

The Snowball Effect

(Let's get the Risk Intelligence ball rolling)



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Foreword

"When written in Chinese, the word crisis is composed of two characters - one represents danger, and the other represents opportunity."

John F. Kennedy, US President (1961 to 1963)



When we started planning this, the second white paper in our Risk Intelligence series, the Risk Decisions team and I couldn't have imagined the situation in which we would find ourselves publishing it. A global pandemic has transformed socio-economic infrastructure and organisational thinking. And while we know that not every crisis will look like COVID-19, this has taught us to prepare for the future in a new way.

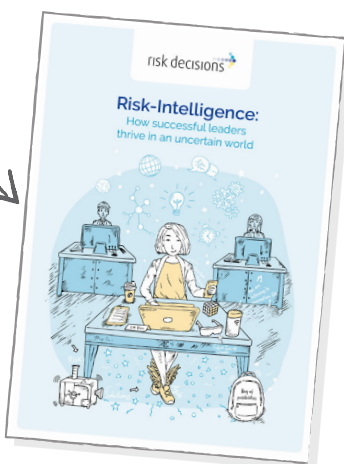
We know now that conquering uncertainty and harnessing risk is more important than ever for companies to stay competitive, even stay alive, in these new and challenging times.

Our first Risk Intelligence white paper (RQ1), *How successful leaders thrive in an uncertain world*, unpacked risk as the key to navigating uncertainty

and adapting to rapidly changing slipstreams. We identified how organisations use risk in innovative and creative ways to increase competitiveness and performance.

Working closely with customers, I see every day how positive risk thinking gathers pace as a trend. It's seeing risk in terms of opportunity, agility and shaping the future, rather than purely risk registers and processes. Successful boards and executive teams increasingly centre on clear risk vision and strategy for their organisations - we're happy to see the tremendous progress made in recent years.

Still, today, while risk is no longer a four-letter word, there is nonetheless more to be done. We see first-hand as risk leaders, how decisions, taken in a vacuum - ignoring key information and disconnected from final outcomes - can wreak havoc. Whereas collective, speedy decision making, with risk and end outcomes in mind, can develop into large and impactful results for organisations.



Still, today, while risk is no longer a four-letter word, we see first-hand as risk leaders, how decisions, taken in a vacuum and disconnected from final outcomes, can wreak havoc.

Val Jonas, CEO Risk Decisions



Welcome to The Snowball Effect

In this second Risk Intelligence white paper (RQ2), we turn our focus to the fragmented middle, where managers sitting at the heart of organisations are too often making decisions in isolation, disconnected from other decision-makers and with a limited vision of the bigger picture.

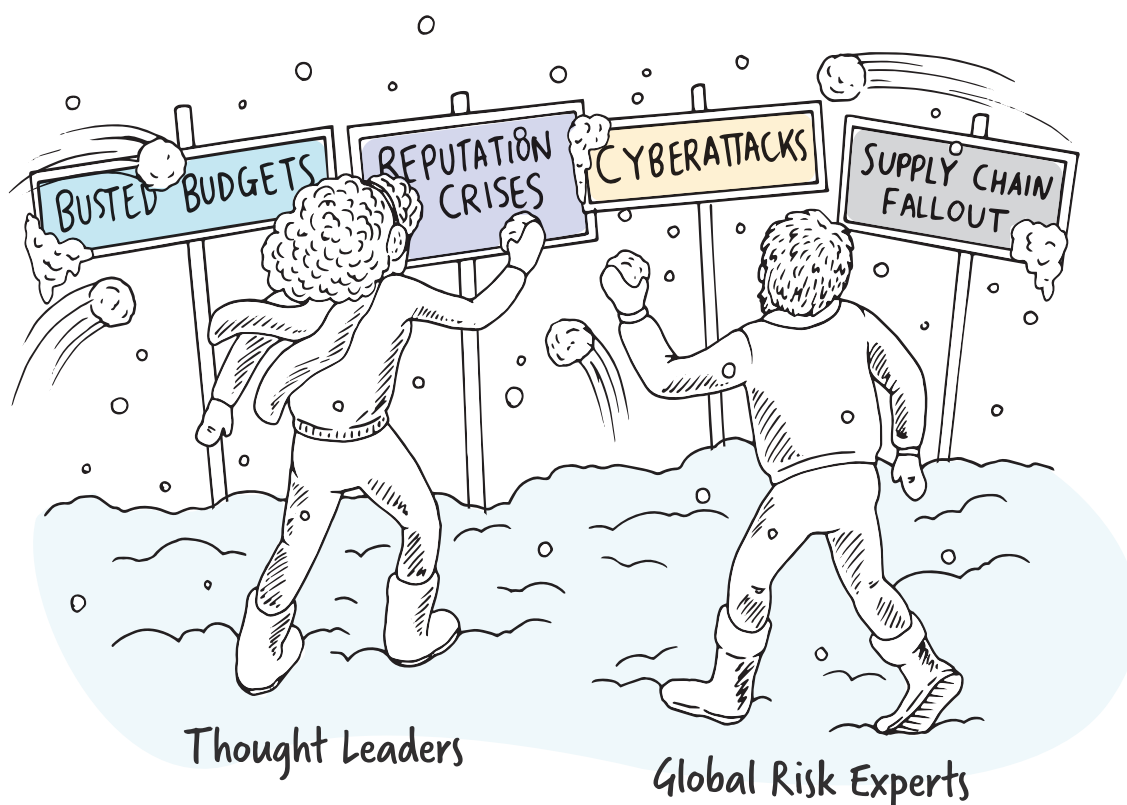
We believe these people hold the key to greater opportunities, greater triumph over adversity and more significant success for the long-term. We can manage future tsunamis (real and figurative), such as climate change, big data and exponential technologies, if we put our minds to it and work

together. This is what we call the snowball effect: starting from individual ideas, gathering knowledge, connecting people and joining together as a critical mass to solve challenging problems and deliver innovative solutions.

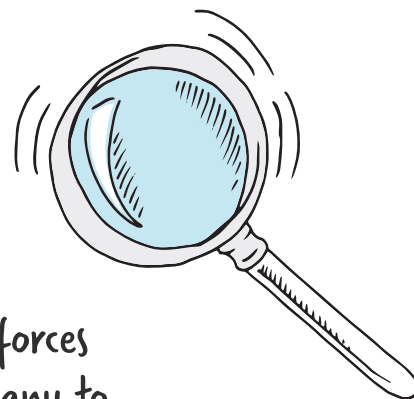
I hope you join us as we bring together thought leaders and global risk experts. They've generously shared their professional experiences and personal insights into how we engage and connect with risk in an increasingly complex and uncertain environment. A personal thank you for all of your insights and perspectives on how risk thinking has transformed for good. And why, with *The Snowball Effect* gathering momentum, risk has taken centre-stage.

