



YS UP GOVERNANCE AND BOARDS PODCAST

Episode 5 – Business Continuity, Resilience Planning and Risk Management with Lisa Cameron de Vries

Transcript

Intro:

Welcome to YS Up Governance and Boards podcast brought to you by 3YS Owl Governance Consultants. Covering hot topics in governance, risk, latest regulatory changes and issues keeping directors and executives awake at night. Here are your hosts Ainslie Cunningham and Deb Anderson.

Ainslie:

Welcome to today's episode of YS Up. Today, we are joined by Lisa Cameron de Vries from Phoenix Resilience. So Lisa has a Masters of Science in Industrial Engineering and nearly two decades of relevant experience in the design, implementation and verification of resilience programs, business continuity, risk physical and information security, QFES & Emergency Management for organisations based in Europe, Middle East, East Asia, and Australia. These organisations were spread across a large variety of Industries. Nine years ago, Lisa moved to Australia where she co-founded Phoenix Resilience. Phoenix Resilience has grown quickly to be the go-to partner for resilience services across the sectors: government, finance, health, education, utilities, agriculture, not-for-profit, aged care and information technology. Since the start of this year, Lisa has been assisting government agencies and commercial organisations with their COVID-19 preparedness, response, and recovery. Lisa is a regular guest speaker at national and international conferences and technical meetings. Well, what an impressive bio Lisa, welcome.

Lisa:

Thank you for the introduction.

Ainslie:

So, tell us a bit about Phoenix Resilience.

Lisa:

Well, Phoenix Resilience is a company that provides the services throughout the cycle of resilience across the disciplines of resilience as we see it. We all are about integrated systems. So those disciplines you mentioned Health, Safety, Risk Management, Business Continuity, Emergency Management, all those things have similar setup. If you go to the ISO standards, they have similar setup of the way they are structured. It is just the specifics around that discipline. So, we integrate those systems and then go through the life cycle. So, we do an impact assessment or a gap analysis and then

the recommendations paper. Then we develop the documents and implement the systems and infrastructure assistance where required. Then we do the implementation side of things, which is the training and any support and communication and change in culture. And then also the testing and the exercising and to see if it is effective — what has been implemented and assist with any improvements that are required. So, as you can see that is the whole plan to action cycle of — we follow through. But, sometimes we are just called in to do an incident investigation. Just an after-action review, just an exercise, just a training program. So, that is what we do.

Ainslie:

Great. So, on the show today you wanted to chat about collaboration. So, tell us a bit about that.

Lisa:

Well, it is been kind of one of those things that has always really stood out for me as being an obstacle for many organisations. I have worked for large corporations and with large corporations, and when you come in there, there is so many different risk registers, so many different silos doing something, trying to work towards a common goal. But they are not really working towards a common goal. And you will go to a risk meeting and different risk meetings, and you will see some people are putting a risk treatment measure in place for something that already the executive knows not going to continue anyway, but the communication is not there. So, this point made me do research on integrated systems, and that is when I just came to Australia. I did that research, that is what I have been presenting on — back then — which was a five-step plan to organisational resilience, which is all about a concept of how those disciplines come together, work together, and really get a good understanding of their context. And that is just been like the thread basically through my career because that is been going on with all the projects we have been doing. It is about Multi-Agency response, and then a recent paper that we collaborated on was also — because this COVID-19 response.

Lisa:

What I saw was that, organisations would basically panic sometimes in taking their decisions and if they had sat down with a group from members of their organisation and they had consulted them — okay, so, what do you see as the situation? what do you see as the options we have? What would that mean for the organisation? What do you think this situation is going to play out like? And you talk to legal HR, IT, Safety, and everyone. Then you can get a good path to a good decision because you have assessed from all angles. But if you jump the gun, then you might have not considered certain legal impact, certain people impacts, and certain technology impacts. We are all going to work from home or actually we cannot work from home because technology is not caught up with that yet. Or, we are going to do this but now you cannot actually do that because that is not legally possible, or you cannot do that because that is not safe. And so those decisions then — you roll them out already — announce them, and then you have to retract them, and there are just so much more effective ways to do this. And that is why I started as well, the paper on collaboration if you would come into a crisis or an incident, just get the right people in the room and really think about it. Okay, what options do we have and how do you make a good decision?

Ainslie Cunningham:

Yes. Definitely, it is one of those big frustrations in a lot of organisations where you see — strategy development is one of them where you might have the board and your executive leadership team just being in charge of developing strategy. And then, there is sort of a disconnect between the implementation and that sort of communication feedback loop and all of those different moving parts, and everything else underneath that sort of operationalises off — say one strategic direction that everyone's agreed on. And then, all of a sudden, there is a change in strategic direction and everything

else has not been updated to reflect that and so you might end up with a whole lot of old risks on the risk register that are redundant.

Lisa:

Yes. So, if you go down a new project or a business development, new opportunity, and don't update your risk framework with that and then you miss key risks.

Ainslie:

Yes, absolutely. And I think too, one of the things that you see is a lack of training and awareness. So, a lot of people who might be charged with the responsibility of owning the relevant risk further down the line — they actually don't understand how it feeds into an overall risk profile or risk appetite statement or what it actually means to either treat that risk, avoid it, transfer it, mitigate it in some way. And yes, there is sort of a real disconnect there and I think training and awareness is a really key driver.

Lisa:

And we generally start with doing a context map because every standard says you might have to map the context. And then there is some generic statement at the beginning of the risk procedure — we are a company that does this — but it is not really mapping the context. So what we do, we just look at okay — this is the process and the key steps — the value chain to deliver your product and these are the support functions that make that happen. So, you have got your primary process, we call in engineering, and then your support process like HR, finance, and any of those sort of things. You saw that in the paper as well — how they interrelate to each other and if you can map that then everyone can see how it fits together, and then you make people responsible for certain aspects of the risk. And that is why we are doing our risk register — that instead of having this long page that does have a column with who is responsible for it — but it kind of makes it hard to get that set. We make each page for each risk owner and that is their page that they own with risks in relation to the supply chain and all internal risks.

