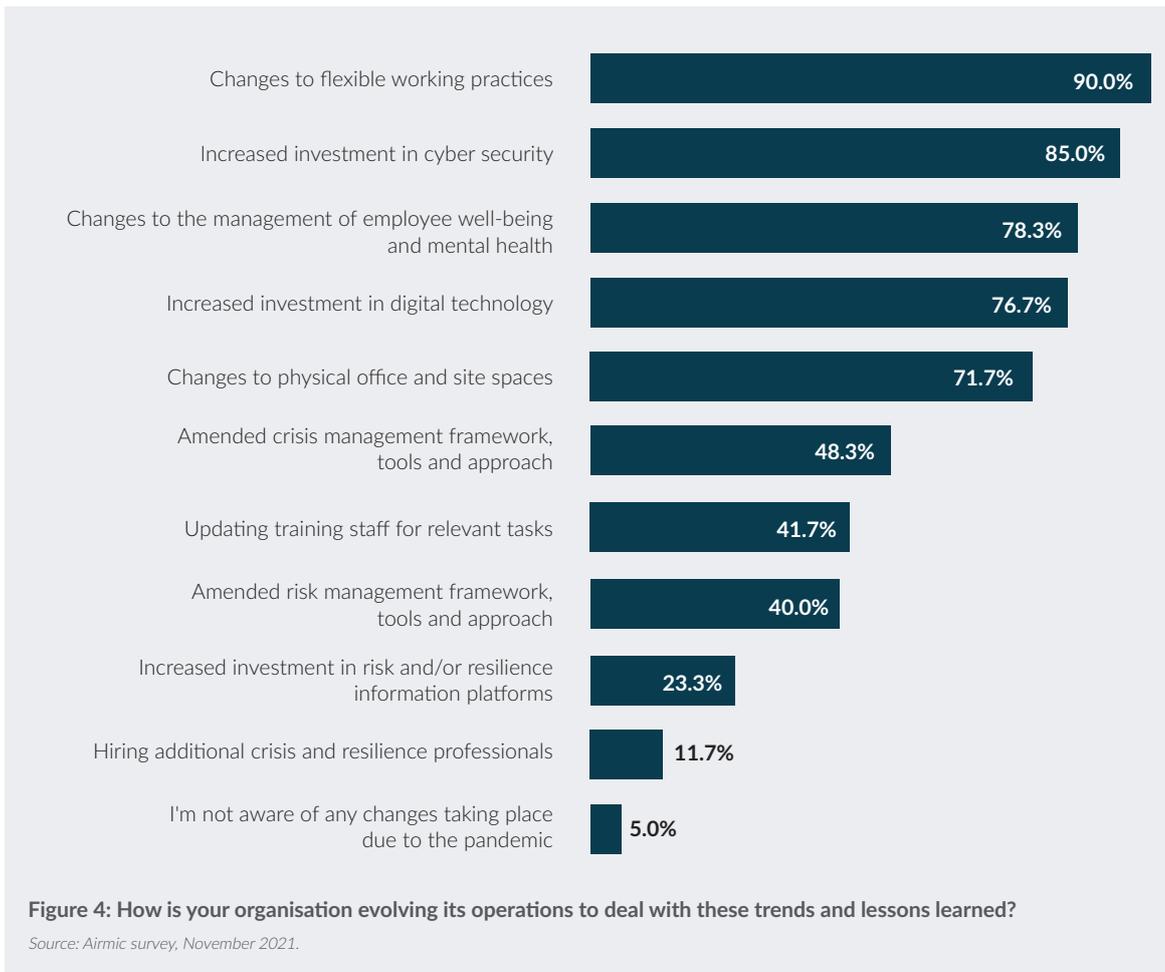|	
Change to workforce flexibility (i.e. working from home, collaborative workspaces)	81.2%
Greater access to and use of digital tools (i.e. video conference platforms, file sharing)	54.1%
Higher profile and investment in employee well-being and mental health	49.4%
Creation of more resilient supply chains (i.e. alternative suppliers, near sourcing)	34.1%
Increase in focus on emerging risks and associated controls	31.8%
Clarification or reinforcement of a clear leadership tone from the top	28.2%
Building financial resistence for the next crisis	9.4%

Figure 3: What lessons have you and your organisation learned to take forward into a post-pandemic world?
Source: Airmic survey, November 2021.

1 Learning the lessons

Changes to flexible working practices	90.0%
Increased investment in cyber security	85.0%
Changes to the management of employee well-being and mental health	78.3%
Increased investment in digital technology	76.7%
Changes to physical office and site spaces	71.7%
Amended crisis management framework, tools and approach	48.3%
Updating training staff for relevant tasks	41.7%
Amended risk management framework, tools and approach	40.0%
Increased investment in risk and/or resilience information platforms	23.3%
Hiring additional crisis and resilience professionals	11.7%
I'm not aware of any changes taking place due to the pandemic	5.0%

Figure 4: How is your organisation evolving its operations to deal with these trends and lessons learned?

Source: Airmic survey, November 2021.