Val Jonas, CEO

"Join us as we bring together thought leaders and global risk experts, sharing their experiences, insights and hopes for The Snowball Effect"



Chapter 1. The Snowball Effect – Let's get the ball rolling



"There's always an opportunity with crisis. Just as it forces an individual to look inside himself, it forces a company to re-examine its policies and practices."

Judy Smith, American crisis manager, lawyer, author, and television producer

Risk is having its moment

From the rise of cyberattacks to reputation crises and supply chain fall-out, risk managers were staunchly fighting battles on all sides. Then, overnight, COVID-19 propelled risk professionals into the spotlight as pivotal workers in their organisations.

The upheaval called for organisations – without exception – to confront uncertainty like never before. One lesson we have all learnt first hand is that the 'cross our fingers and hope it doesn't happen to us' approach doesn't work.

In this chapter, we'll dive deep into new risk-thinking. Understanding the shift of focus in times of crisis and in times of calm. How to embed risk-based decision-making across the organisation so that The Snowball Effect works in your favour.

The great risk wake-up call

Recent events have accelerated a huge wake-up call for the role of risk. First off, we're seeing a seismic shift in risk understanding.

Sue Simmonite, Global Project Management & Control Director at BAE Systems points out the critical role risk plays in business planning. "For an organisation to deliver on its commitments to customers and shareholders, looking at how risk is raising its profile across all sectors is vital. Risk is an essential part of the increasingly complex environment we're operating in."

As Andrew Pyke, Managing Director of Keyholder points out, risk management is a problematic, even outdated term. "Risk management causes senior people to roll their eyes – it's so 1990's and for many executives, is a loaded term." Using terms like risk intelligence, replacing risk with drivers, allows for a different conversation altogether.

Kimberley Cole is Global Head of Sales & Marketing at Lynk Global and founder of Risky Women; a global community focused on connecting, celebrating and championing women in governance, risk, compliance and ethics. She believes that owning a positive attitude to change – be it technology, thinking, innovation – is vital to today's modern risk professional. "This is the key quality, given the increasingly complex environment we operate in, and the rate of change in all industries."

She adds, "Compliance and risk are increasingly seen as business enablers. They should provide commercial confidence and trust to our customers and staff and offer growth opportunities. You need to hire to meet that objective and find those with a growth mindset."

So, what does this unexpected and unprecedented change mean for the risk community?



risk is an essential part of the increasingly complex environment we're operating in.

Sue Simmonite, Global Project Management & Control Director, BAE Systems





A different kind of risk

For many of our contributors, the impact of COVID-19 and how we adapt to ongoing and highly visible risks – has not only fundamentally shifted how we talk about risk, but how we see risk.

Paul Gleeson, Managing Director – Energy, Resources & Water at Aurecon, says, “We’re dealing with a different kind of risk, one that means doing what we have to do right now. In the initial stages of the pandemic, risk became short-term: protecting operations, essential services and flow of revenue, taking care of staff and shareholders. Now teams tasked with setting strategy are moving back to the longer-term challenges.”

Emma Bradley, Programme Director and Global Transformation office at GSK Consumer Healthcare, agrees. The pandemic gave rise to a more short-term approach, which requires a type of “risk management-as-a-service.” She comments, “Right now risk managers are focused on the tactical day-to-day. There’s a real need to look at the longer risk perspective in areas like succession planning and talent, how events like COVID-19 can impact teams. The disruption caused by the pandemic has been so visceral I don’t think they’ve had a moment to look beyond that. Future-proofing ways of work will be essential.”

Andrew Pyke observes the scale of the situation. “COVID-19 presented a certain type of risk, and we’re dealing with that in a way most of us have never seen. All the futures we face have become uncertain, be it economic outcomes, health outcomes, supply chains, new ways of working. Everyone is now struggling with uncertainty in a way we haven’t seen in a generation.”



All the futures we face have become uncertain.

Andrew Pyke, Managing Director
Keyholder Pty Ltd

“

We’re dealing with a different kind of risk, one that means doing what we have to do right now.

Paul Gleeson, Managing Director Energy,
Resources & Water at Aurecon

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A perfect storm for risk-based decision making

Even before the global pandemic, forces were moving fast to create a perfect storm – with risk at its eye. Taking the concept of The Snowball Effect, how can future-focused organisations ensure that small decisions gather pace to shape more significant opportunities?

Simon Henley MBE, Business and Industry Strategy Adviser at Reaction Engines, believes that forward-thinking organisations see how solutions lie in “designing a new, sustainable paradigm.” And that this breathing space is essential to reimagining the future. “Rather than daily firefighting production, we’ve now got time to think about what a different future would look like. The Snowball Effect demands we think beyond today’s headlines.”

For Nicole Nader, Project Management Specialist at Boeing Defence Australia, *The Snowball Effect* is vital to modern risk thinking. “When you break something down into tangible chunks, you create well-considered mitigation plans and actions – with controls in place or not. But it can be overwhelming. By concentrating on the small things, you can get closer to collectively eating the elephant.”

She adds, “Organisations need resilience to any single small threat that could cause a major crisis – you can’t necessarily rely on the same business model or supplier. To drive greater opportunities, you have to understand how to do that – don’t put all your eggs in one basket.”

Andrew Millington, Group Director of Project & Programme Management at QinetiQ, adds. “If you make risk-based decision making a key element of your organisation, for example in bids or business cases, any Snowball Effect will work in your favour. Organisations often overlook killer risks – the low probability, high impact risks – that they think will never occur.”

Gathering pace on collaboration

Collaboration emerges as a key thread running through the future of risk – and certainly, our contributors believe there's a "must try harder" note alongside many organisations' collaboration report card.

Deborah Hein, Defence Sector Lead, at ArcBlue, Australia's leading procurement organisation, says, "We need to move the discussion from risk management to enabling leaders at all levels to make better decisions. That includes what information they access or draw upon to support their decision making. Interestingly, within my business, the focus for the last five years has been on collaboration and learning from others. And we can go so much further."