Lisa:

But that is their bit and they understand that in order to achieve these things or to treat those with it, they are dependent on others because that is always out. But, I do not really own this. Yes. But you still depend on others. But by having that page — that they own that page and then it is very clear I am responsible for this. It says clearly the scope, these risks are in there, and then they come together with that group and everyone talks about that page, which covers the whole organisation, because you have done your context map — and they have to talk about and integrate those risks. So, that is across business units as well as disciplines. So then, you make sure that it's all integrated.

Ainslie:

Yes. Definitely. And I think too, when you have the board sort of set the appetite from the top-down approach and then you sort of got this bottom-up approach for risk ownership, it is sort of the bit in the middle that is not really quite gelling. And as risks become splintered throughout the organisation, there is sort of no high-level owner. So, as you say, if you have it sort of on one page, there becomes an ultimate risk owner to sort of have that reporting line back up to the board on risk appetite and also tracking that to a strategic goal and at what point are you at risk of not being able to achieve your strategy.

Lisa:

Yes.

Ainslie:

Is really where it comes back to.

Lisa:

And that is always an interesting one because for example, to take health and safety on a strategic level, the executive are responsible that the resources, and the time, and the knowledge is available to maintain a health and safety management system for example. That is the strategic objective. Now, the people then – within their risk registers have to make sure that they do not introduce any hazards and whatever they do they mitigate their hazards. That is their operational level. So, you cannot say health and safety risks sit with the health and safety personnel.

Lisa:

With the ability to have a management and effective health and safety management systems that sits with the executive – so the risk is that they had don't have one, or that it is not being achieved. And then, that other component – sits within each operational division. So, I think that is a good way to explain it because that is always a difficult one where people just go for their health or safety or health and safety here. Because if you look at those risk – because I used to work for a military contracting company, and we worked in very hazardous areas operating in Afghanistan. So, you are looking at risk now, there is risk where we had multi-casualty terrorist attacks, air crashes, incident supply chain disruption, product quality issues, all sorts of things like that go wrong. Those risks of those things occurring have an effect on your – could have legal impacts, operational impacts, financial impacts, reputational impacts. So, you can't say that a terrorist attack sits in the emergency management side or something. Yes. That is the response, that's a risk treatment, but the risk of it occurring and having those systems in place, making sure that you are prepared goes all the way from the top down.

Deb:

So, in your experience, how do you instill from a cultural perspective the importance of risk management?

Lisa:

I always try to make it relevant to that specific organisation. So, we work with a lot of different organisations from NGO's organising events, to investment funds, to power companies. So, you have to contextualize it to that. So, for example, take an NGO organising an event – for example very well meaning people, often volunteers with maybe limited risk awareness. They think a risk is tripping or falling over. Okay. So then, before we do any design of risk management or any risk registers whatever, we do the awareness workshop, where you put on these new stories of things that go wrong on events with the consequences are of that, what the implications are.

Lisa:

Especially for an NGO if you are trying to raise money and unfortunately, somebody tragically gets hurt in that process, that's your brand, that is – you will never be able to, like people do not want to give to a charity that is associated with such a horrible thing. So that is the whole future of your charity compromised. By something that is so – could easily occur because there is so many events and

people so enthusiastically go oh well, oh well, put so many people on a bicycle and just send them on their merry way but, there is a lot of risk that can come with that.

Lisa:

So, the organisations that we work with luckily, recognise that, and then we get the rest of the team on board by doing first aid awareness and showing all these risks that are out there and then they are quite good for a bit they get the whole — this is terrifying. How are we going to do this? And then you take them on the journey to implement the risk treatment strategies. So, you show them — okay, so, which ones are highest risk which ones are lower ones. These are all the opportunities you have to treat your risk, and these are the things we are going to put in place, and then you start people to get excited about, "Okay, yes I am going to do this briefing and then I am going to tell these people and — yes, I bought these safety vests".

Lisa:

And people start to get really enthusiastic because they see their risk ratings drop and then they get rewarded — and that is what we always explained in management for — okay. That is excellent and so they get positive feedback for treating their risk register — treating their risks. And then, you slowly start to see a whole risk culture and those customers that — what we like to call the partners because you start up for us. It is an ongoing relationship over friendship. But, you are coming there now and people are excited to tell you about, "We have now implemented this and that". And they have just taken your ideas and on a whole next level of risk treatment and it is just so good to see.

Lisa:

I have literally seen the biggest doubters of risk management get completely enthusiastic about risk management and seeing that it has a benefit for their organisation and that because — people during these risk meetings get the opportunity to also share some of the concerns that they have. And they have really good concerns as in — everyone should be aware of that because you can easily do something about that when you raise it in a meeting three months before the event. But some people — they would not raise it if they did not get that platform because nobody wants to be that person at this whole, "Are you sure about that if the CEOs really excited about an idea?". But if there is this risk place where everyone can say, "I think that I am concerned about this" and that is being acknowledged and recorded somewhere and then may be addressed. And then, you see that people, "Go, this is actually really positive and good". And so, that positive — and that people say this really works for me. And then because the director sees that — then it works through everything and they see that there is positive outcomes and that they see the value increase of their own business because they were mitigating all these risks. So, I think that's really what it is about.

Ainslie:

Do you see any directors or boards or even executive teams become negative towards risk when they see that the cost treatment is potentially outweighing the benefit in their eyes?

Lisa:

Well, that is always a good one, and that has always comes down again to knowledge and training and awareness and an experience because the person might be appointed to design the risk treatment strategy — might not necessarily be the person that has the most experience or knowledge on the best option and might go with the really expensive option. And so, I think it is good for boards to say, "Okay. Have you done your assessment of different options? Where is your options analysis to treat this risk?". And if you delve into that — then do not just accept it and go down an expensive path

because often — it does not need an expensive measure, and I think that is very good. So, I think that is — maybe sometimes where it is lacking in the presentation for a risk treatment strategy.

