

Operational risk teams: from behind-the-desk clerks to virtual multipliers



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Cultivating *multipliers* in the risk function who actively engage with employees and multiply the power of risk management is instrumental for developing risk-aware and resilient organizations. In 2023, post-pandemic *multipliers* will need an additional skill of effectively energizing their stakeholders *virtually*.

The wide-ranging spectrum of the Operational risk discipline, covering deliberate or accidental actions of employees, malfunctions of systems, and broken processes, has always prompted questions about the *skills* of risk practitioners and the expectation that they need to be masters of all trades.

In addition to technical knowledge, extensive experience in risk frameworks, and regulatory and industry acumen, employers are increasingly looking for risk professionals with outstanding *interpersonal skills*. Risk teams must be able to successfully relay their knowledge, communicate and engage with their stakeholders.

This idea was apparent pre-pandemic. A report by Deloitte Access Economics¹ suggests that developing and enhancing *soft skills* is key, as by 2030, *soft-skill-intensive occupations* will account for two thirds of all jobs. Gone are the days of behind-the-desk introverted risk clerks checking spreadsheets. One cannot instill a robust risk culture throughout the organization when only the risk department itself is capable to manage risk. Consequently, a relatively small number of risk professionals must actively reach out not only to provide the necessary tools but also to energize employees within the firm in order to multiply the power of risk management.

In her inspiration book on leadership, *Multipliers: How the Best Leaders Make Everyone Smarter*², Liz Wiseman talks about leaders that bring out 'the intelligence in others' and create 'collective, viral intelligence'. The same concept applied to leadership can be extrapolated to describe *multipliers* in corporate risk teams.

What differentiates Operational risk multipliers? Recognizing that they cannot do it alone, they thrive in collaborating with the first line business units and support functions, actively positioning them for success. They are informal, approachable and likeable. They spend a significant proportion of their time engaging with their audience, making full use of formal and informal channels. They educate, facilitate risk workshops, and provide advice, listening in to concerns as well as spreading knowledge.

COVID-19 and a working from home (WFH) environment has challenged the outlook of risk management even further. Due to WFH, which is now likely to remain long-term in some way or form, risk teams had to quickly learn how to become *virtual multipliers*.

Undeniably, engaging and *multiplying virtually* is more challenging. A very important informal communication line is strained; no chats at the watercooler or quick coffee breaks. So how do you become a virtual multiplier and is it even possible?

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Successful risk teams applied situational awareness; and attempted to adapt to the 'new normal'. Recognizing the power of maintaining close contact, they started to proactively reach out to stakeholders with a 'virtual coffee' value proposition. They further developed high-quality, relevant training for end-users and used technology solutions to their advantage. They utilized all possible interactive features such as live polling from Mentimeter, the meeting revolution solution from Klaxoon and many other available in the market. They even took initiative to lead virtual focus groups, identifying threats to corporate cohesiveness and considering how risk culture can be transformed beyond crisis. This is still new; as we enter 2023, more thought is needed on how to develop and foster successful *virtual risk multipliers*.

Why are they so important to the organization? Their crucial work leads to a better understanding of the changing risk and control environment. Much has been said about increasing risks, such as information security, fraud and market abuse, during Covid-19. Undeniably, basic controls have also deteriorated; firms went with *continuity over controls*; a necessary step to enable a quick shift to WFH. As a result, face-to-face supervision and physical oversight had to be relaxed.

Ongoing engagement with employees to discuss risk and control environment enables to keep the hand on the pulse, providing transparency to the boards and senior management, and allowing the firm to be one step ahead of the crisis.

This, in turn, increases Operational resilience of the organization, as an outcome of Operational risk management. COVID-19 is *symmetric*, affecting companies across the globe in a similar way. It is also *prolonged and slow moving*, allowing to adapt, learn and enhance firms' practices. As we move into 2023, different types of disruptions that are firm-specific and sudden will inevitably occur. Organizations that built sound risk management capabilities will emerge stronger than their peers.

These robust risk management capabilities cannot be developed without successful risk teams, *virtual multipliers*, who are at the heart of the firm, carrying out a crucial task of multiplying the power of risk management.

¹ <https://www2.deloitte.com/au/en/pages/economics/articles/soft-skills-business-success.html>

² Liz Wiseman (2010), *Multipliers: How the Best Leaders Make Everyone Smarter*



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