VOICE

Keeping Abreast with Human Resource Management

COVID-19 - New Leadership Realities on Resiliency

We thank you for your comments on Issue #5. Some of our readers commented on the timeliness of the issue on mental health and relayed some experiences. We ask for greater compassion, understanding, detection and proactive treatment of mental illness to avoid some of the tragic lifechanging actions it causes.

We welcome and thank our first guest author, Mrs. Jennifer Marshall-Robertson, Executive Manager, Risk, at the Grenada Co-operative Bank Limited.

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COVID-19 came indeed, like a "thief in the night," as "black swan" risk events typically do. Normal life and business activity grounded to an almost halt; with significant supply chain disruptions, mandatory or voluntary quarantines, "social distancing" measures, and reduced or restricted travel, becoming the new normal. A prediction, if made at the turn of the year, would have been taunted as ludicrous. Why? While some analysts were predicting some measure of economic downturn in 2020, by and large, the world was "booming" at the end of 2019, with a bright hope for the new year and decade, notwithstanding the presence of COVID-19 in Wuhan, China. At the time, it was believed that COVID-19 was restricted to China. We now know differently. At no time in history, has a virus brought the entire world to such a standstill.

The sense of hope in the Eastern Caribbean Currency Union (ECCU) was buoyed by the fact that the ECCU countries were on positive growth trajectories, with Debt to GDP ratios racing towards the 60% benchmark, tourism flourishing, confidence levels soaring, entrepreneurship blooming, with a healthy demand and supply of credit, feeding both consumers and commercial activities.

Then March 12 ,2020.....COVID-19 - a Global Pandemic.......and the rest becomes "new history".

The discussion in board rooms were no longer:

"Jean, where are you vacationing over the Easter weekend?"

"Gentlemen and ladies, based on First Quarter projections, we can consider paying a 10% half-year bonus and increase executive salaries and bonuses by June 30, 2020, as agreed."

The new discussion:

"CEO, are we equipped to manage and withstand this major risk event?"

"Are our business systems and capabilities sufficiently resilient to withstand a massive shock, should the worst materialize?"

"Have we tested our Business Continuity Plans, within the last 6-12 months?"

"Do we have Health and Safety policies and systems?"

"Can our capital base withstand a major shock, or shocks at this time?"

"Are there unimplemented, or delayed business initiatives, or risk treatments, that could hurt us at this time?"

For the first time in many organizations, the discussions were not centered on financial objectives, which generally tend to be the predominating focal subject for boards and senior management. The focus shifted to other silent, yet salient, objectives or discussions, which unless a crisis occurs, are often the orphans on the

Balanced Score Card, or in the board room. They include:

- Employee Safety
- Customer protection and care
- Remote Work
- Internal Process Efficiencies
- Risk Treatments Implementation Progress
- Business Delivery Channels
- Information Security and IT Redundancies
- Crisis Management
- Business Continuity

When the consequences of the compounding effect of several risks occurring at once turns into reality, the Board will be judged with 20/20 hindsight. Boards that dismiss risks too quickly because they are unlikely to occur, will find their own reasoning equally dismissed by shareholders after-the fact. "

[Excerpt: PA Canada, Caldwell, John E -A Framework for Board Oversight of Enterprise Risk (2012)]

It would be the natural argument that yes, financial performance objectives must dominate the focus of boards and management and even now, more than ever, in the wake of the forecasted negative and far-reaching economic impact of COVID-19. However, let us pause and consider how an uncommon risk agent, invisible to the naked eye, which is novel and surreal, has disrupted

an entire world and the conventional norms and structures, as we know it. The best laid financial plans and performance metrics have been scuttled, or may soon become irrelevant, or even dead for some.

It is for this reason, the subject of *Resiliency* becomes an important risk management consideration for boards and management, who have not previously given it due attention.