Ainslie:

Yes. I think too. A lot of risk owners undersell the benefit to the board.

Lisa:

Yes. And that is another one. You have to be really good at that and if you are a technical person, you just have that in your head. Some people just really are not good at explaining something. They have it all in their head and to them it makes perfect sense. But if that is not your daily job, you need to really talk through what the benefits might be and how this will benefit the organisation in the short term, medium term, and long term, and you need to have that strategic vision — that is a lot of skill and knowledge and experience or even a skill that some people will never have, that you have to have in order to get that to cross the line.

Ainslie:

Almost even become a sales pitch.

Lisa:

Yes. And that sounds like — so, the person that will get the most funding for their project might not be the one that has the best project, but just the one that is best selling it. So, that is why there is always the people that have the highest selling other people that I have listed the jobs are just better at selling themselves.

Deb:

Do you find the clients come to you reactionary? So they have had some episode and they reach out to you because they need help, or are they being more proactive and seeking your help at an earlier stage?

Lisa:

It varies. There is one group that comes to us because they were told by the board or they were told by the regulator that they needed to update the system. Then, there is the group that is concerned about risk and does not feel that, as a leadership team, feel that they are not addressed sufficiently. So, that is great because they recognise it and they want to do it. So, that is a really good starting point. And then the third one is when — there has been an incident or a looming disaster and then it is all about really getting a quick understanding of what the situation is. But we are — that is the most difficult one clearly because damage has been done and then it is just about mitigating the consequences.

Ainslie:

And how do you find — when you go in and work with teams and you position risk. Can you raise their level of awareness and you kind of help them sort of analyse all their risks and develop risk registers and things like that? Do you find that there is a real struggle there in terms of a knowledge piece of how to really draw out from them around their lead and lag indicators that will kind of be industry specific that will help them sort of map risk in a more active risk management framework?

Lisa:

So that, you are saying that when there is a change that they understand how that could influence — which factors could increase the risk, which factor could reduce the risk?

Ainslie:

More so which ones will help highlight the risk. So, say if you are sort of going on a risk trajectory, you have taken a certain level of risk appetite, you might be in sort of an amber zone of risk and you might have sort of indicators there that you have got to be monitoring from a risk reporting perspective and a lot more lead indicators. So, in terms of being in the forefront of that risk sort of coming into fruition, so that they can get on it quite early and reduce that risk as it is — sort of coming in to — say, maybe a red zone or even a catastrophic level. Do you find that it is quite difficult to get organisations to increase their awareness at all?

Lisa:

Well, that is the whole point that we started with the five-step plan to organisational resilience — that is about the awareness, and that is the tool that is in there — it is all about raising that awareness and having that monitoring capability. That is also the first thing we do. You have to have a monitoring capability within your organisation that understands if this changes, then our risk profile changes. So, for example in the taxi industry, this is very much used example. But in the taxi industry, people could have known, if they had a monitoring capability, all these technologies coming up, all these apps are coming up, there will be a competitor entering the market in a totally different strategy. So, when Uber came into the market, but there was no such monitoring capability. Everyone was going taxis will be taxi, there will be taxis forever and this will just be that. And it came like a complete surprise to the taxi industry. While if somebody was monitoring, if I was running taxis would be monitoring, "Okay. That is what technology is going this way or these developments are coming up or if they apply that in the taxi industry, we could be in trouble".

Lisa:

So, maybe think about having apps in our business and going on that technology train early as well, instead of completely reactive asking for government handouts and being all upset about what has happened to them. Every business is going to go through a major disruption at some point. That is your responsibility as a business owner or an executive that you are aware of those potential threats that could occur and that you are monitoring them and that you have a capability in house to — if this changes and that happens then this increases our risk profile in this way, the consequences could be this. We need to take action now — to say very simply. And that is complete key because we always say the earlier you detect a change that could potentially cause a problem, the more time you give yourself to prepare for it. And it does not have to be some complex thing. It does not have to be over here immediately — you have to invest a lot of money. But unlike with this Uber thing, if you are early and you can come up with a strategy, you can get really smart people together. You can really think about what your competitive strategy could be? Where we are going to be for the future? What is the future going to look like? All those things really should be in place. So that, you do not stand there with your head and exit, and then go, "What happened?".

Ainslie Cunningham:

I think you see that a lot too with change management. When you get a new CEO or a new board or a new management team, they sort of come in and want to clear the decks and review strategy — sort of — more of a holistic front, reviewing that macro environment, and things like that. Whereas, if you

have — I guess boards and ELTs that have had a long tenure, they really become complacent and they become so firmly fixated on their strategic vision that they do not want to see in the peripherals, what else might be coming into the horizon and really gets missed.

Lisa:

Absolutely. Yes. And that is just human nature — work on the things that they have experienced. So, if you have been through a flood, you are focused on flood. If you have been through a terrorist attack, you are totally focused on that. If you have not been through this experience of a cyber attack, for example, then you know what needs to be in place to be prepared for cyber attack. If it never really happened to you then — it is difficult if somebody comes to present to the board, "Yes. We put this in place to really scrutinize that" if you are not really been through it because you do not really know what to — maybe the right questions are to ask. So, in that case — and that is a very difficult task for a board because they need to be across all the things that could potentially go wrong with an organisation, and also be across what an organisation should have in place to mitigate those specific things.

And the current environment that — like with pandemics, and terrorist attacks, and complete reliance on technology, I mean, the threat horizon is very significant. So, that is always a challenge for a board to be across all those different things that can go wrong and really scrutinize. But someone is telling them that it is being done because they are — clearly everyone is going to sit here, "Yes. That is really fantastic". And that is why in Business Continuity and Emergency Management, we do testing with everything. "Okay. You say you can send out a bulk text to all customers? Okay. Well, can we test that, or at least the whole incident management, can we test that that actually works?". Or when we send everyone home to work from home, can we test that that actually all those people can log in at the same time and have access and they can function, and does that really work? And when most of — I would say maybe ninety-nine out of a hundred times, it does not.