Dr. David Marsh, Director of Major Projects and Programmes at the UK Ministry of Defence concurs, pointing out the shift goes deeper, as organisations have been compelled to adapt their structures, procedures and operations rapidly. "COVID-19 brought into sharp focus the importance of having a full spectrum of risk on the radar. This has been a wake-up call to make sure we're balancing project risk with business risk. It's certainly put risk right at the centre of decision-making."

Nicole Nader agrees wholeheartedly and suggests building more scenario discussions into regular meetings – embedding risk horizontally – will make for more flexible, responsive organisations.

"You can't just give risk thinking to a department or a job. You know it when you feel it, and see it. It takes the right leadership mindset."

So how do we embed risk horizontally, as Nicole suggests? And what kind of leadership do we need to achieve it? This requires diving into previously held presumptions, for example, whether middle management can shift focus from individual silos and short-term risk to a broader consideration of risk in the organisation. The crunch point comes when setting a consistent tone in the middle. Connected risk, demands fast, joined-up decision making for your business – we need whole paradigm shifts if organisations are going to thrive in a landscape where uncertainty is the new normal.

So how do we achieve this? In our next chapter, we'll unpack the latent opportunity for middle managers to drive this new risk mindset, shape cultures and influence a new kind of decision making.



"You can't just give risk thinking to a department or a job. You know it when you feel it, and see it. It takes the right leadership mindset" Nicole Nader



Chapter 2. What makes a great middle manager? Why the CRO is on speed dial

"I am a firm believer in the people. If given the truth, they can be depended upon to meet any national crisis. The great point is to bring them the real facts."

Abraham Lincoln, US President during the American Civil War

Our RQ1 white paper showed that a vital ingredient for high-performing organisations is a thorough understanding of risk. Our experts define risk intelligent leaders as: 'intellectually curious individuals with an innovative, experimental and visionary approach. They are creative, collaborative and good listeners, focused on getting stuff done today whilst looking ahead to the future.'

Until now, there has been time and space to gather knowledge and evidence to support key decisions, including an appraisal of risk. But now, as organisations seek to navigate a climate of heightened uncertainty, constant change, increased competition and disruption, these same leaders have their Chief Risk Officer (CRO) on speed dial. The demand for up-to-the-minute information flows down to risk professionals and middle managers. So, what are the factors – cultures and qualities – shaping today's exceptional manager?

Stuck in the middle

First, let's contextualise the environment. There's no getting away from the fact that middle managers find themselves in a challenging position, reconciling business expectations with frontline reality. "You find yourself in the middle layer of the cake," says David Marsh, "You're the glue between the top-down view of the world and the operational detail. Marrying those two things is a real challenge; what do you report and focus your actions on? You have to take that layered approach, deal with risks that we think we can control."

It demands the ability to think about multi-dimensional problems.

Deborah Hein agrees, "The difference between middle management and senior leadership is the tension between the desire to delegate thinking and retain autonomy."

She points to the essential requirement to be absolutely clear on decision-making accountabilities and responsibilities "The snowball effect of not making decisions at the middle manager level in organisations is that decision making is then moved to the next level, who then don't make decisions and escalate to the next level and so on."

For The Snowball Effect to truly gain groundswell in an organisation, that cohesion between senior and middle managers is essential. This demands that middle managers think in terms of leadership and governance as they support – and drive – evidence-based decision-making. Senior managers' ability to tap into the wealth of knowledge and information stored in middle-layer, is a game changer.

For Emma Bradley, how organisations build a bridge between senior and middle managers is critical. "There are two elements: leadership and governance. You need to make sure it's driving a two-way conversation between senior management and middle management – driving leadership through accountability and visibility."

Emma argues that within a complex risk environment, clarity around decision rights are critical: who ultimately owns the decision and who influences the outcome of decisions?

"It's imperative that middle management and the subject matter expert have a strong advisory presence with senior management. Clear accountability to advisory bodies should sit within the functional expertise of the organisation."

Andrew Pyke explains "Any bridge needs mutual goals, heading in the same direction. Ultimately it comes down to trust – if you haven't got a shared vision, you haven't got a business."

For Nicole Nader, this extension of risk influence comes down to those "aha" moments happening at board level. "I can't emphasise enough the impact of tying risk into both board and executive level. Think about how fast things like cybersecurity and supply chain integrity have come to the forefront. Having conversations at that level with the risk lens on is critical. Even if you don't know what the future looks like, you're having the conversations and starting minds thinking in a certain, more complex way."

The expanding influence of risk has required a new culture of growth, where senior leaders are creating new space for middle managers to grow into. Much of this has been driven by recognition of the value of risk across the business.

Risk and empowerment

Our experts go on to reference emerging new cultures within organisations as key: increasing risk intelligence corresponds with a movement towards empowerment.

David Marsh observes, "There's a big push (in defence) to re-energise the idea of empowerment. When you work in a large organisation, it's essential to make it happen. It requires a joined-up understanding. What is our part in the risk framework we're operating in? Do we share the same risk appetite? Culturally, if something goes wrong, how do we behave? You need that macro view of risk as it flows downstream."

Andrew Millington believes it ties directly back to the top. "Empowerment is not something you can measure. Autonomy and that sense of feeling enabled to make decisions, that's leadership."

Nicole Nader agrees, "Middle management rises when they recognise how risk becomes a searching and valuable enquiry piece. Risk has gone from the independent audit space to being part of strategic planning. At an operational level, managers are thinking about all the elements that could impact their business, product and team."



Simon Henley sees the difference that acting as one team can make to creating an environment where risk managers are empowered and able to thrive. "It comes back to leaders setting a strategic direction and giving middle managers the space to operate. Make sure your vision and strategy are shared continually and make it exciting. We need overt recognition of the contribution that middle management makes. Ensure that others are encouraged to take the steps themselves and set an example."

Simon Henley believes great managers can grasp the strategic picture independently – but need that trusted space to perform at their best. "Be prepared to do things differently."

He recalls a senior leader within a US fighter programme, "Too often people at the top don't welcome middle management 'out of the box' thinking – if you want innovation + pace, you need leaders who can handle them. This guy trusted his team, set them a strategic direction and then let them loose, just stepping in to guide them back if they went off-piste – his people would have done anything for him. Sadly, quite a few of them went on to crash and burn when subsequent leaders couldn't cope with the really important ideas coming from the middle of the organisation, but the energy unleashed when the team empowered was phenomenal."