Most organisations are restructuring their businesses and differentiating themselves from competitors, as a result of lessons learnt.

Rationalisation (i.e. restructuring to make business more efficient)	55.9%
Growth strategy (i.e. increase existing products and size of geographical footprint)	52.5%
Differentiation (i.e. differentiation from the competition)	52.5%
Strategic focus (i.e. focus on niche markets)	40.7%
Cost leadership (i.e. offering the best prices)	30.5%
No changes to strategy planned	15.3%

Figure 5: Which of the following areas of strategy is your organisation evolving to deal with these lessons learned?
Source: Airmic survey, November 2021.
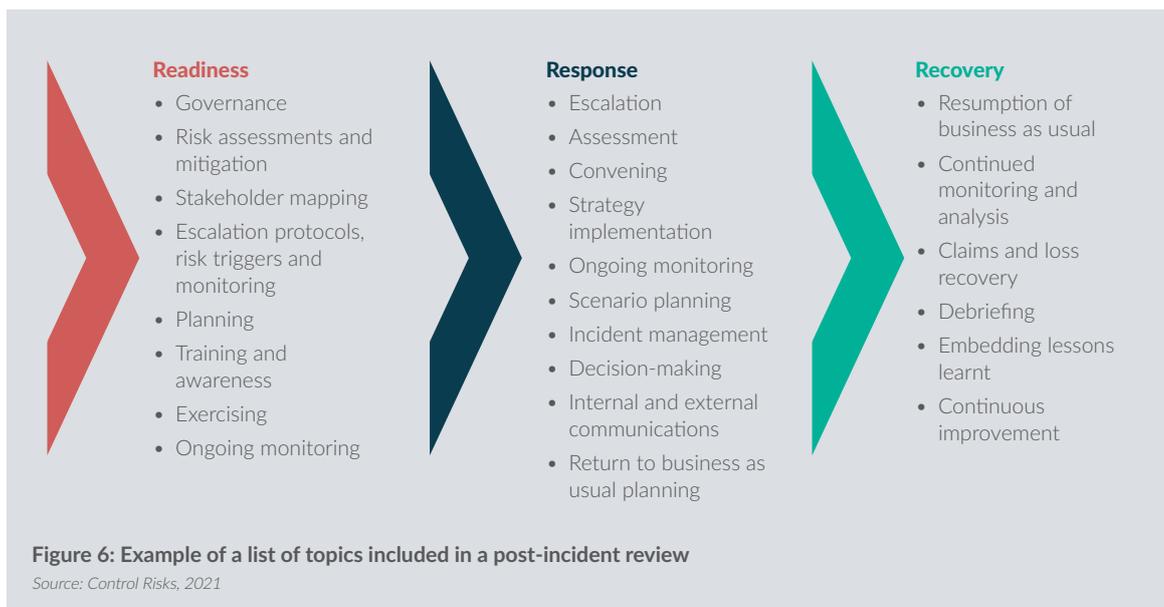
LEARNING THE LESSONS

1 Learning the lessons

Post-incident reviews

Following a crisis, boards of directors and/or senior management require organisations to undergo what is often referred to as a 'post-incident review'. Good practice reviews are holistic and focused not just on the 'now', but also on the 'before' and 'after'. The Covid-19 pandemic has identified significant shortfalls in organisational preparedness for an event of this type, often challenging the long-held assumptions that crisis management and business continuity capabilities are built on.

Organisations should be proactive in communicating the efforts they are undertaking to improve and optimise their path forward. There is general acknowledgement that this is a crisis unlike anything anyone has seen before; thus, there is some natural forgiveness for mistakes made at the beginning of the response and it is important to emphasise that lessons have been learnt from those mistakes.

Conducting these reviews, and ultimately embedding the lessons learnt from them in the business resumption planning are all part of an organisation's commitment to its people, clients, partners, and the broader community that are 'all in' on getting this right in the future.

Readiness
- Governance
- Risk assessments and mitigation
- Stakeholder mapping
- Escalation protocols, risk triggers and monitoring
- Planning
- Training and awareness
- Exercising
- Ongoing monitoring

Response
- Escalation
- Assessment
- Convening
- Strategy implementation
- Ongoing monitoring
- Scenario planning
- Incident management
- Decision-making
- Internal and external communications
- Return to business as usual planning

Recovery
- Resumption of business as usual
- Continued monitoring and analysis
- Claims and loss recovery
- Debriefing
- Embedding lessons learnt
- Continuous improvement

Figure 6: Example of a list of topics included in a post-incident review
Source: Control Risks, 2021

2 Boosting Preparedness

Identifying the emerging risks now

The National Preparedness Commission report on *Learning that can save lives* underscored that:

> "Learning lessons comes with experience, awareness, agility and insight. Yet, there is a world of difference between identifying lessons (hindsight) and applying them (foresight)."