Ainslie:

Yes. I think a lot of organisations just do desktop or soft testing of their BCP and DRP except they do not really actually do that sort of hard live tests regularly or if at all.

Deb:

It has been enforced on everybody recently hasn't it.

Lisa:

Yes.

Deb:

How effective is your BCP/ was your BCP?

Lisa:

Yes. And then, that is a thing now because everyone in executive role in a board role has now been through this, they have seen it. So, now all of a sudden they realize, especially now, the importance of a good robust business continuity plan that is ready to deal with disruption of any size, and scale, and complexity. But then, it comes all down to having an agile system because in no way should I ever promote that you should have a five-hundred-page business continuity plan — that things have every possible scenario that could go wrong. It needs to be something that is really flexible and agile, that is

able to deal with any specific situation. Because as we now know, no situation is ever going to play out exactly like you have planned. And so where people said, "No one will ever be sent home for two months". So, no one — the internet will always be here or — those sort of things that your business assumptions that is being made. But there is so many different disruptions, I have no internet or I have no this or that. It just needs to be an agile plan that is able to respond to a disruption, or an incident, as we also talked about, of any size, scale, complexity. Because those long plans they are the worst.

Deb:

They are complacent, right now you have your business continuity plan in place and you go — look put it in the drawer and forget about it. But this is just brought to the fore how important they are.

Lisa:

And what I find most remarkable — because what large organisations generally do is they determine — okay. What are the critical services maybe for the next week, two weeks, three weeks maybe? And then, send that down to the business units, and they complete their own BCPs in isolation. Now, correct me if I am wrong. There is a value chain going through an organisation, right? Division A cannot do without input from C and input from B, and then D needs something from that in order for that value chain — to deliver something at the end, right? So, how can you develop BCPs in isolation and then think that's magically going to work. And you have these massively long BCPs, you are going to this organisation and each division has this massively long BCP. Well, all you need is this overarching business continuity capability that is able to understand. Okay. This is the type of disruption, these are our recovery priorities for an organisation, and then cascade that decision making down. That is in my opinion because that is just much more flexible nature.

Ainslie:

Well, it is more user-friendly too — like how many times do you see the IT department suddenly get charged with the responsibility for managing it. And you go so — no. Actually what happens is you have a risk manager, you have potentially a CEO, a representative from the board, and you position those teams — that crisis response team based on the situation at hand. And that is...

Lisa:

It is different?

Ainslie:

Yes. It is different every time, right? Like if it is an IT system — yes, definitely, get the IT guy. If it is something else, an HR situation then, definitely an HR person needs to be involved. If it is a people management situation or prevention of access, you might want more — the office manager or is there an alternative location that they can set up or things like that? So, yes. It's definitely good to have the flexibility to be able to call on those response teams...

Lisa:

And the good thing as you mentioned with the IT — because we see that a lot. For example, one of the key systems has an outage. The IT department will put their heads in their computers to try and fix it. But somebody needs to look up and go, "This system is out". That means that this one might also be out. That means that we cannot deliver these services. That means we have to communicate to these people. That means that we might not meet these legal requirements. That means the end

and have that sort of thinking? And then update the executive, "Okay. We are doing this, we are having this in place". Because if you do not start updating on what is going on, they all start coming there. So you are sitting in your IT department trying to get this system back up and there is the CEO, and there is the director of this, and there is a director of that, all going, "What's going on?". So, you need to have that overarching capability — that has that incident management capability to understand what communication needs to guide, how decisions need to be made, so that the people that can fix it, which can be the infrastructure people, the facilities management people, the IT people — that they can sort it out.

Ainslie:

Yes, and I think too, what you find is a lot of the time they do not even have a draft communication plan. And so, then they are scrambling to say well what sort of messaging do we need and who should release it and where should we release it?

Lisa:

Who should approve it?

Ainslie:

Yes.

Lisa:

And before you know it, someone is just going to have to say this has not been approved. Because we have seen that. For example, it was at the Dreamworld event. Where was it — day two, they announced it will be open on Friday — well the money will be donated here and there. Actually, it is a crime scene and you would not be opening for a while. And so, this communication has gone out, it has not been at all — in my opinion — probably approved or really sanity checked by the incident management team. Otherwise, you would know that that is not an option — that you can actually do that. So, then we see that all the time, people jump the gun, started saying all sorts of things, making promises and we are going to do this while it is just probably best to say, "Okay, we have had an incident, we are assessing all the options". And if you do not have a solution do not make on up. Just say that, we are working very hard on it and we acknowledge what has happened.

Ainslie:

Yes, definitely. I think honesty sort of comes into it there.

Lisa:

Absolutely.

Ainslie:

So, in terms of your — improving resilience in the aged care sector, tell us a little bit about that.

Lisa:

Well, we have been fortunate enough because I am really passionate about this, clearly. These are very vulnerable members of our community and they are in a very vulnerable position. And if people do not come to help them, then they would not be able to help themselves. And there is all sorts of

things that can go wrong clearly in aged care — what we saw with the pandemic but also fires, bush fires, floods in the US where we have seen horrific photos of aged care residents sitting waist-high in flood water and those horrific things. So, the thing with an aged care facility — the resources they have available to them is clearly not to the level that they are independently able to respond to an incident of any scale because that is unaffordable. So, they would not be able to evacuate all the residents within the set time frame — like if a bush fire is coming in, you have three hours and you have three hundred residents. No facility has the ambulances and all that available to get those people out. And we have learned from previous events that there may be limited ambulances available anyway. Because if they are responding to all the facilities — if it is three facilities under threat at the same time, they might not be able to respond. So, those sort of contextual considerations are critical in the emergency planning.