Emma Bradley points to the need to be able to think five or six moves ahead when it comes to talent development at this level.

"Highly effective middle managers have that ability to see the big picture from many perspectives – and speak that multi-faceted language. In today's landscape, coaching and mentoring is a big piece of creating a successful middle-layer. We're future-proofing by developing those people waiting in the wings."

Kimberley Cole points to the stand-out qualities of many of the women in her community. "It's the ability to anticipate the direction of travel and potential hurdles while looking for ways to enable the business to build on those challenges. The ability to communicate and educate an organisation and customers can lead to great results. A strong risk manager has a voice at the top table to enable and enhance the communication."



Too often people at the top don't welcome middle management 'out of the box' thinking – if you want innovation + pace, you need leaders who can handle them.



Simon Henley MBE, Business and Industry Strategy Adviser at Reaction Engines

Creating a culture of diversity

Culture change is emerging in new and exciting ways within the risk community. Zooming into the middle management eco-system, we're seeing a rallying call for diversity from across organisations, a progressive, more open way of welcoming new views, voices and perspectives into the risk conversation.

"You need to appreciate different, diverse views that add real value instead of just delivering on repeat," Andrew Millington believes, "This takes people development, relationship management and a genuine willingness for change."

Nicole Nader is a passionate advocate of diversity across all levels, "Recent events have highlighted where having a good mix of people is vital. You want to invite in a different demographic, maybe cross-discipline and pay-bands, to fuel new discussions. Ask "What could be?" rather than being stuck in your business' history."

Sue Simmonite agrees that innovative organisations are willing to invite new ways of thinking. "We've been so focused on reporting on the past that we forget to look to the future. We're great at reporting lagging indicators, but now it's time to move towards leading indicators of future decisions. Look at bringing diversity of thought into projects to listen to different perspectives, embrace ideas generated from different experience and background."

She adds, "Diversity of thought can come from many avenues and people from different sectors – in our case, that means beyond defence. Bringing thought from elsewhere is good for organisations; it allows

a new wave of innovation, to move forward. I also encourage having an early career person on the management board to bring a fresh view."

Nicole Nader suggests that hard but respectful conversations can be transformative in the realm of The Snowball Effect. "The future depends on the ability to recognise diversity gaps. Finding the people who don't necessarily agree with you, but listen and respectfully disagree or change. I get excited when I see organisations reverse mentoring, for example. It broadens how you think. And takes real courage and collaboration to disagree respectfully. That's when you ask "Tell me what you think. I want to hear your views."

A deliberate move towards diversity of thought is essential, says Nicole. "Having a good mix of people becomes vital. They're less familiar with historical ways of doing things, and it stops teams from drawing on the past," she says. "For example, invite in a different demographic, maybe younger team members, from across business disciplines, so the discussion becomes exciting, more about the "What could be's?" rather than the "What might have been's."

Kimberley Cole comments "50% of the global population is women, with a global female income soon to reach \$24 trillion annually. I'm hoping that we shine a different light where people go back to focusing on collaborative cultures and having dynamic teams which include incubating great ideas and driving innovation in a speedy fashion. I'm hoping that that trend moves forward faster than you and I would expect."



"Bringing thought from elsewhere is good for organisations; it allows a new wave of innovation, to move forward."

Sue Simmonite

Chapter 3. Preparedness and Pivoting: A new normal, a better normal

"I believe luck is preparation meeting opportunity. If you hadn't been prepared when the opportunity came along, you wouldn't have been lucky."

Oprah Winfrey, Talk show host, TV producer, actress, author and philanthropist

The world has changed. It's our job as risk professionals, to change it for good.

In this chapter, our experts explore this, as organisations recover from the pandemic by innovating. We look at how it's possible to adapt strategies to forge a new pathway for long-term success and sustainability. To shine a light on how we move from a new normal to a better normal.

COVID-19 propelled risk thinking to top-level conversations in every organisation. "Unprecedented" became mot du jour as leaders rushed to share their crisis responses with stakeholders. But to what extent was the unfolding of the pandemic "unprecedented"? Would it be more honest to use the term "predictable"? How do we build in the ability to articulate and prepare for so-called Black Swan events in the future? The pandemic has opened up a range of risk areas where there's work to be done.

Sue Simmonite points out that her 14-year-old son knew about the probability of the 100-year virus "He said, 'We knew this was coming, Mum,' and he's right. However, despite knowing, we were fixated on dealing with the issues of the day – the challenges right in front of us, while not using the data and information to deal with the threats of the future."

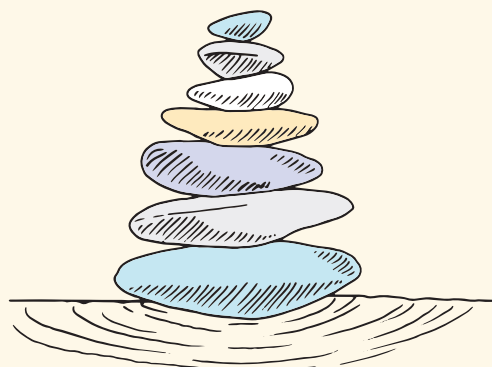
So the pandemic hit us like an express train and meant that we needed to act entirely differently. Diversity of thought has come flushing forward. All of a sudden, we were asking "How can we work in a new way? It's catapulted organisations further forward in terms of flexible working, family time, wellbeing – as a society we leapt 10 years in 6 months."

For our experts, the COVID-19 pandemic has put the spotlight on uncertainty, accelerating the need to broaden risk as a discipline.

Getting into an uncertainty and risk comfort zone

For Andrew Millington, accepting uncertainty as the new normal is essential in terms of opening up new possibilities for thinking, strategies and innovation "Uncertainty gives you an opportunity. When you embed uncertainty, you have to balance the risk you're taking on against the gain. You don't want to get into a binary situation where a single event can damage outcomes – no project has ever completed without realising at least one risk."

Emma Bradley goes further and points out that the uncertain and ambiguous environment calls for braver decision-making, grounded in risk intelligence "For sure, COVID-19's made us more comfortable making decisions in ambiguous situations. Which is hard when there's a human capital cost – you have to make decisions without all information and get comfortable with decisions not being perfect. Market dynamics have changed: you can't rely on last year's sales data. It's being ok with making decisions based on gut feel and the information at hand, while giving your teams the license to adapt in an agile way."