This is the time for organisations to think about any previous lack of preparedness and to change things going forward so that they are better prepared for the next pandemic wave or major crisis. As the organisation looks forward, it is valuable to gain the perspective of those actively managing the crisis as well as those managing the everyday business, who are often faced with secondary effects of the crisis. These discussions should be used to identify potential emerging risks as the crisis continues to unfold and slow down. Identifying the risks now,

ahead of them materialising, puts the company in a great position to avoid them or at least minimise their impact.

Horizon scanning

The risk landscape and lessons from the pandemic are driving organisations to focus on emerging risks and horizon scanning.

Good practice horizon scanning is separate from business-as-usual enterprise risk management due to the uncertainty and time horizons involved. Importantly, the process of horizon scanning is focused on assessing the velocity, impacts and likelihood of major trends.

A key output of horizon-scanning is a shortlist of risk scenarios captured in an emerging risk register, which is used to stress test the business planning cycle and development of future strategy. Crisis and risk professionals have an opportunity to use their wealth of experience to shape and challenge the outcomes of this process.
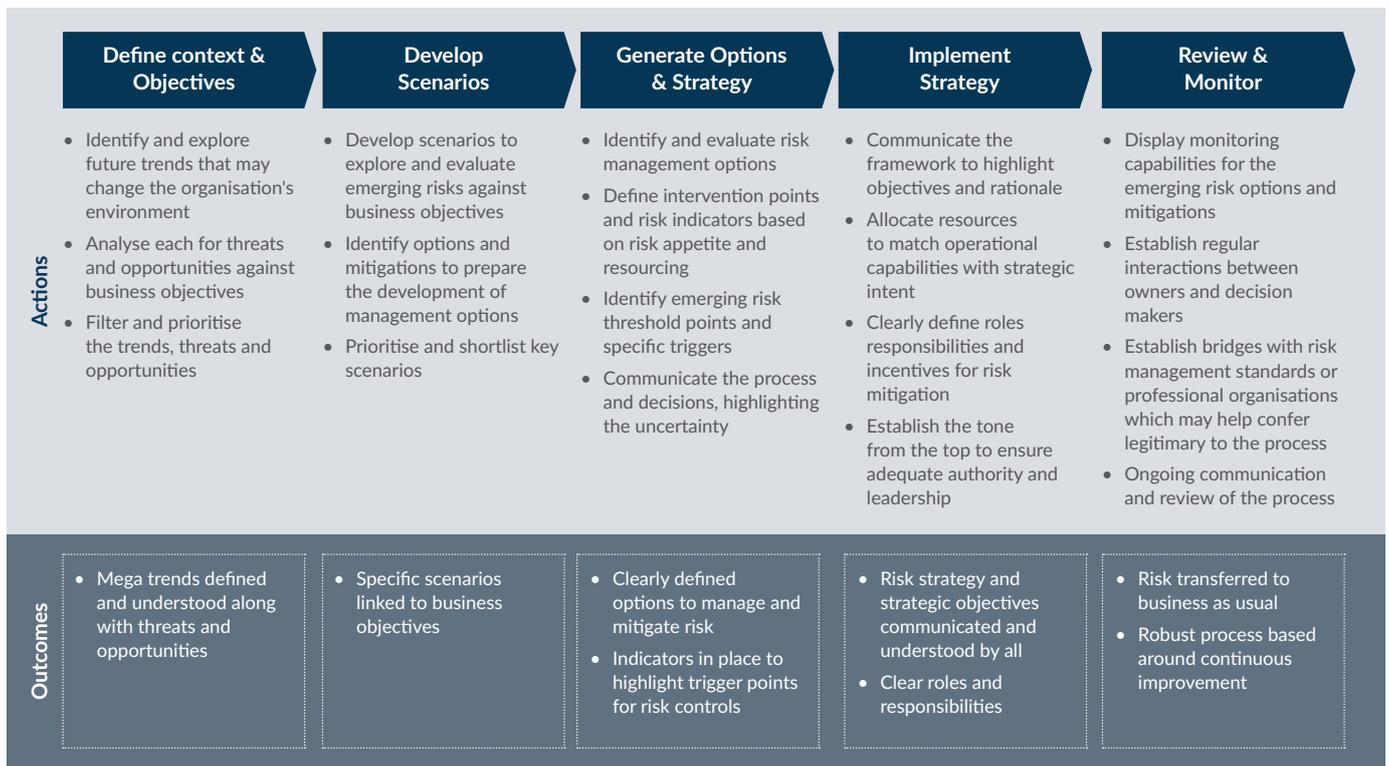
	Define context & Objectives	Develop Scenarios	Generate Options & Strategy	Implement Strategy	Review & Monitor
Actions	• Identify and explore future trends that may change the organisation's environment • Analyse each for threats and opportunities against business objectives • Filter and prioritise the trends, threats and opportunities	• Develop scenarios to explore and evaluate emerging risks against business objectives • Identify options and mitigations to prepare the development of management options • Prioritise and shortlist key scenarios	• Identify and evaluate risk management options • Define intervention points and risk indicators based on risk appetite and resourcing • Identify emerging risk threshold points and specific triggers • Communicate the process and decisions, highlighting the uncertainty	• Communicate the framework to highlight objectives and rationale • Allocate resources to match operational capabilities with strategic intent • Clearly define roles responsibilities and incentives for risk mitigation • Establish the tone from the top to ensure adequate authority and leadership	• Display monitoring capabilities for the emerging risk options and mitigations • Establish regular interactions between owners and decision makers • Establish bridges with risk management standards or professional organisations which may help confer legitimary to the process • Ongoing communication and review of the process
Outcomes	• Mega trends defined and understood along with threats and opportunities	• Specific scenarios linked to business objectives	• Clearly defined options to manage and mitigate risk • Indicators in place to highlight trigger points for risk controls	• Risk strategy and strategic objectives communicated and understood by all • Clear roles and responsibilities	• Risk transferred to business as usual • Robust process based around continuous improvement

