

Risk, Resilience and COVID-19: Are you planning for one or a multitude of futures?



Written by Oliver Laloux
Mondial Risk and Business Consultants

7 April 2020

In continuation to the previous articles we have circulated on the risks associated with the COVID-19 Pandemic, specifically the publication about understanding your organisation's risks and vulnerabilities to the pandemic and who should be on your crisis management teams and business continuity teams, this week we shift our focus to another aspect of risk treatment, that being how we should plan for what remains an uncertain future.

As one of our previous articles indicated, the traditional business continuity plans of old, that focussed on a detailed response to one or more business continuity events, are finding themselves irrelevant, dated and useless in this time where leaders and employees alike have to deal with a multitude of interwoven events and complexities. Dawie Roodt, one of our respected economists, recently stated it very well, "we are in a time of crisis upon crises". As we said before, those organisations that have the right chefs in the kitchen and the right utensils are doing better at drafting their own (response) recipes and "cooking" their own responses than those that were given detailed recipes, that are currently irrelevant.

Like everyone else, the Mondial team remains inundated with a whole range of information on the pandemic. Understanding what information to absorb and act on, whilst closing out the noise, remains a challenge. Establishing what is real information, versus speculation disguised as scientific opinions versus fake news, or even deep fakes remain a balancing act to which we can all relate in some shape or form.

One source of information we have stayed focussed on has been the recent publications by the government and some of our Chapter 9 institutions as well as institutes like IRMSA, the IRR, the IoD and various others. Large business management consultancies have also proven a useful source of information, even if sometimes disconcerting with forecasts that worry even the most seasoned risk professionals.

What is increasingly evident from listening to all the clever people out there, our scientific community and 'those in the know' is that there is no one absolute outcome that everyone agrees on or even one absolute risk treatment measure that everyone agrees on. Debates are ongoing on the value of everyone wearing masks, to isolation versus herd immunity strategies to what medicine may or may not help treat the disease, to vaccine availability forecasts, to actual morbidity and mortality rates and everything else in between.

Trying to interpret this information to establish our own responses is and will remain a challenge. So what should individuals and organisations do?

The first step, we suggest, is to start determining a range of possible scenarios as they could apply to your context and your stakeholders (click [here](#) to read our first article). Clem Sunter’s work on scenario planning, the IRR’s recent scenario analysis and many other sources of information exist to help you draft these scenarios. It would be ill advised to just ‘copy’ one of these available scenarios though, as you could end up with a wonderful academic exercise that does not draw out the “so what? and determine what your own response strategies are, or could be, to the various scenarios.

Matrix

Vaccine becomes available

Isolation protocols fail

Isolation protocols succeed

Vaccine not available

IRR
South African Institute of Race Relations
The power of ideas

Press Briefing
2 April 2020
Covid-19 Scenarios and SA policy recommendations
Save #LivesAndLivelihoods.
Join the IRR.
SMS 'SAVE' to 32823.
(SMS/R: Ts & Cs apply.)

VOICE OF FRANS CRONJE, CEO

-23:46

Above is an example of the IRR’s scenario axis (Source, Dr Frans Cronje, South African Institute of Race Relations (IRR)). As Dr Frans Cronje’s refers to it, you must establish your key driving forces, you need to decide what parameters you should select to inform your scenarios. It could be time or probability, it could be levels of certainty, it could be seasons that your operations and locations are exposed to (winter and summer), it could be economic or socio-economic or other technical parameters (such as available numbers of staff, customer demand etc.) or it could be government responses and socio-economic responses, it could be what the legislation defines as an essential service to an allowance of all products, services and economic activity that mutually support protecting people and the economy.

Your business continuity teams should therefore become scenario planning practitioners. Setting the range of possible future scenarios that could face your organisation is key to determine what your possible responses may be. These scenarios can then inform what your possible responses may be, again guided by certain key aspects that make most organisations function, including:

- People (availability / mental set / proximity);
- Health and safety of employees, contractors, suppliers, customers;
- Finance / money;
- Operational flexibility, operational requirements to have people work safely;
- Available logistic chains, materials, suppliers, supporters;
- Communication requirements;
- Legal/ compliance;
- IT and security; and
- Recording and information management.

Hopefully, everyone can now see that depending on the various scenarios you select (a 21 day vs 3 month vs 6 month lock down for example) you will need to have different responses for each of the areas listed above.

The different scenario driven responses are what you need as part of your BCP, whether that is ultimately contained in one BCP or many (at the organisational and functional levels) is up to you. Some of the impacts and responses may be unsavoury or unwanted. What we are already finding is that our clients and others need to revise their 'normal' risk appetite and tolerance levels to reflect what their actual appetite or tolerance is for specific risk impacts (remember your appetite and tolerance is for the impact of the risk, not the risk itself) under a 'COVID-19 world' and a future 'new normal'. Your responses can then become driven by these Risk Appetite and Tolerances in a 'COVID-19' world and a 'new normal' world, whenever this may happen and in whatever shape and form the 'new normal' may materialise.

If you need any help with your scenario planning efforts, business continuity response or any other risk-based decision making in these challenging times, let us know. To reiterate what we have said before, remember to play the game fairly, to the best of your ability and with due respect to everyone around us, but be ready to change your game plan as necessary to respond to various possible futures and outcomes and good luck out there, stay safe.

Resources and additional reading:

<https://www.who.int/emergencies/diseases/novel-coronavirus-2019/situation-reports/>

<https://www.ecdc.europa.eu/en/geographical-distribution-2019-ncov-cases>

https://www.irmsa.org.za/page/covid-19_noticeboard

<https://www.thebci.org/knowledge/coronavirus.html>

<https://irr.org.za/media>

<https://www.mindofafox.com/>

Contact:

Oliver Laloux
oliver@mondialcons.com
+27 82 569 5957

Mondial Consultants (PTY) LTD.
www.mondialcons.com