Lisa:

There is not just one size fits all, we all get them to the front door and somebody will magically come and get them. Because that is how a lot of plans work, we will get them to the front door, and then Emergency Services will take over. But we have seen in the past, they are doing other things then — maybe have one ambulance, if you are lucky — and that just — is not going to work. So, what we have also seen is that they turned up to evacuation centres with their residents. And that is also something — that if you do planning beforehand and realize — because residents living with dementia need to be in a secured perimeter. You cannot offer that in an evacuation centre. So, they pose a threat to the public in the evacuation centre, as well as to themselves. They get very distressed. So then, you need the medical staff there, the requirements for looking after the aged. Clearly, they have got medical records that they need. They have got all sorts of specific requirements for — and sanitation and treatment and if feed — of like the type of food that they can have, the type of drink that they can have, it is an endless requirement. So, an evacuation centre is completely unacceptable place for aged care residence if they are high care to go. So, that was all recognized.

Lisa:

So, a lot of councils went through the idea of doing a multi-agency approach and we were lucky enough to assist one of the regional councils here in Queensland to get in the room — aged care facilities and their critical suppliers. You are thinking of medical centres, hospitals, GPs, Queensland's health, emergency services the ambulance, QFES, and all get them in the room and talk about — okay. So, these are the kind of resources we have available in this particular region. This is what our response would be. These are the type of threats — and really come up with a group and build those relationships so that they understand. Okay. So, there are three ambulances in this region, there are five aged care facilities, if there is like a flood coming through at a rapid pace — we will be pretty much on our own. So, can we maybe collaborate between the aged care facilities? Because for this particular case, it was a river in the middle and if it floods, the staff of the one facility on the one side — but the staff — the other facility so if their staff either can come to their facility. But if they could share with the other facility, they could keep them running, right? So, those sort of things, you only identify by sitting all together in a room and the same with the medical centres, and how you can do work rounds if there is a disruption with food supply, and any of those sort of things.

Lisa:

So, when COVID-19 was just starting to come on the radar, we got that same group together and came up with an Incident Action Plan for this particular scenario. And where all the contacts are in there, this is our response and that they are all on the same page and you report your health like , this, and if you have an issue, you reset in different levels of criticality and their response. So, if you are running out of PPE, then you get to this level of criticality. If your staff gets sick to this much

percentage and you get to — and so, that all aged care facilities have a rating of that criticality so that the local disaster coordinator can see, "Okay, this is where I am at on a dashboard I suppose" and can see which aged care facilities are starting to struggle so that you can be really proactive in coming up with measures, instead of somebody rings one day going, "I ran out of all stock — all my staff are sick. I need an evacuation out". So, like we saw at the Earle Haven facility — no one was aware what was going on there, until the staff walked off the job, literally left those people behind and somebody called the Emergency Services. Not even those people — somebody. It is like, we never want to get to that point. So, that is why we want to get all these groups together going. Okay. So, if there is a dispute between a service provider, human resource provider that is detected early and that the systems are in place between all these facilities to assist each other, and with the emergency services and with local providers to come up with a quick response, so that these residents never — like I mean, people were walking like through the hallways with like — saw themselves — it was horrific, and in this day and age we can never let it get to that point. So, most councils likely are going through this path.

We have been so fortunate to be part of that for this particular council, and I think that that is the way to go — but I think that is the way to go for a lot of organisations. Understanding that you are part of an ecosystem and working with those partners because that is one of the things that I am really passionate about as well is about — just doing the right thing about your partners, your supplies, your service providers, all the organisations that I work for and work with. Make sure that you have this really close relationships and you help them, they help you. You will be available every time because those are the people that — when the chips are down will also be the end, that has been for me. I needed some graphic designer on Saturday night for a proposal for Monday morning, and because I have such a close relationship with all our partners, I can get that done, but they would do this. I would do the same for them if they need me for something else and I think that ecosystem where you know — you all need each other to get to the other end. I think that that is recognising, that it is very much crucial in how you survive and thrive through crisis.

Ainslie:

Absolutely.

Deb:

I think you see that — like New York and Central Park with the practices that set up the makeshift hospitals.

Lisa:

Yes. Absolutely.

Deb:

That was probably not in anybody's...

Lisa:

Ever. No. Or mass graves in New York. Who would have ever — and not even in the worst pandemic movies, horror movies that we have seen whichever see that sort of thing you have to consider.

Ainslie:

Yes, and you see the funeral directors and funeral parlours talking about their capacity as well, saying that, they do not even have enough coffins in supplies themselves. And you just do not even think of the ripple effect down to that granular level when you are planning for these sorts of things. You never plan for those sorts of things.

Lisa:

But that is the point. So, if you have an incident management capability that is really good at that. So, to understand, okay — these are going to be the consequences, we are going to have lots of this. In order to process those, what do we need, we called the processing homes. Do you need the graves? You need this and that, and you understand all those resources that you would need. Then, you identify how much do we have available? Are there any gaps? What do they need in order to achieve their outcomes and are there any gaps? If you have done that there and you map that clearly with a centralized Incident Management team that has the authority to deal with it, then you can be proactive.

Ainslie:

Yes.

Lisa:

And now you are reactive because all these new problems keep popping up and you get, I had not thought of that.

Ainslie:

Yes.

Lisa:

I suppose..

Ainslie:

But you would have had lead indicators earlier on an early education processes to go. Well, we knew we only had this many funeral parlours in the area. They all have this many coffins. And so, now as we see an increase in spike in death rates, then we know by default, we are going to need x amount more or — and start preparing for that early.

Lisa:

And that was exactly what Australia did really well. They tried to flatten the curve early, so that — because they knew, if this hits this target of deaths, we need this many of this, we need this many of that, and they started to get that all in place keep the curved flat and get that all in place, that if it hits, we have got it already. And that was really — I mean hats off — disaster management was excellent.