Figure 7: An example of a horizon scanning process
Source: Control Risks, 2021

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BOOSTING PREPAREDNESS

ESG-related risks are front of mind for risk professionals, followed by cyber risks.

Figure 8: What emerging risks are top-of-mind for you and your organisation currently, in terms of LIKELIHOOD?

1	Environment, Social, Governance (ESG)-related risks
2	Systemic cyber risk (e.g. failure of the entire internet)
3	Digital transformation and disruption
4	Health and well-being
5	Pandemic and disease
6	War for talent
7	Shift in global economic power
8	Demographic and societal change

Figure 9: What emerging risks are top-of-mind for you and your organisation currently, in terms of IMPACT?

1	Systemic cyber risk (e.g. failure of the entire internet)
2	Environment, Social, Governance (ESG)-related risks
3	Digital transformation and disruption
4	Pandemic and disease
5	Health and well-being
6	War for talent
7	Shift in global economic power
8	Demographic and societal change

Source: Airmic, November 2021

Risks to businesses in the endemic Covid crisis

As Covid-19 shifts from 'pandemic' to 'endemic' status, businesses face an evolving risk landscape where unplanned and multifaceted risks have now begun to emerge as long-term features affecting business operations on multiple levels. In a post-pandemic era, businesses are facing a web of interlinked and complex risks, such as insider threats, employee activism, the 'great resignation', focus on corporate citizenship and the supply chain meltdown.

Front-of-mind risks

In our survey, Environmental, Social and Governance (ESG) related risk is front of mind for risk professionals and their organisations in terms of likelihood, followed by systemic cyber risks such as the failure of the entire internet. In terms of impact, systemic cyber risks come top. Meanwhile, pandemics and diseases feature at fifth place in terms of likelihood and fourth in terms of impact.

These results largely mirror those of the surveys conducted by Airmic of risk professionals throughout 2021, such as in the Airmic annual survey released in October.

ESG and cyber related risks are ever present, while the pandemic – at least until November 2021 – was seemingly on the road to resolution, having been 'resolved' in the minds of risk professionals (possibly as a result of a type of behavioural fatigue). Events such as the spread of the Omicron variant have once again brought to the fore the importance of preparedness. It has underlined the rapidity at which pandemics and diseases are able to disrupt businesses, and the scale of the impact that lockdowns and travel restriction have in disrupting operations and supply chains globally.

The Omicron variant serves as a reminder to risk management professionals that Covid and other pandemics are, in fact, both long-term and front-of-mind risks, and should be addressed as such.

THE PANDEMIC GOES ENDEMIC 13

The 'hybrid' approach and insider threats

Emerging from country-wide lockdowns, many businesses, particularly in Europe and the UK, have revised their approach to in-person office attendance by adopting a hybrid working model, allowing staff the flexibility to divide their days between working from home and in the office space.

The work-from-home structure, hastily and often haphazardly implemented by companies at the start of the pandemic, has since presented a number of risks to businesses, which, for the most part, assumed these frameworks would be temporary and have subsequently not evaluated or revised these structures. A notable vulnerability for businesses is the increased risk posed by insider threats. Malicious threat actors are able to exploit the unsecured environment through the theft of data files or espionage, the facilitation of which is aided by use of personal laptops and inadequate cyber protection as a result of the 'rapid digitalisation' phase at the start of the pandemic. Businesses are also susceptible to insider threats through 'negligent insiders', who accidentally pose a threat to the organisation by falling prey to mass phishing attempts or ransomware links. A lack of security and cyber awareness training facilitated by companies throughout the pandemic has exacerbated the prominent insider threat to businesses, particularly as reliance on online software and cloud services has increased throughout.

Employee activism and mandatory proof of vaccination

Securing work-from-home structures has become even more crucial, as the business landscape is unlikely to shift back to full-time office attendance in the long term. This has reinforced a risk to businesses in the form of 'employee activism'. Increased surveillance and monitoring tools implemented by businesses to oversee and assess employee location and/or productivity may generate negative sentiment and discontent amongst staff, fuelled further by the internal office/work-from-home divide. Moreover, the latent potential for high levels of employee activism in the short run is significant, as many businesses in Europe and the US have started to heavily incentivise or require employees to receive the Covid-19 vaccination. Mandatory proof of vaccination, particularly in the UK where large companies have adopted a

less restrictive approach, has nascent but growing potential to ignite frustrations amongst employees, whereby employee opposition may not only be underscored by 'anti-vaxxers', but also by those who are principally opposed to the organisation wielding vaccinations as an employment requirement.