For David Marsh, making risk mainstream supports outcomes. "When you bring together the community of professionals and communicate between functions, you get a clearer, more mature view of the overall risk. Bridging the gap between risk and non-risk professionals, in times of calm as well as crisis, has been a historical challenge for the sector."

Andrew Pyke describes it as "really hard". "There's no beautiful answer as essentially, every professional is a risk manager, often managing it a different way. You have to approach the conversation with respect. Think about how non-risk owners look at risk and negotiate a way to come together in the middle."

Cultivating this culture of openness is critical for Simon Henley, especially when centralising risk conversations. "Everyone needs to be involved in risk and fully versed in connecting its overall mission. It goes back to governance: the first thing I want to know is what the risks are and what to do about them."

He adds, "Risk is the last thing in project review, we look at performance, cost, time, then finally get to the risk register. Risk should be the first thing you discuss."

"There's always the danger of risk being a specialism," says David Marsh. "It ends up being over there, in the corner. We're all humans who live with risk every day. Rather than limiting our risk conversations, we need to keep risk front and centre."

Resilience and stress testing

Resilience, that holy grail of organisational stability, has come under scrutiny and attracted new focus during COVID-19. Long considered an aspirational indicator of robustness, our experts are now asking whether this move towards resilience is, in fact, not the whole picture?

"So many blue-chip companies have been unable to withstand the impact of COVID-19," says Andrew Millington, "The pandemic has highlighted how weak even large-scale companies really are. Resilience is a developing story - the only certainty is uncertainty. The question is, does resilience just imply going back to the same point? Shouldn't it be coming back stronger than ever?"

David Marsh adds, "Risk intelligent organisations recognise they're in a long-term view of the world. The reality as a risk manager, is there are so many short-term management, financial and market pressures. You're challenged to react quickly to deliver short-term goals."

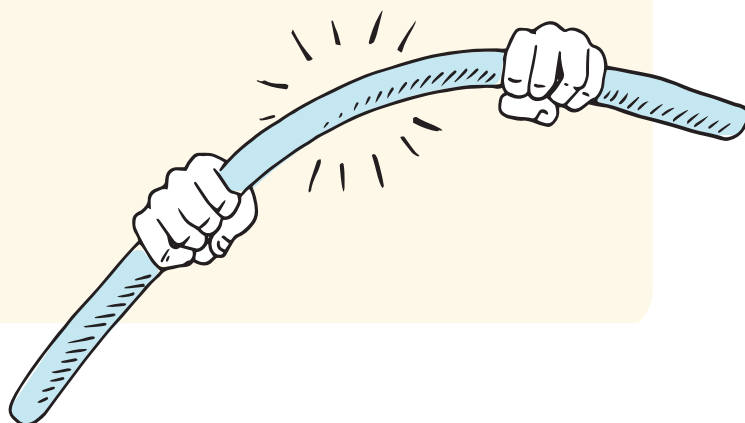
David believes the challenge is about matching each organisation to the resilience and capability of the broader risk it's trying to undertake: "Resilience is easy to say as a buzzword - but it's harder to do in practice than when it's a whiteboard. You need to get beneath the word."

It's a point echoed by Kimberley Cole - she agrees this cuts deep into organisational structure. "The key buzzword now is operational resilience. Look at your business from end to end, make sure that all of your critical functions and systems can operate in a crisis, and then stress test. A crisis like COVID-19 means everybody is firefighting. So compliance might be stretched, corners might be cut. Look at all the risks, the weak links and where controls need to be strengthened. In the meantime, do everything to support your employees and your customers. Because therein lies the key to success."



Look at your business from end to end, make sure that all of your critical functions and systems can operate in a crisis, and then stress test.

Kimberley Cole is Global Head of Sales & Marketing at Lynk Global and founder of Risky Women



For Simon Henley, getting caught up in trendy thinking can hold back The Snowball Effect. "Buzzwords are anathema to how we need to manage these risks – they smack of adherence to process in a way that doesn't allow ambitious thinking. Resilience is what your options are when Black Swans appear on horizons, your ability to make decisions in a timely fashion and determine a conscious change of course."

For Simon, COVID-19 has identified that risk management is now seen as a way not only to get back to the path you planned initially but also for handling deviations from a planned course. "For many organisations, it's shown that they were on an unsustainable path. Aerospace, for example, was on a path the environment couldn't afford, and now, society is unlikely to accept."

Nicole Nader shares Simon's future-focused re-routing when it comes to resilient risk thinking. "For me, resilience is how you respond to the unexpected - being able to regroup, move forward, irrespective of what the impact was. It's organisations that can prepare, withstand and recover rapidly from disruption to system-wide changes, going forward with something that looks different to what it was before. It's recovery with a different shape, how you move on with companies, teams and personally."

Emma Bradley agrees that personal resilience plays a massive part in how we think about risk, "The narrative also needs to feed in at an organisational level. Right now, there's a blurring of home and work lines, so employees need meaningful tools to achieve their own personal resilience. Similarly, we need to discuss corporate resiliency in the same context. How do we mobilise ourselves and our organisations so we can bounce back quickly when faced with unprecedented challenges?"

Risk re-imagined – creating a new roadmap

The fall-out of COVID-19 has disrupted how we think about risk, according to many of our contributors. It has called into question how risk thinking is strength-tested and highlighted just how fragile relying on historical data and past experience can be. We need to avoid being institutionally blinkered about risk and uncertainty.

Nicole Nader calls for a re-imagining of risk. She believes it requires a more diverse way of thinking at a leadership level. "Embedding risk actually means being open to new possibility. Ask the "What ifs...?" the "Could this happens...?" Introduce new questions to different audiences. It's got to start with collaboration and diversity of thought; you'll miss the opportunities and big picture if you focus purely on governance."

Andrew Pyke believes that a lack of flexibility has held organisations back in the past.

"We're in a strategy of adaptation. I don't know anyone who isn't right now. Because the structure is gone, it's now become about dynamic network management, which narrows down options. You're no longer in a risk management meeting looking at a beautifully structured thinking. Now everyone's called into the project and has a part to play."

Deborah Hein agrees a "rethink" is required for risk to capitalise on The Snowball Effect. "I think part of the problem is that we create specialist areas to manage things like crisis and business continuity as opposed to embedding it within all of our jobs. If you give it to someone else to manage it becomes their problem to solve and decisions can be made without reference to impact and consequence. Perhaps a rethinking of this approach is necessary."