Ainslie:

I think too — they realised quite early on — they did not have enough PPE to even facilitate this. So, if that plan did not come off — maybe Plan B or C or D was not going to ever be effective because they

just did not have access to it. So then, you actually end up seeing an opportunity in the market for other suppliers that might not have even, you know new entrants that using their 3D printers ,and developing safety masks ,and gin companies developing hand sanitizer, and you know, thinking outside the box and really just seeing that opportunity to fill those gaps.

Lisa:

And that is what I find the wonderful thing of any disaster. There is always an opportunity linked to it. And that is why it is so important for organisations to understand. "Okay. This looks really really bad. What are we good at and how can we" like the old example — for example of Holden? I used to be a saddlery company — like making saddles for horses and stuff — and then very successful. But then, the car was introduced so nobody needs saddle. And so, they could have gone "Well, you know, that is the end of us. Let's pack up go home". But then, they started thinking, "Okay. So, what are we really really good at? Okay. Good at working with leather". Okay. Well, we started making the seats for the car, and that is how they become Holden, right? So — and that was until recently — very successful in Australia. So that is the thing of thinking, "Okay. This looks really bad, but I can really turn this to my advantage by just feeling really smart about what the opportunities are". What are you good at? And how does that work in this particular situation?

Ainslie:

It is when that saying, "Never waste a crisis comes into play" doesn't it.

Lisa:

Yes. But that is really good.

Ainslie:

So, in terms of panic response — so with your collaboration in the Aged care sector, how far and wide are they really considering? Are they thinking — you know what happens if it was an earthquake situation on top of a pandemic and — you then, look at well, okay, what sort of government response do we have? What sort of UN type of response do we have? If our government's wiped out or if our emergency services or — you know, Defence Forces are wiped out, what other access do we have to maybe — foreign partners and things like that? How wide do you spread the net?

Lisa:

Well, luckily in Australia, they have got excellent escalation criteria and procedures. So, if the local council runs out of resources, then it goes to the state. If the state — and it goes federal. If federal's running out of resources, then it comes internationally and they have got that mapped out really well in Australia. So, we are fortunate for that. If you have operations in other countries might not be that way, and then you really have to think about — okay, if we have a large-scale disaster in this particular country, what does that mean? Who would be able to respond? How do we liaise with them? So, have those relationships pre-prepared? That is all I am trying to say. So that you understand if there is a crisis of a certain scale of complexity or type then I would need these sort of partners to liaise with. But if it gets to this level, I would not use these sort of partners to liaise with. So, if you go to Australian levels, you would — make sure that you have those Australian escalation levels and organisations which are very clearly explained in all the disaster management plans that is excellent — very well communicated. But in other countries you would have to really work out a local context.

Ainslie:

And how does that work? So like — I guess a partner to a foreign country — they have got a disaster and you have deployed your assets there. How does that work? Then, when you might need to call them home? It is sort of a conflict of interest because you want to keep them at home, but you — you know — how are the capacity levels really measured in that situation as well?

Lisa:

When you mean when you have expats — that people that are working there from the nationality of the country or people who...

Ainslie:

No. So say, if there was a disaster in East Timor and Australian troops are deployed there to fix that. But then, suddenly we have our own disasters at home. What happens there. Do we call them back? Do we pull our help? You might not even know the answer, probably a technical government response.

Lisa:

Yes. I know. They all come inside the incident management and you can — that is the same as you would do for an organisation. Okay. I have got these different problems going on. I have got a limited amount of resources. I think of what the consequences would be for each decision. So, if I leave them there, these will be the consequences for my country. But I would do this great thing over there. If I would bring them back, then I would assist here — but there would be the consequences and just work out those consequences and then, make the best decision. In a disaster, there is no optimal decision. You just make the best decision with the best information that you have at that point in time, and you have to be quick about it, because the longer you wait, the more or less options you have available to you. So, that is the difficulty the conundrum between time and options...

Ainslie:

It is the capability, the capacity, the resource...

Lisa:

That is a constant juggling act in incident management, absolutely.

Deb:

I think communication is key too. I think that Jacinda Adhern it has been doing an amazing job. Firstly, when they had the terrorist attack, and with COVID-19 — she has been empathetic in communicating.

Lisa:

Yes. What is going on? Why are we doing this? What are the benefits? Strong leadership — unity in the country. I think Australia did an all right job as well. But there are certain other countries you can see if the leadership is not — it is constantly changing its mind or it is not clear or it is not everyone supporting what health officials are saying, then you can see that it all starts to fall apart very quickly. You need strong leadership. You need consultative leadership, so, you do need someone in a leadership position that again, consults all the different experts, considers all the different options

that you have to respond to and what the consequences are — if that — and then takes a decisive decision and runs with that and really explains to the community, to all stakeholders what that means, and that we are going to stick with this and it will be great at the end. Because these and these are the consequences. Very good understanding of why decisions are being made. And I think America...

Ainslie:

Yes, leading change pieces in it — you know, a hundred percent input and a hundred percent agreement.

Lisa:

Yes, she does an excellent job of that, absolutely.

Ainslie:

I think too — she made the decisions quite quickly early on. You know, she could kind of envisage that it was going to play out the way it did and took the hard line straight away instead of a sort of I guess — just waiting and sort of anticipating what might happen and allowing it to become a bigger problem.

Lisa:

She has great insight of consequences early on because I think a lot of people, especially in COVID-19, would just — could not believe that this could be the case. So, waited way too long. Because of you know, Australians are like, "It will be all right. It will be all right. That will never happen. Anyway, we are fine". But it was not, and that is where again those indicators that you can see that something going down a certain path — you act on those early — the earlier the better.

Ainslie:

And have you seen some really poor examples of resilience planning and risk management? Because it really comes back to the overall governance framework and that reporting line sort of — to the board where they are going to be making the decisions, but they are sort of making sure it does not miss a certain channel on the way up the line and the way back down the line that is where I think the big disconnect comes. But have you seen really great examples or really poor examples of...

Lisa:

In the response to this?

Ainslie:

Just in governance in general and — resilience planning in general.