The 'great resignation' and corporate citizenship

Dubbed the 'great resignation', this unexpected phenomenon is an unforeseen consequence of the global pandemic and has affected a variety of sectors across the board. The lockdown period highlighted a number of important factors for individuals on a personal level, ranging from analysis of company values to how businesses handled the effects of the pandemic and their treatment of employees. From a psychological perspective, the pandemic provided many with a period of self-reflection, prompting individuals to re-evaluate their circumstances and

> "The latent potential for high levels of employee activism in the short run is significant, as many businesses in Europe and the US have started to heavily incentivise or require employees to receive the Covid-19 vaccination.

priorities in their work and personal lives. As business as usual has returned within the purview of the new normal, businesses risk losing employees to growing market demand as economies recover, as well as to companies that focus on employee well-being and corporate citizenship as a central pillar of their post-Covid strategy.

Sustainability risks

Sustainability risks encompass some of the most prevalent and pressing risks that businesses are currently facing in a post-pandemic era. ESG risks are affecting businesses on multiple levels, ranging from the direct impact of climate change on organisational assets (such as damage to assets caused by environmental hazards and extreme weather events), to the scrutiny of company values and regulation of environmental and social business management practices. Meeting ESG criteria is

becoming of greater importance for businesses as it is increasingly playing a larger part in investor relations, consumer confidence, and regulatory requirements and compliance.

Supply chain meltdown

Due to supply chain volatility, which has become a significantly disruptive force in the latter half of the year, businesses are growing more concerned about the risks associated with supply chain security. Not only are supply chains at risk from changing international regulations and disruption caused by Covid-19 lockdowns, but supply chains are increasingly being targeted by a range of threat actors, often in high-risk locations. These threats are not limited to supply chain theft, but also extend to intentional interference from activists and protests. As supply chains are becoming increasingly integrated with the digital sphere, they are at greater risk of cybercrime and hacking, with the potential for severe financial, reputational and compliance related risks for organisations.

This has caused businesses to re-evaluate their supply chain security, placing greater emphasis on supply chain resilience. In the next section, we will look at how risk professionals and their organisations can build supply chain resilience.

3 Building resilience

In building resilience in the midst of the continuing pandemic, organisations must be cognisant of the wider landscape of volatility and disruption.

Resilience is the ability of an organisation to absorb and adapt in a changing environment. As noted in Airmic's 2020 guide *New challenges, new lessons*, effective resilience is founded on successful risk identification and mitigation. Workforces that have a culture of risk identification, scenario modelling and mitigation, as well as a system and culture encouraging them to 'speak up', are much better placed to respond to the fluidity of crises, and to embrace innovation and the potential upsides of uncertainty.

Therefore, in building resilience in the midst of the continuing pandemic, organisations must be cognisant of the wider landscape of volatility and disruption, and build organisational resilience accordingly.

Volatility and disruption in addition to Covid

In 2022, organisations will be under pressure to manage and respond to a range of business risks, which include climate resilience, geopolitics and digitisation.

Organisations will need to intensify their activities on climate leadership and responsible citizenship, as governments cascade ESG commitments to the private sector. There will be more regulatory obligations sooner rather than later. Disclosure on labour rights, human rights and diversity are increasingly becoming law. The EU and several of its member states have introduced disclosure and monitoring obligations on companies related to modern slavery in their own activities and the activities of their suppliers and subcontractors. The same trend for regulating social performance is happening outside the EU.

Businesses will be left largely on their own to manage risks emanating not only from traditional conflicts, state failures, military coups and economic meltdowns, but increasingly from social unrest, radical activism and rising criminality among traditionally stable economies. This is partly the result of geopolitical rivalry, which at times leads to inaction, inertia or just plain failure on the part of states and multilateral organisations to address such issues which threaten businesses. Businesses must prepare to mitigate these risks, starting with methods and tools such as horizon scanning.

Cyber risk continues to be a key threat and focus for most organisations. Governments' regulation of data, content and technology will continue to accelerate, potentially impacting companies' digital operations and data compliance regimes.

Building supply chain resilience

As discussed earlier, global supply chain volatility has been one of the challenges that has defined the second half of 2021. As an outcome of Brexit and the pandemic, the UK has faced a range of supply chain issues from fuel shortages to shortages of raw materials for construction.

Consumer demand, driven by growth in e-commerce, is fuelling investment in supply chain assets in new, riskier locations. Pressure to decrease costs while accelerating output and delivery times is forcing businesses to work with an expanding network of less mature suppliers which can lack proper governance, risk and compliance procedures.