Resilience originates from the Latin word "resiliens", which refers to the pliant or elastic quality of a substance (R.R Greene et al, 2002) or the "act of rebounding" (Macmillan dictionary).
The theory and concepts of resilience and resiliency span a range of disciplines (medicine, social science, economics, business).
In psychology, resiliency is considered as "the ability to bounce back and to withstand hardship by replacing oneself (Higgins 1994; Wolin & Wolin, 1993). In the medical field, resiliency theory refers to the ability to recognize pain, acknowledge its purpose, tolerate it for a while, until things begin to normalize (Flach,1958). Within the organizational realm, ISO[1] (22316:2017) defines Resiliency as: *"the ability of an organization to absorb and adapt in a changing environment."*

Despite the application variations across disciplines, there are a few key fundamental commonalities and attributes of resilience/resiliency identified, such as:

- Ability
- Recognition
- Acknowledgment
- Tolerance
- Flexibility
- Adaptability

These attributes can be matched to the ISO's 6 tenets of Resilience, which are recommended for organisations to test their resilience:

- **Redundancy** {the intentional duplication of system components to increase a system's dependability}
- **Diversity** {diverse workspaces, workforce, and ecosystem}
- **Modularity** {the degree to which a system's components are made up of relatively independent components, or parts, which can be combined}
- **Evolvability** {the ability to innovate and adapt in ways that exploit new resources, or to persist under unprecedented environmental shifts}
- **Prudence** {care, caution, and good judgement}
- **Embeddedness** {the quality of being firmly and deeply ingrained...consistently living out core values}

Organization leaders in preparing their organisations to withstand risks, at the most basic level of assessment, should determine how well their organizations are structured and developed to:

- Demonstrate the ability to recognize and acknowledge organizational stressors and risks and to appropriately respond
- Tolerate periods of stress or major shock
- Demonstrate flexibility such that they can quickly adapt to changes in the operating environment (both internal and external).

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[1] International Organization for Standardization.

Resiliency principles in organizations as put forth by ISO, underscores the requirements for leaders who are serious about effect risk management and "future-proofing" their businesses, to view resiliency holistically as part of a wider ecosystem; underpinned by strong and empowered leadership and a strategy aligned organizational culture.

Over the past month and half, I have been in touch with many counterparts and attended several COVID-19 induced webinars and fora; sharing experiences to date and drawing already on the lessons learnt and to be learnt. Some were prepared for the unexpected - the product of their investments in enterprise risk management practices. Others, not so prepared were jolted and are now about to implement best practices, for enterprise risk management.

Within the immediate response period to nationally declared shut-downs, it became quickly obvious which organizations had risk management systems for such a major unexpected risk event and which did not. For those that were not prepared, business disruption was prolonged, and they could not transition in short order to offer at minimum, critical or essential services to their clients, either directly or through third party providers. For example, some companies were challenged to collect or remit payments for services rendered, due to the absence of organizational system capabilities or linkages with service providers who could provide these alternative solutions to both the businesses and their customers.

The cost of slowness or failure to implement organization best practice risk management systems and practices and to innovate, came to roost for many organizational leaders:

- o *Inadequate IT systems to support alternative service channels and remote work*

- o *Over-reliance on vendors who are unable to adapt quickly to meet requests made during this period to minimize supply and operational disruptions*
- o *Pre-existing legacy operational inefficiencies, now killing business value and customer satisfaction*
- o *Undocumented and/or untested Crisis Management policies and plans*

In the case, of those who were prepared, the transition was almost seamless, with little or no disruptions in their ability to serve their customers. I draw on the experience of one organisation, which I will refer to as Organization A.

It was quickly apparent, that due to Organization A's investment in developing a robust Enterprise Risk Management Framework and its recent investment in comprehensively reviewing and updating its Business Continuity and Disaster Recovery Programmes, within the space of days of the declaration of a potential national lock-down, Organization A rolled out its Risk Response Strategy, which encompassed all of the major categories of risk within the taxonomy of enterprise and operational risks. This plan provided its management and staff with a clear roadmap and parameters to manage the risks it faced in the immediate, in relation to business continuity and health and safety. Business disruption was minimized at best, albeit of course "normal physical or pre-COVID-19 operations" were interrupted.