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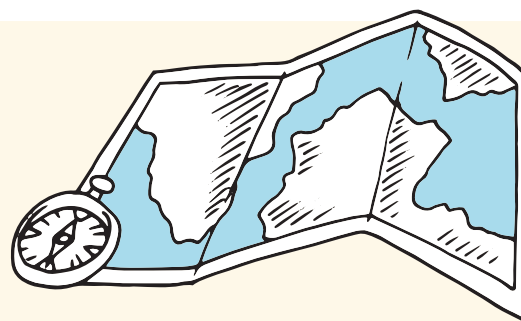


Simon Henley MBE, Business and Industry Strategy Adviser at Reaction Engines

Emma Bradley says the pandemic created the perfect storm for resetting strategies – almost all permanently. “The question we are faced with is whether it is riskier to change or maintain existing strategies? There’s no roadmap, so organisations need to go deep on understanding the value proposition that their strategies aim to deliver and be brave and agile about testing what will work in a post Covid world. Are our plans still fit for purpose?”

“Take my daughter’s art group. In lockdown, they took their in-person workshops to an online format, ultimately reaching more homes with creativity, growing their customer base exponentially and expanding their business in a way they would never have imagined. Covid forced their hand in taking uncalculated risks, perhaps something that we all need to get better at.”

Paul Gleeson discusses the role of *The Snowball Effect* specifically in the context of climate change. “It’s a relatively small decision now to assess your business’ climate transition risk. Choosing to put your business model(s) and your assets through this kind of review today has no downside. And suppose there is more risk than you had anticipated. In that case, you will be in a far better place to start mitigating sooner and allow your business to satisfy increasing requirements for disclosure of climate risks. Conversely, the review may identify opportunities for your business to adapt portfolios and assets to play on the growth side of the transition.”



“Developing a risk mindset means understanding, embracing and planning for the future.”

Emma Bradley

Emma Bradley agrees that positioning the opportunity is critical. “Developing a risk mindset means understanding, embracing and planning for the future. I tend to be an optimistic person, but it remains essential to re-evaluate strategy in the face of current market dynamics, to challenge ourselves to think outside of constraints, and truly recognise what this experience taught us. Organisations have amazing opportunity in front of them. Ask “What if?” “What have we learned?” Look to the future.”

Supply chains have been an enormous consideration for organisations throughout the pandemic. As Kimberley Cole points out, it demands a “total rethink.” “People are taking a step back and diversifying. A lot of the concerns come from a heavy over-reliance on one supplier or one vendor. People are spreading the risks accordingly; this is not something we could have imagined, say a year ago, but it did happen. So, a reset, a bit more of a realistic outlook perhaps and lots of reassessment and readjustment is needed here.”

Simon Henley says for many, the answer to the risk can be a complete change of business model. “You’ve got stakeholders like investors who want a clearly defined path, not uncertainty. The companies that are performing better have a broad range of options as opposed to one. The temptation is to make the risk profile fit a plan that you already have. But you have to be realistic – if the risk is telling you the plan is unlikely to succeed, abandon it and go for another one.”



"With COVID-19 we had to ask how we'd communicate with people in lockdown. How to balance driving people to deliver while recognising challenges to home-life? You need to balance risk against the right moments of decision-making."

David Marsh

Be prepared - Speed is currency

In a post-COVID-19 world, the pace of decision making has become critical. The need to respond faster – for people, customers, supply chains – has meant larger organisations struggling to keep pace, while more agile businesses have gone on to pivot and thrive.

"With any major risk event, the challenge is about making decisions quickly," says David Marsh. "With COVID-19 we had to ask how we'd communicate with people in lockdown. How to balance driving people to deliver while recognising challenges to home-life? You need to balance risk against the right moments of decision-making."

Deborah Hein points to making "timely" good decisions to future-proof our organisations.

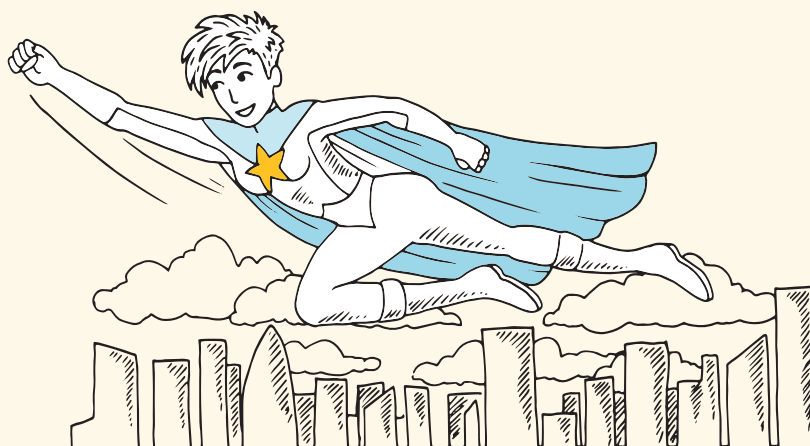
Nicole Nader agrees. As well being a Project Management Specialist at Boeing, she is the Independent Chair at Basketball South Australia. She drew deeply on her risk expertise when she led the quick decision to suspend professional basketball. "The pandemic created a paradox where risk is increased yet we're more risk-averse. It's shown me that we can make quicker decisions and be a lot more flexible - with how we work, how we communicate. It's impressive how health systems and social systems responded. As a society, we'll have learnt a lot."

Emma Bradley points to her organisation's essential preparedness – and what others can learn from this. "As a healthcare company we were very prepared, we always had contingency plans for crisis incidents and business disruptions as was realised during the global pandemic. The reality is that not all the details of plans were flushed through nor should they have been. We had to spend the first few weeks sorting through the tactical elements. But the reason we could do that was because we had a Business Continuity framework in place."

"Risk management is about making timely decisions that will ensure success, says Andrew Millington, "It's more than data and performance reviews; a risk manager is a leader, a listener and can replay back and make sense of unknowns that people talk about. This starts at the beginning, developing people at grassroots and ensuring people understand what their role is, and how they're delivering."

It came out loud and clear from our contributors that risk mindset and risk approach together support speedy decisions to shape your future.

And so, we come to our final chapter, where we will summarise some thoughts on how to embed risk-based decisions making deep into your organisation – to take advantage of The Snowball Effect.



Chapter 4. Six Cornerstones - Making The Snowball Effect work in your favour

"Risk deters those who see what they could lose. Those focused on the gain see it as a necessary part of their journey, even if the possibility of loss exists."

