Minutes

Special Interest Group on Innovation

Thursday 5th December 2019 16:30

Sataria, Frameworks, 2nd Floor, Dean Bradley House, 52 Horseferry Road, Westminster, SW1P 2AF,

and by conference/video call

ITEM	AREA/ISSUE OF DISCUSSION	ACTION OWNER
NEW ACTIONS	Ensure that future minutes are distributed by IRM	**SM**

	Resilience project actions assigned as follows:
	• Sue – definition collection
	  ○ Katalin – definition
	  ○ Martina – definition
	• Andrew – Banking sector
	• Clive M – how to position agility and emergence
	• Clive T – copy writer for output
	• Ross – Adaptive and agility across sectors
	• Martina – definition
	• Simon – Financial services
	• Stephanie – Infrastructure
	• Martin – Mutuals
	• Graham – Take us through the book
	Above actions to be delivered ~~before the next meeting~~ **(by ~~early~~ 1st February 2020~~)~~**
		See list

	Record and report back to the IRM Board the SIG progress in 2019 Internationalisation of IRM, and the SIG input.	**RdS and SG** **SG**
1 **Introduction and Welcome**	Round-table welcome	
2 **Minutes**	Minutes from previous meeting to be agreed at next meeting (6th February 2020).	
3 **Resilience Project**	Rodrigo recapped the status of the project to date. The highlights from the discussion are: • Distinction between organisational and operational resilience; • The presentation material from March is available on the SIG web-page; • The key question is "What does resilience mean?" and the answer to this is very different depending on what market or business type you are from; • It can be seen as an emergent property of the complex system, and not something which is specifically managed in itself;	**RdS**

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- It can lead to 'bounce back', and in some cased 'bounce forward';
- Andrew highlighted that he was an author on the Bank of England document which we Rodrigo referred to. He said "Many people use the word resilience in different ways. It is confusing to know what it means";
- It was recognised that public institutions appear to be more mature where regulation pressure is stronger;
- Clive M "Is resilience part of risk management?" The answer given is that resilience is one lens to see how effective risk management is. A 'Big4' company was quoted as saying "Resilience is different from risk management" with which everyone in the room agreed;
- It was noted that different CRO's see resilience as meaning different things depending on where they had come from. Also, the support of boards in resilience matters and it is different across organisations;
- Sue said "Resilience can be seen as the ultimate cost cutter. How does it impact on opportunity? Boards see it as a threat-based assessment";
- Clive T said "Being resilient against systemic risks in a market gives competitive advantage which is a strategic opportunity";
- Sarah asked, "Which books (or other literature) already have concise definition of the meaning of resilience?";
- Andrew said "The Bank of England (BoE) does not have a well thought out definition of the meaning of resilience. Their approach sprang out of the RBS/BoE payment issues of 2014 and the emerging cyber threat. As such the BoE definition should not be enshrined as the definitive one, particularly for a cross-market definition";
- Rodrigo asked, "What is coming next?";
- Andrew said, "Legacy infrastructure and cyber are the biggest threats that banks need to be resilient against". These need to be on Boards agenda when considering risk appetite and risk tolerance;
- Rodrigo says the interviews revealed that resilience conversations are being driven by the breakdown of silos and interconnections of systems (including cyber) response to disruptions;
- It was noted that expertise with regard to resilience can generate a lot of money;
- Sarah highlighted a job which started out as risk, but combined risk, crisis management and BCM to emerge as a resilience job;
- Sue said "Resilience should be about maintaining the working basis of the organisation;
- We discussed the Resilience indicators, and the slide of operational and strategic resilience. Should Risk Management be under one leg, or should it sit above this structure? That depends on the meaning of risk, whether it is operational or at the enterprise level;
- Andrew thinks that the questions are fundamental "Do we make money?" "Do you fail operationally?";
- Sarah suggested that the diagram was more akin to inputs and outputs;
- Sue suggested that organisations should also be 'anti resilient' in that they need to fail sometimes in order to grow better. Being too resilient meant not taking enough risk?;
- Sarah asked, "What is the exam question?" – the answer is "*As an ERM*

	institution, what does resilience mean to the risk management community?" • Graham highlighted that the discussion shows clearly that we are not all talking about the same thing. Responders do not have a common language. The idea of a "practitioners guide" was well received. The IRM should take its own unique view for the risk management profession; • Mark highlighted that we need to be brave if we are to make a stand for just one profession. Clive said it was sometimes good to be controversial; • Rodrigo highlighted that Risk Managers are not generally taking the lead in the risk management discussion. It is a matter of maturity for some organisations. • Sarah gave an action for us to compile a table of the existing definitions and identify what resilience means for different organisations. We should also be clear to know who we are so that we can seek out missing stakeholders. We should then clearly define what it means to us. • Stephanie asked: "How many of us believe we have the accountability over the areas identified in the standards?" This would help with identifying areas of weakness and in upskilling the risk managers. • Rodrigo showed the 'preliminary results' slide. • Actions assigned (see New Actions section, above), delivery deadline is before next meeting. • The focus of the next meeting will be "How to make it into an output"	
4 **Progress during 2019**	Mark T, as the outgoing chair, updated the meeting on the progress made during 2019 by the SIG. Items included: • Listing the previous topics covered by the Innovation SIG over the years under Mark's tenure; • Recording and reporting back to the IRM the SIG progress and achievements for 2019, MT has sent the report through to the co-chairs; • Data-gathering from survey, to review whether this needs to be simplified and what questions need to be asked for "resilience" project purposes; • Linked-In group set up and "Slack" group created; • Pioneered links with other SIG and RIGs for a joined-up approach within IRM; • Mark T and Clive T have presented to Charity SIG on horizon scanning; • Focus, and successful outcome, on 'chair' succession planning;	**MT**
5 **Topics for 2020**	Team used whiteboard and other resources to thought-shower ideas for 2020 project topic/s, led by Sarah. Themes that emerged from the exercise are: Benefits of ERM – reporting and assurance to Boards; Risk Agenda 2025 – engaging young risk leaders; The complexity of risk management and climate change; A platform for 'best ideas in risk and risk management', incorporating risk appetite, emerging risks, effective ERM, risk maturity, opportunity awareness.	**SG**

		You will be asked to 'vote' on your favourite theme, in due course, for potentially the next project to be explored by this SIG.	
6 **AOB**		SIG to consider "Internationalisation of the IRM"	**SG**
7 **Dates of 2020 Meetings**		February 6th Thursday @ Satarla, London SW1P 2AF note [late] 17:30 start Proposed dates: • March 19th Thursday • May 21st Thursday • July 16th Thursday • September 24th Thursday • December 3rd Thursday	**SM**

List of Attendees:

Martina Smyth	Andrew Lodge
Ross Olding	Graham Bell (On line)
Stephanie Richards	Martin Johnson
Katalin Horvath	Clive Thompson
Clive Martin	Simon Brodie
Mark Turner (MT)	Rodrigo Silva De Souza (RdS)
Sue Falconer	Sarah Gordon (SG)
Sheila Milbourne (SM)	