Technology continues to integrate with the physical world to create a cyber-physical system forming a business ecosystem with an ever-diverse group of suppliers linked by a complex web of interdependencies. As supply chains manage a larger volume of goods, any major disruption left unmitigated could escalate into an existential organisational threat with far-reaching strategic, reputational and financial implications

An uncertain geopolitical environment in tandem with the growth of activism is redefining corporate purpose. Increasingly, corporations are expected to live and breathe the values of multiple stakeholders within their supply chains. As business has become a more influential political, social and geopolitical actor, supply chains have been identified as high-impact, low-risk targets by criminals, fraudsters, terrorists, activists and state-sponsored warfare.

Risk professionals have the expertise and insight to enable better supply chain resilience. Working with procurement teams to understand the supply chain risks to critical assets and to undertake regular reviews of supply chain risks, both internally and of key suppliers, should be a continued focus.
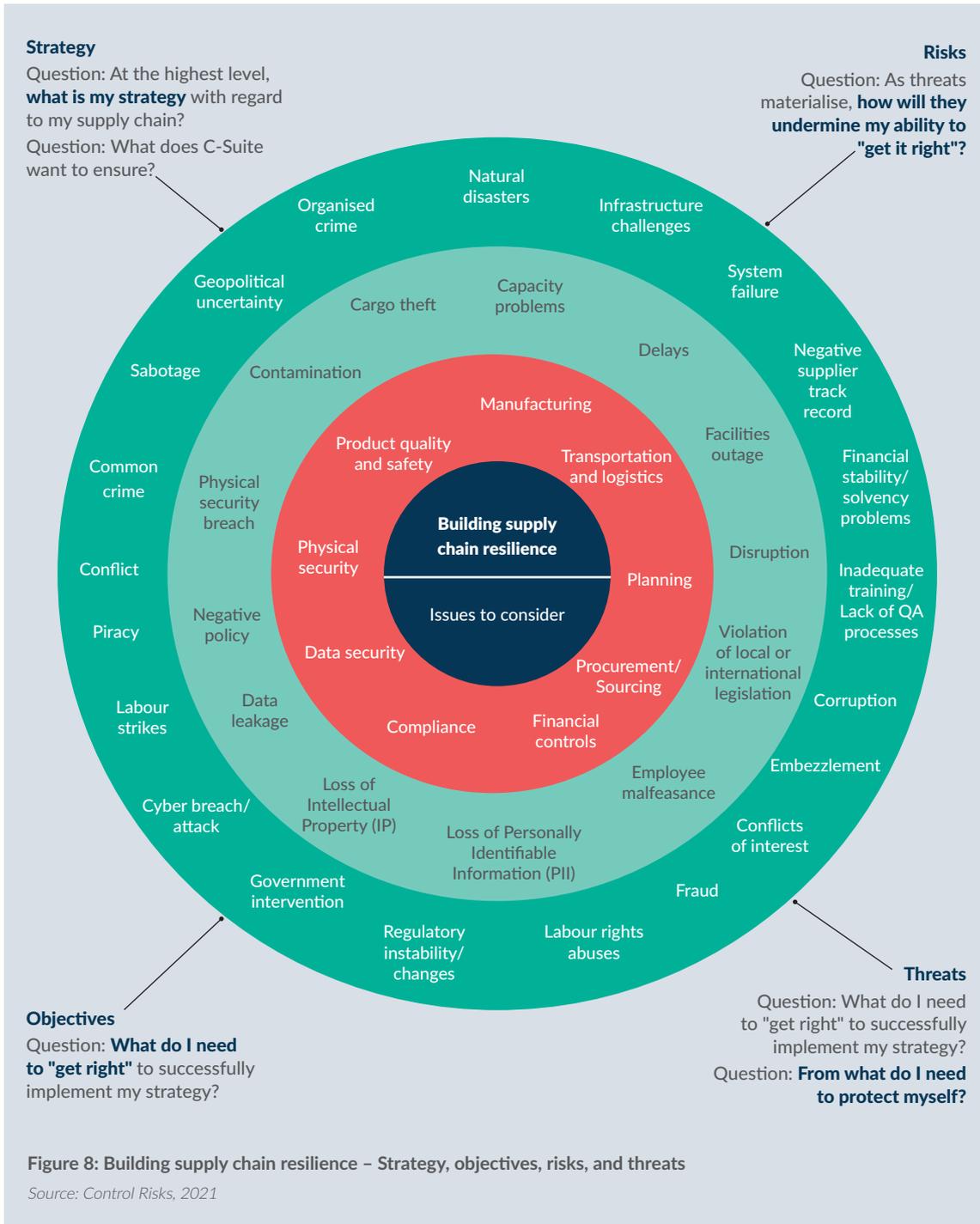
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Strategy

Question: At the highest level, **what is my strategy** with regard to my supply chain?

Question: What does C-Suite want to ensure?

Risks

Question: As threats materialise, **how will they undermine my ability to "get it right"?**

Objectives

Question: **What do I need to "get right"** to successfully implement my strategy?

Threats

Question: What do I need to "get right" to successfully implement my strategy?

