

Expect the unexpected - 2030 risk management readiness

In the constantly shifting realm of corporate-risk management, how can companies prepare for what's coming this decade?



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Over the past 10 years, enterprise risk management has become a different ballgame. And the role of corporate risk directors – traditionally centred around procuring company insurance to cover events like fire damage to offices, or hazards relating to the company's particular industry – has changed almost beyond recognition. Today, while companies are leaning on these professionals for the same functions, risk identification has become a much broader exercise. And, looking forward to 2030, we can expect just as much of a shift in what's expected – with unforeseen responsibilities landing in the inbox.

Take reputational risk, for example. The rise of social media and the ease of access to information in the 2010s, exposes companies to a new kind of risk, one that risk directors of a certain generation will not have covered in their training. Risk mitigation of this kind requires a company-wide strategy, liaising with different departments such as marketing and PR, but also communicating to each employee the risk they present when it comes to safeguarding a company's reputation in an increasingly digital age. Developing a risk-management framework that protects a business against reputational damage alone is a complex, far-reaching exercise – and this is just one, single risk to prepare for. On top of this, as technology evolves, a finely-tuned risk management plan may need to be entirely revisited soon after it has been made.

Fulfilling the job specification of a risk director in the 2020s is no mean feat. The sheer diversity of required skills continues to grow in line with the corporate-risk landscape – data analytics, interpersonal and communication skills, coding and a strategic mindset to name a few. What's more, the nature of risk mitigation involves tackling new, unfamiliar risks to a business in a calculated way, balancing the outcome of previous incidents with the variables of a new situation. Along with everything else, risk professionals of the 2020s need to be adaptable. Never before in South Africa have businesses been so affected by the threats presented by the Eskom crisis or the fallout from failing governance, for [example](#).

Skills shortage

It follows that the risk-management sector is experiencing a talent shortage. The latest Critical Skills survey shows that Risk Managers are still among those most difficult to recruit, partly due to the brain drain. Also, according to a survey from RIMS

(the Risk Management Society), 94% of respondents believe risk management-professionals will need to develop new skills to meet future challenges, yet just 32% believe they are prepared to make the changes needed. What's more, only 16% of respondents think there will be enough graduates to fill open positions in risk management by 2025.

The pace of change the industry is facing means that, even as talented new graduates keep coming, their education will need revisiting soon enough. The RIMS research shows a strong feeling that the curriculum just can't keep up with the complexity of the workplace risks continually emerging in today's world – 92% of executive leaders in risk management believe colleges and universities need to substantially alter their curriculum to meet future risk-management needs.

Diversity

A step forward for the risk-management sector would be to broaden its horizons by recruiting with a bid for a more diverse workforce – both culturally and professionally – to cover more bases and ensure talented people are involved in the industry's progression. The RIMS survey found that 88% of respondents felt a diverse risk-management workforce is necessary for the future – which rose to 95% amongst millennial respondents.

One thing that's clear is the risk-management industry needs to get comfortable with change. At the dawn of the 2020s, risk directors know they need to be ready to step away from the status quo, keep abreast of slow-forming socioeconomic developments that may expose their employer, and explore new strategies for protecting their company.

Innovation

A positive step is that as new risks emerge, so do increasingly innovative solutions. For example, the ubiquity of flexible office space around the globe today – offering business continuity solutions that provide companies with nearby back-up office space at the drop of a hat when disaster strikes – is something risk directors now have in their arsenal when formulating a bullet-proof risk-management plan. Forward-thinking professionals will stay open to new possibilities for building their company's strategy and embrace the innovation that the 2020s will bring.

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