Simon Sinek

Throughout this white paper, we've seen how a confident approach to risk gives people the headspace to capitalise on thinking differently, diversely, with a culture of making knowledge and evidence-based decisions.

In this chapter, we explore the six pillars that shape The Snowball Effect and how, by integrating these into your organisation, you can leverage the benefits of a future-focused risk strategy.

a.

Make it behaviour, not process

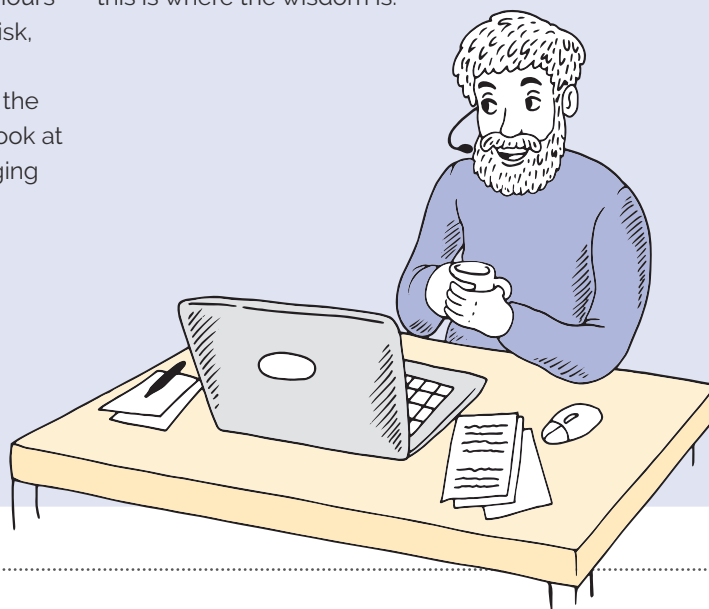
For our experts, what's clear is that risk is no longer limited to a set of processes or registers. It has become a culture led by a way of thinking, a set of behaviours that have shifted it into what Nicole Nader describes as "a solutions feeling space".

"Risk is behavioural rather than process-led," she says. "At the end of the day that's what it comes down to from board level, all the way through. You don't learn when things are going well; the learning comes when there's something you need to fix."

Andrew Millington adds that it's historical behaviours that have been holding organisations back, "In risk, everyone's been fixated on lessons learnt – this has shown us that the past is not a predictor for the future. Instead, middle management needs to look at new ideas, new technology, people, ever-changing markets. Fear of the unknown means missed opportunities."

Emma Bradley says, "It's always about behaviour. It comes down to being honest and telling it like it is. For risk intelligence to thrive at the centre of an organisation, we need a transparent and open culture with realistic performance reporting where people feel safe to challenge KPIs and data. We also need to set-up our programs and projects with scopes that are manageable and have clear gated decision-making driving accountability and visibility. It's about injecting control so that things don't snowball."

For Andrew Pyke, risk is suffering from a lack of process maturity. "It prevents self-governance, and this is where the wisdom is."



b.

Collaboration and Communication – new language for risk

Andrew Millington supports the core ingredient of collaboration, "Great middle management means appreciating different views and diversity. You need to add value, not just deliver. It's all about people development, relationship management and change. Ambitious risk managers appreciate different perspectives, values and models as well as invite a diversity of thinking, so be open to new ideas."

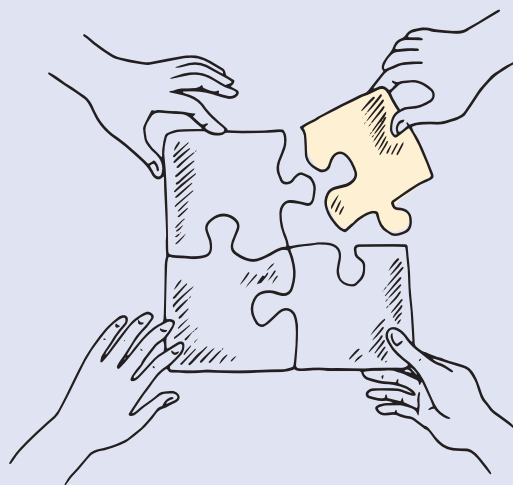
Positive communication is another facet that today's risk professionals need to embrace, playing an essential part in cultivating a culture of collaboration. That sense of empowerment and autonomy is vital here too.

As Nicole Nader says, it's "someone who can communicate well, who doesn't like to work in their own room. They need to be comfortable asking what feels like silly or awkward questions, be great at facilitation and genuinely walking the talk. Risk professionals must be authentic to who they are and their company values."



Ambitious risk managers appreciate different perspectives, values and models as well as invite a diversity of thinking, so be open to new ideas.

Andrew Millington, Group Director of Project & Programme Management at QinetiQ



Emma Bradley adds, "Good risk managers collaborate and communicate risk mitigation plans. Great risk managers collaborate to uncover both risks and opportunities and celebrate success so that people understand the importance and value of risk. It's going beyond simply capturing results but highlighting results to increase the visibility of the role that risk management has played."

She adds that changes to how we work mean that it's more important than ever for management to think about how to collaborate too, "Collaboration isn't just about getting on a Teams call and sharing ideas. You have to work to maintain relationships with each other now that you can't just grab a coffee or have a watercooler moment. Situations build trust, and with changing workplace dynamics, it still needs to be an element of relationship building that's the cornerstone of trust."

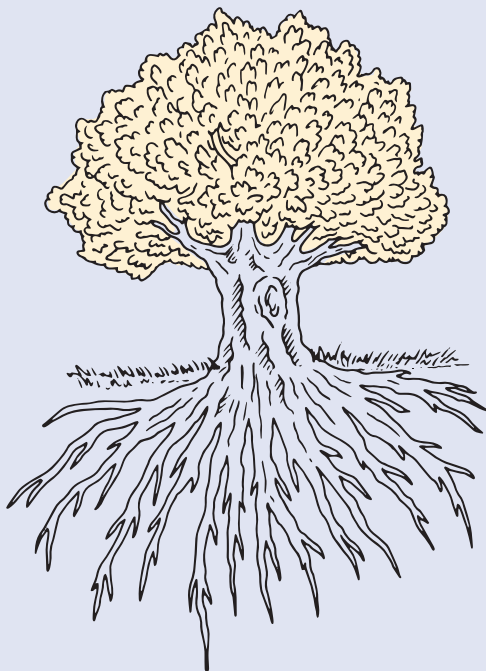
Simon Henley believes powerful communications skills set a risk manager apart. "Great risk managers can actually talk about the effect you want and achieve it strategically. I want them to come back with the best way to manage a project, to reach out for collaboration, step out of working in silos, build their own networks and tell me there's a better way of doing this."

c.