Question: **From what do I need to protect myself?**

Figure 8: Building supply chain resilience – Strategy, objectives, risks, and threats

Source: Control Risks, 2021

3 Building resilience

Meeting future challenges: How organisations are changing their thinking and strategy

In order to build resilience and mitigate the evolving risks to businesses that have arisen in a post-Covid world, organisations will have to re-evaluate and adapt their strategies, proactively and cohesively, to remain at the forefront of their respective sectors.

Aside from insider risks, the hybrid or work-from-home model presents other challenges to businesses, such as a loss in productivity, digital fatigue and digital inequality, and difficulties associated with maintaining company culture and team cohesion. From a practical standpoint, organisations will have to focus on strengthening their cyber defences, such as requiring employees to connect to VPN networks when working from home, ensuring USB ports are locked down, and requiring multifactor access authentication. Emphasis should also be placed on security awareness training for staff, ensuring refresher courses are regularly conducted and training forms part of new-starter inductions.

Businesses will need to focus on employee well-being as an integral part of their strategy moving forward, prioritising employee mental health as a cornerstone of their operations. There are a number of ways that organisations can look to implement this, such as making allowances for flexible working hours through emphasising the quality of work rather than the desk-bound working hours and creating a culture that promotes open communication between employees and line managers. Good mental health practices should be encouraged through company awareness campaigns, not simply through lip service but by actively promoting a healthier work-life balance. Organisations should look to foster a team culture through more than simply check-ins. If a hot-desk policy is in use (which is becoming increasingly common as businesses reconfigure the use of their office spaces), teams could co-ordinate specific 'in-office' days to foster social cohesiveness within the team. An increased focus on employee well-being will have a positive impact on staff mental health, boost productivity in the workspace, and aid in retaining and hiring talented personnel.

Mitigating sustainability risks within the business will require conscious effort and input from a multitude of stakeholders. ESG criteria should be assessed against business metrics, with organisational strategies introduced and implemented that target different areas of the business, such as risk management frameworks, governance structures, procedures and regulations, business operating models and reporting systems.

Supply chain resilience will continue its growth trajectory as a high priority amongst organisations in the post-pandemic era. Businesses must look to fortify their supply chain security through improving various security checkpoints on their supply chain timeline, strengthening controls such as security supply chain due diligence, security supply chain impact assessments, security supply chain criticality mapping and establishing supply chain crisis management and training.

### Rethinking resilience in the endemic Covid crisis

Achieving and maintaining resilience, along with successful digital transformation – which has also been made an imperative for organisations during the pandemic – is even more challenging. Research by Airmic, from its 2018 Roads to Revolution report, has identified eight principles for achieving resilience and digital transformation:

1. **Having a risk radar that is focused on emerging risks and developments in technology.**

2. **Having the resources and assets to be able to take full advantage of developments in technology.**

3. **Having relationships and networks that are constantly developed and extended.**

4. **Rapid response supported by excellent communication within the organisation.**

5. **Review and adapt to events to protect and enhance reputation.**

6. **Redesign processes to embrace new technologies and encourage innovation.**

7. **Retain stakeholders during the transformation by analysing big data.**

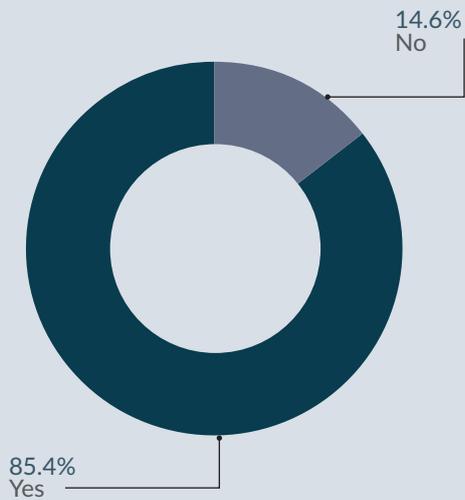8. **Reinvent purpose by opportunity awareness, commitment and capabilities.**

Figure 9: Do you think risk professionals in your organisation have the right competencies (knowledge, skills and behaviours) to deal effectively with the pandemic?

Source: Control Risks, 2021
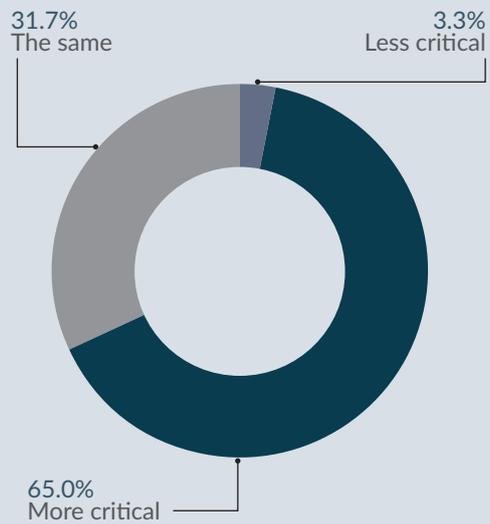
November 2021 survey