Lisa:

I think the excellent examples are where the people managing the risk within the organisation are skilled, and experienced, and trained to understand risk. Because you cannot tell someone, "Identify a risk or manage a risk" that does not have the risk awareness. And it is something that really comes over time of the training or with experience. It is not something that is say natural. So that, they have that and then that capability to explain it to the board what the risks are? Why this is happening? Why

you need to take these measures and explain that? And then, it is very important that that trust comes back and the support comes back because people will only raise so many times that something needs to happen if they go back, "that will be right at a time never happen". Now, you are not getting any money for that or that — then people start to lose faith in the system I suppose, and that is where it starts to fall down. Because then the board does not hear about it anymore, because people think it was no point anyway, or for the leadership team, there's no point anyway. They do not really care anyway. And then, it just does not work. So, it is that — really knowledge and understanding and ability to explain it — up and then really the support and understanding down. And it does not mean you just have to throw money at everything you have to scrutinize it. Absolutely. You have to scrutinize every idea. But you do have to make sure that you support, and if you do not give funding for this treatment strategy then it really explains why. We have really considered it as excellent — that you brought this forward and we do understand that there is a risk there. We think it is on the risk appetite because we can put this in place and with these mentioned — just clear communication around that. I think, that is where it works really well. If you do not do that, it really starts to fall down.

Ainslie:

Yes, they might just want to accept the risk as low as practical at that time and maybe just — transfer it by obtaining insurance, which would not be cheaper in the long run and they can work on the risk treatment in the background.

Lisa:

And I also think another important point is if the leadership team keeps postponing the risk meetings, or putting it as a last agenda point, or not really saying that it is important that everyone has to update their risk register, but then do not update they are part of it. That is a really bad message. You always have to lead by example and really demonstrate — because I have been in those meetings, especially when your community organisation with a CEO's joking about you know, "So boring, or this so stupid". You know, like those sort of things. They have no idea the message that sends how strong that is. I have seen this organisation where the CEO or the executive is really committed and then everyone will work — that the achievements are so much greater than when you see a guy. Well, it is not really a point anyway. Just tick in box guys, just ticking a box, and then you are not going to get anywhere. It is honestly not going to get anyway.

Deb:

I think we have all worked in those organisations.

Lisa: It is all about believing — making everyone passionate about something and and then in committing to it and all sharing the benefits and I think that is very important — lead by example.

Ainslie:

Yes. I think one of the biggest challenges in risk management roles I have had is increasing that awareness and it is sort of — there is a lack of understanding in terms of definitions. So, there is a lot of people who just want to view it as residual risk, when really it is theoretical, right? It is — if you had all these things in place, that is where your residual risk would lead. But you really have to measure it on a current basis as well as a residual basis and kind of see that mapped on the same risk heat map to really get an appreciation of okay, "is this as low as we can possibly get that risk and are we happy to accept it at that level or can we get it lower?". If you are reporting on residual risk people become complacent, that risks has been managed inside or no. If you look at it from a current basis, you are

actually over here. But it is that lack of understanding between inherent — current residual — it is terminology in general really?

Lisa:

It sometimes — it's like this debate on it. I am sure you have been involved with him. Is it a three or a four and you sit there for an hour going on about is it three or four — actually really matter right now. But yes, that is when people start to really despise risk management. When you get down bogged down in those sort of discussions. So, make it as least technical as possible and just let it leave those top risks work on those who make it really enthusiastic — that you are treating those risk. That is much better than those technicalities around ratings.

Ainslie:

And I think twice it is getting people to understand what elements they play into the overall strategy and what parts are foundational and operational in terms of, you know — I tried to position it to execs in sort of a bit of a vision and an analogy in terms of — well, if the strategy is the journey and the road you take to get there and we have all agreed on the end destination, the obstacles along the way — the things that are managed by management and say, if you have a really large organisation, you might be leading the train, and the CEO's the driver, and each of the business units. There is an exec responsible for each of the carriages. And some of those carriages might fall off, whether it is HR or IT or whatever. And if you lost that part of the train, are you still going to get there and make sure you got the right fuel? Have you got the right equipment? Have you got — are you maintaining the wheels and things like that? Are you maintaining the tracks and — when you sort of position it like that they go, "Oh, yes. Okay. That is okay". And you know the risk management sort of framework is well — who is responsible to put the fuel in the vehicle and who is responsible for monitoring the track? and when everyone understands what part of the overall journey they are managing, I think it is a lot easier to help them report back on the bit that is in their remit, but also see it from the whole sort of journey perspective as well.

Lisa:

Yes, absolutely. And you are absolutely right what you mentioned with who is doing the maintenance because we all know a plan — you come in to this organisation and that one year where they did all the policies and procedures and plans and whatever. But then three years later, they are completely out of date. But it is still in the risk register. This risk is treated because I have these plans and policies and procedures in place. But your processes have changed, people have changed, resources have changed, we are using different technology now and have those procedures and plans do not reflect that yet. So, your risk is increased without being reflected in your risk register.

Ainslie:

And we have seen a lot of regulatory change across all different industries as well. So, that has a huge impact on them as well. And that is so — especially in the aged care sector. I find that their compliance department — so, the overheads in aged care are clearly very low already. I mean, the cost of labour and all the cost of comes with the nature of running an aged care facility are huge. But then the compliance — a list of regulations and everything. They kind of made it easier now with the latest aged care quality standard, but there are still so many things you have to consider and work out and all the standards and guidelines and then it says — you read that one — and it says reference to this particular checklist. And then you go to that checklist and then there is another reference to this legislation and it becomes this. How do you even work it out? And that is — I think the responsibility of the regulators as well to make sure that you are very clear on the expectations of an organisation because we do not have — the organisation does not necessarily have the resources to

go through all these documentations and laws and regulations to really work out what applies for their facility and then work out the right terminology like health and safety law — okay. So, I employed people but the contractor where they sit and have to try and work that out. It is just so complex.