Risk maturity matters

Across the board, our experts recognise the value of risk maturity as a primary ingredient of success, especially within the context of The Snowball Effect, and the desire to drive change. By creating a framework for risk, with clear accountability, responsibility, integrity, discipline and self-governance, people will thrive.

"If an organisation is mature and managing risk, if it's got that culture and professionalism in its approach, then it should be able to respond to change effectively," says David Marsh. "When risk is engrained within culture, great things happen. You're not just managing the downside to keep it sustainable, or identifying and reacting to grab opportunities."



"If an organisation is mature and managing risk, if it's got that culture and professionalism in its approach, then it should be able to respond to change effectively."

David Marsh



d.

Embedding risk effectively

Without exception, each of our thought leaders highlight the necessity of embedding risk authentically and robustly into organisations for The Snowball Effect to gain real traction.

As Deborah Hein comments, "The fact that we have risk management professionals gives the impression that we can have someone else 'do' risk for us, but this is a flawed way to think about it. We are all risk managers; we all manage risk/s every day. The risk professionals really should be there to help put some rigour into what we do and how we do it, but it really is part of our DNA."

It's hard to challenge this. So how do we go about bringing in this shift, to support the opportunity and potential of The Snowball Effect?

e.

Education and curiosity

Simon Henley believes education is the starting point here. "Leaders have to take a long-term view. I've been in situations where teams have been charged with risk review exercises, then handed it to risk experts to run a model on Monte Carlo – nobody in the team could make a connection between figures and individual risks. The gap is how to make them curious or want to do it. It's a whole organisation education piece, so everyone knows their role in having a holistic risk approach."

Sue Simmonite concurs, "I'd like to say it's an education – it requires re-educating individuals that there are different ways to approach things. I suspect it will take examples, case studies, one of the major complex projects to be delivered on time and prove that the risk-based approach was the reason it was successful."

For Andrew Millington, the training piece is also essential. He believes that with this understanding of risk, individuals have a greater capacity to accept uncertainty. "Look at things through a lens of uncertainty. Everybody should be aware of risk, but it comes down to ownership; every risk should have an end owner who shares it, mitigates it and ultimately, can find a way to resolve it."



“

Organisations that apply a risk mindset at all levels in most cases can side-step avoidable crises.

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Deborah Hein, Defence Sector Lead, at ArcBlue

f.

Normalised risk decisions

Our final thought is not so much an ingredient, it's more the recipe for success – bringing everything together.

Deborah Hein observes "Organisations that apply a risk mindset at all levels in most cases can side-step avoidable crises. That's not the same as being risk-averse, but understanding the impact and consequence of both taking action, as well as not taking action - both are a decision that can have positive or negative outcomes. The Snowball Effect of not making decisions is also a threat."

She also believes it's about broadening the entire conversation. "We need to capitalise on the ability to have and participate in conversations that are not about risk. For example, I have had a number of conversations with Val (CEO Risk Decisions) that are 100% focused on risk in organisations where neither of us have used the "R" word. We need to make these conversations the norm and move the discussion from risk management to enabling leaders at all levels to make better decisions."

It's these cornerstones that when applied to risk thinking, are the powerful thread contributing to The Snowball Effect.



Conclusion

"In a time of crisis, the peoples of the world must rush to get to know each other."

Jose Marti, Cuban poet, philosopher, essayist, journalist, translator, professor, and publisher

2020 has seen organisations responding, adapting and innovating to meet the unprecedented challenges of the new normal.

This conversation has shown how seismic shifts have propelled risk to the forefront of decision making. Senior leadership wants a hotline to risk managers. Risk must be broken out of its silo containers so that we can get closer to a culture of connected risk. Our experts have taken a leap into the future, sharing how they believe The Snowball Effect can bring innovative change across the risk landscape.

Black Swan events shake the fabric of societies, economies and organisations. COVID-19 is no exception. For our experts, it blew open a new appreciation for broader thinking and new ideas within the risk function, and that this diversity of thought was in fact essential to capitalising on a snowball effect for lasting change.

We have seen organisations responding, adapting and innovating to meet the unprecedented challenges of the new normal. The Snowball Effect is an essential catalyst for this. A connected approach allows the middle layer to shape how organisations align their risk-taking and decision making, aligned with their company values and vision. It's how organisations create a vision for risk, communicate it, live and breathe it.

COVID-19 has been a time for risk decision-makers to reflect too – the learning curve, as Emma Bradley observed, has been steep. We have to ask what the lessons have been, as well as how we can create new ways to shape future responses. The value will be in the sense-making.

The Snowball Effect galvanises change within risk thinking too. We've seen how future-focused organisations are prepared to embrace new behaviours to develop risk mindset – to understand and plan for the future. We're excited by these recent changes coming through:

- The movement towards a more empowered middle
- Embracing uncertainty as the new normal
- Cultivating a culture of collaboration across the organisation
- Championing diversity of thought and experience
- Revelations that self-governance is an enabler
- Reframing the understanding of positive risk in terms of success outcomes

It's this final point that emerges as particularly potent. It's time to get people talking constructively about risk – make it fun and exciting to talk about the future and re-imagine the opportunities of collaboration, innovation and connected thinking.

Risk intelligence is embedded in outcome-focused decision-making – providing the glue in a fully functional risk intelligent world. And when it's embedded across the whole organisation – in a momentum gathering Snowball Effect – it reveals the art of the possible.

And it's here that risk becomes a creative force – for a new, connected future.

Let's make it happen. Let's get organisations shaping their futures through risk-based decision making.



At Risk Decisions, we believe in a world where risk is a force for good.

We help visionary leaders embrace risk to shape the future. We collaborate with global organisations, disruptors and thought leaders, whatever the stage of their journey. Through our products, services and experience, we enable them to create risk strategies that positively transform their businesses.

Community is at our heart. It powers the trusted relationships we build with our customers and shapes the one team, one goal spirit that our people share. It also gives us our place in the world, bringing people together. Our teams work across Europe, North America and Asia-Pac to enable risk to support your organisation be the best it can be.

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