13.6%
No

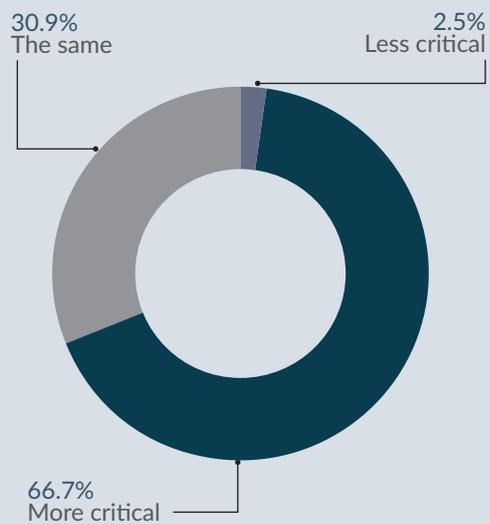86.4%
Yes

September 2020 survey

14.6%
No

85.4%
Yes
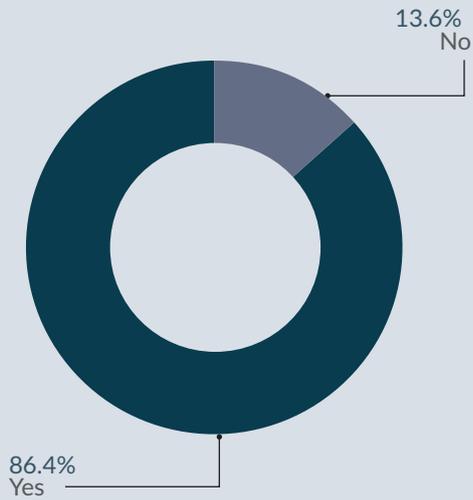
Figure 10: How critical do you think the role of the risk professional in crisis management will be going forward?

Source: Control Risks, 2021

November 2021 survey

31.7%
The same

3.3%
Less critical

65.0%
More critical

September 2020 survey

30.9%
The same

2.5%
Less critical

66.7%
More critical

3 Building resilience

Figure 11: Within your organisation, how has the management of risk and resilience evolved during the pandemic?
Source: Airmic, November 2021

These principles continue to hold true for risk professionals in our surveys. Nevertheless, resilience thinking on the part of organisations has been changing throughout the pandemic. It is now more focused on long-term, rising-tide crises such as pandemics.

Key among these changes is a focus on people resilience, combined with a dedication to horizon scanning, so as to be awakened to emerging risks, of which pandemics and diseases are but one category.

What this calls for essentially is greater adaptability and agility among organisations. The onset of the global pandemic, and the unprecedented bouts of unpredictability it has wrought on businesses for the medium term, have heightened the urgency for organisations to be more adaptable and agile, while building organisational resilience.

Role of the risk professional

Since our last report in 2020, incrementally more risk professionals believe the profession as a whole now has the right competencies to deal effectively with the pandemic. Where they believe knowledge, skills and experience are missing is in the forward-looking quantification of emerging risks and in broader strategic thinking, beyond areas such as health and safety, and operational risk.

There is some sense of a lack of understanding, among various management levels of organisations, of how effective risk management can inform and lead to better decision-making, with the purpose of building a more resilient business. Risk professionals need to utilise the knowledge and experience gained over the last two years to provide clarity and understanding, and to align that risk intelligence with the strategic direction of the business.

Conclusion

Vaccinations will not be the end-all to halting the pandemic crisis. There will be ever newer variants of Covid-19, or even new pandemics and diseases. We should not underestimate the linkages between diseases and the human impact on the environment. As increasingly dense human populations continue to encroach on other animal habitats, scientists fear that the risk of zoonotic diseases – deadly viruses being transmitted between species – will grow. According to the World Health Organization, deforestation itself has been directly linked to 31% of outbreaks, including the Ebola, and the Zika and Nipah viruses.

All this accentuates the need for risk professionals to look beyond the present Covid-19 crisis.

Our 2020 guide, *New challenges, new lessons*, emphasises three themes for organisations as they rethink resilience in light of the Covid-19 pandemic – improving crisis leadership, focusing on developing people resilience and sourcing better-quality risk intelligence to guide decision-making. We made these recommendations in view of how the pandemic has amplified the challenges of a siloed approach to business continuity management and crisis management.

People resilience remains paramount for organisations today, in view of the looping nature of the current pandemic. Organisations need to be more attuned to the emerging risks around them. Because of the growing interconnectivity of risks in the Covid age –with supply chain woes in the UK being a prime example – organisations need to make better use of horizon scanning tools and techniques.

But before building organisational resilience, organisations must first learn the lessons and boost preparedness. If the correct lessons are not captured and learnt, then organisations cannot prepare for the next wave of the pandemic or for other such crises. And if they are found wanting in preparedness, they will not find themselves becoming the kind of resilient organisation they need to be in this age of heightened uncertainty and volatility.

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As human populations encroach on other animal habitats, scientists fear the risk of zoonotic diseases will grow... this accentuates the need for risk professionals to look beyond the present Covid-19 crisis.