Ainslie:

They do not necessarily have the systems either in place to be able to monitor those?

Lisa: No. And that is why I am saying like the finance industry — that is — we are also working in with the latest commission of inquiry that is the — Royal commission — it is that — all the changes that came out of that to try and stay on top of that. It is so difficult. That is a difficult one.

Ainslie:

And I think too. You find a lot of — boards become complacent. They become so focused on financial risk and profitability that they forget to think about the non-financial emerging risks as well. And it was highlighted in the Royal Commission and culture and climate change and — would not necessarily in the Royal Commission for that one, but climate change and modern slavery reporting and all those other things that they do not even consider as risks until they are knocking on their door going, "This is potentially reputational damage, penalty damage, regulator relationship damage, erosion of trust, increase of public scrutiny, all those things."

Lisa:

It is huge that the the secondary costs related incident. Like for example, if you look at Volkswagen. They are promoting themselves as this environmentally friendly and integral and their whole branding and — if they had very strong brand reputation. And then they get found out for something that is clearly all the way to the top because something does not accidentally come into a car. And that is clearly — okay - "We are not environmentally friendly, we are actually trying to trick you to make it look so environmentally friendly". They had completely undermined how we looked this brand. So, they have to fix the problem of those things being in the car — so, they have to fix their reputation. They have to go legal fees through the roof and it effects on every aspect of their operation and on a strategic level for something like that.

Deb:

And it is not easy to fix the reputation either, you need to rebuild the trust all over again.

Lisa:

Yes. And that is something that takes so long to rebuild — to build trust. And then something like that — but you just lie to people, blatantly lie, and to the regulators they are lying and that is difficult to recover from. But that — the secondary cost of such an incident is so significant.

Ainslie:

So, I guess for organisations that do not necessarily look at resilience and risk management and business continuity planning and want to obtain independent assessments or advice — what are the top three tips that you could give those types of organisations to at least increase their awareness initially?

Lisa:

Well, first I would like to say — the organisation — one of our customers that I've gone through the whole cycle with. They did — started with risk management. In the risk management, we identified — okay, there are certain aspects of health and safety you need to improve, certain aspect of quality management we need to improve. So, those risk treatment plans go into play — that we have to treat these risks. So, they started to treat those risk and then they actually wanted to expand their business in a certain direction. And because they had all these procedures already in place, they had a fantastic risk management procedures that was written, they had —governance arrangements around that, they had their procedures because of the quality management system they could put on all their safe.

Lisa:

This proposal went out in a day because they had everything done already. And they looked fantastic, because they passed audits, they had placed all these systems in place and I had all this acknowledgement already of the risk treatments that are put in place — that positioned them in a really good way to expand their business. So, if you think that that risk management is not going to bring you in a better position to expand your business then — I mean, it is the key to expanding your business and that organisation that I worked with in Afghanistan — when I came with them they had just won the first contract for one site. There was no policies or procedures in place. There was nothing in place yet with just starting operations. And I was responsible for quality health safety and environment and later also a risk and Emergency Management. But I put all those systems in place and that is how we won all the other contracts, and within four years, we were the largest supplier in Afghanistan as well. And we have operations in Somalia and Kosovo. We were doing disaster relief in Haiti because we had built this really strong governance system — really strong quality management system. We were actually speaking on international conferences on how good our system was and how clean the fuel was because we could prove it, and the management and the leadership really supported that — placed the resources into building that system and looking at all the data that was coming in.

Lisa:

So, we had KPIs, not just for the quality of the fuel we had KPI's for procurement, finance — just the overarching for the business. We had management reports — all came on a quality management and we implemented the improvements and cascaded it back down. So, we used that whole system to build the business from just one contract to contracts across multiple countries and multiple projects. And that is — this stuff has value. This stuff put you in an excellent position, and also we had an incident once, where there was an air crash and they thought it was the fuel. And they come into your facility and we had all the checks and balances done — all staff were trained, all equipment is calibrated, samples were retained, daily checks were done. Everything was in place. They could see records and reports dating back three months. So, we were clear straight away, and that is where the value comes in of those sort of things. It is always — sounds loud. It is just paper generating activity or it is just so — but it is not. It protects your business and it makes sure it sets you up for growth. Because you know all this information — and when you go for proposal — all this information needs to be there.

Ainslie:

And I think too like — the excitement for me comes from you know, that ISO is actually now looking at governance and hopefully that comes out soon, and whistleblower programs, etc. And how they tie back into quality management health and safety risk and kind of really aligning them all and making it all hum together. Because then, that feeds into our model where we really see that governance sits around all of your things, your strategy, your leadership, your culture, the behaviours, the sort of

operational risk management side, and really having an encompassing governance framework that sits around that. So, if we have an ISO to work to you in that space, it makes our job so much easier.

Lisa:

Yes, absolutely. Because then, it is very clear what the steps are, what needs to be done to help your compliant. And then you can also get that tick in the box. Because in most of the countries that are operated in, there is not that much regulatory monitoring going on. So, they want some — customers want some confidence that you are doing the right thing. So, then they will start asking for us for ISO certificates. It is — that at least they know someone went in here, someone checked something and found it, "Okay. It is better. At least you have some sort of assurance, right?". That the right thing is being done, better than somebody just saying, "Yes, we've got great systems in place since we all know you can say anything".

Deb:

It has been validated.

Lisa:

Yes, it has been validated. So, it is very important.

Ainslie:

Well, I think that probably wraps up where we are at today. Thank you so much for coming on the show Lisa and Sheree know you want to thank you valuable insights. It is always great to speak to someone who feels as passionate about risk and resilience and governance as much as what we do. So, thank you so much.

Lisa

Thank you very much for having me. I really enjoyed it.

Deb:

Thanks Lisa.

Outro:

That's all for today until next time, happy podcasting. And remember if you're enjoying the show, check out our other episodes and all things governance at www.3ysowls.com.au.