Organization A had built its operational capabilities and resiliency to levels where with almost seamless effort:

- ✓ Employees were immediately equipped to work remotely, with all necessary information system risk management protocols already codified and practiced

- ✓ -Electronic devices were available for identified mission critical staff to continue business operations and attend to customer needs, even during the period of "crisis."
- ✓ -All Board, sub-committee and management meetings proceeded according to established schedules; and where management or the Board were required to make in-time decisions in response to Covid-19, these were done seamlessly through virtual connectivity.
- ✓ -Services that could be offered electronically, where prior to Covid-19, customers may have resisted; were readily available for uptake and use, with dedicated staff working with customers and businesses, even during lockdown periods, to ensure full access to necessary services.
- ✓ -Communication to customers was quick, relevant and highly responsive, as Organization A had clear crisis communication protocols in place, and inbuilt capabilities to service customer queries and requests even during periods of major business disruption.

The current crisis has shown that organizational leaders must take a balanced view of the organization, in managing risk and creating organizational sustainable value. For too long, many leaders spend too little time on building resiliency capabilities, which, truth be told, becomes the litmus test of survivability, especially in a crisis. COVID-19 has presented an opportunity for leaders to re-examine their organizational strategy, structures, scorecards, and value chains. It is never too late. While some, will reap the benefits now from years of prudent and visionary governance

practices; those who may not, must not let this time pass by, without re-imagining and reforming, because there is one thing we know, even now, with certainty, and that is, post-COVID-19, we will not see a return of pre-COVID-19 business modus operandi.

Therefore, here are some of what I consider to be critical considerations, that boards and senior management should earnestly contemplate now and over the next several months, as we all forge ahead to create new value, remain relevant, enhance long term resiliency and emerge better and stronger:

► Explore new products and services that clients may need at this time and post Covid-19, and engage with partners that enhance the organization's ability to collaborate

► Develop a strategy to mitigate vendor reliance and supply chain risks more effectively

► Review and where necessary enhance or revamp your organization's Strategic Plan and ensure shared vision, purpose, culture and behaviours are aligned.

► Review the diversity of skills within the organization, or by corporate partners to determine the strength of institutional leadership, knowledge, and experience.

► Assess to what extent there is a well embedded enterprise risk management (ERM) framework and systems, upon which decisions will be made to run the organization.
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We thank and Bless Mrs. Marshall-Robertson for addressing the issues raised and the strategies proposed which are helpful to all of us as we move to ensure greater resilience of our enterprises and institutions. We thank her for entrusting us with her first published article. We pray God's continued Blessings and Guidance on her, her family and GCBL.

We will explore "Preparing for Work and Business Post COVID-19," in Issue # 7.

We look forward to hearing from you with comments on this article, suggestions for topics to be covered and sharing of your HR experience, especially during the COVID-19 era. Please feel free to share this Newsletter with your contacts. We also welcome guest authors and look forward to receiving your articles for publication.

Until next week, May God continue to Keep us in the Palm of His Hands. Please send us your questions, comments and share your experience managing in the COVID-19- era at info@vfinc.org. You may also reach us by telephone: 1 767 275 0566/617 0566.

You may also contact Mrs. Robertson directly with any comments from the article at jenniferkathleenm77@yahoo.com, or on LinkedIn: https://www.linkedin.com/in/jennifer-marshall-robertson.

" I can be changed by what happens to me. But I refuse to be reduced by it

Maya Angelou

driven

"**Resilience** is all about being able to overcome the unexpected. **Sustainability** is about survival. The goal of resilience is to **thrive**."

- Jamais Cascio