

## **The Snowball Effect: transforming the role of the modern risk manager<sup>1</sup>**

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Earlier this year, Risk Decisions launched *The Snowball Effect* whitepaper, an examination into the fragmented middle of today's organisations, from a risk perspective. Working with thought leaders and global risk experts, we explored how to engage and connect with risk in an increasingly complex, uncertain environment, coming out of Covid-19.

Positive risk thinking has gathered pace - risk is no longer a four-letter word, but there's still a way to go. As risk leaders, we see first-hand how decisions, taken in a vacuum - ignoring key information and disconnected from final outcomes - can wreak havoc. Whereas collective, speedy decision making, with risk and end outcomes in mind, can develop into large and impactful results for organisations.

*This is The Snowball Effect.* We found that, too often, managers sitting at the heart of organisations find themselves making decisions in isolation, disconnected from other decision-makers and with a limited vision of the bigger picture. At the same time, we know the neglected middle can hold the key to greater opportunities, a more solutions-driven way of thinking and more significant success for the long-term.

*The Snowball Effect's* central premise is that the opportunity starts from individual ideas, gathering knowledge, connecting people and collaborating to solve problems and deliver innovative solutions. It's seeing risk in terms of opportunity, agility and shaping the future, rather than purely risk registers and processes. Why does this shift in risk need to come from a well-supported middle and, what does this Snowball Effect approach mean for the future of risk?

In this article, we look at the evolving role of the modern risk manager, and the cultural shift needed to embed The Snowball Effect into your organisation.

### **Why today's CRO is on speed dial**

Risk is having a moment. Covid- 19 showed how connected risk demands fast, joined-up decision making. That we need whole paradigm shifts if organisations are going to thrive in a landscape where uncertainty is the new normal.

Our first Risk Intelligence (RQ1) white paper identified the risk intelligent leader, and in fact, it's these same leaders - innovative, collaborative and visionary – who have their Chief Risk Officer

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(CRO) on speed dial. So, what are the factors – cultures and qualities - shaping today's exceptional manager?

**Decision-making and accountability** - First, let's contextualise. Middle managers find themselves in a challenging position, reconciling business expectations with frontline reality. By definition you need to be able to think about multi-dimensional problems. Today's risk manager has to be 100% clear on decision-making accountabilities and responsibilities – this isn't moving decision-making to the next level, who then dodge the decision and escalate to the next level.

For The Snowball Effect to work, senior and middle managers must be joined up, thinking in terms of leadership and governance as they support – and drive – key decision-making.

And, because the expanding influence of risk requires a new culture of growth, senior leaders must create a new space for middle managers to grow into, recognising and rewarding the value of risk across the business.

**Empowering the middle** - Our experts found too that increased risk intelligence corresponds with a movement towards empowerment. Again this means a shared understanding of your risk framework, risk appetite and risk response – a macro view of risk as it flows downstream.

Leadership is key here – allowing for autonomy, ensuring risk is part of strategic planning and creating an environment where risk managers are empowered and able to thrive. Leaders need to share their vision while recognising the contribution that middle management makes.

Investment is important too. Successful middle managers need to be valued and developed. Coaching and mentoring is a big piece of future-proofing your organisation as you build your talent pipeline.

### **Creating a culture of diversity**

Culture change is emerging in new and exciting ways within the risk community. There's a rallying call for diversity from across organisations and a progressive, more open way of welcoming new views, voices and perspectives into the risk conversation.

Again, this ties back to that very human approach: people development, relationship management and a genuine mindset towards change. As the future of work evolves before us, recent times have shown how essential having diversity of thought is – mixing demographics, disciplines and job titles to inspire new questions and discussions.

Don't get caught in your organisation's old ways of doing things – it's the innovative organisations that are willing to invite new ways of thinking. To fuel conversations around what *could* be possible rather than what is. Swap outmoded reporting indicators for new ideas. Embrace ideas generated from different experience and background. Reverse mentoring is an excellent way to do this.

These are the specific trends shaping the new environment for risk managers. To the core point of The Snowball Effect, successful risk managers need an open, collaborative, forward-thinking

culture to truly thrive. Again in the whitepaper, we drew on the experiences and insights of risk leaders to identify six core pillars shaping this exciting new narrative. Taking each of these, your organisation can develop an innovative, future-focused risk strategy.

**1. Risk is a behaviour, not a process** – We've already shown that modern risk is no longer limited to a set of processes or registers. Today's it's a culture driven by a way of thinking, a set of behaviours that have shifted and grown into a solutions-led space.

Through our work with risk leaders and changers, we know that for risk intelligence to thrive at the centre of an organisation, transparent and open cultures are essential. Underpin this with realistic performance reporting, where people feel safe – are encouraged - to challenge KPIs and data. Ensuring programs and projects are set up with scopes that are manageable and have, clear gated decision-making will also drive accountability and visibility.

We know that historical behaviours – especially in the world of risk - can often hold organisations back. In risk, the typical focus is on lessons learnt. Throughout The Snowball Effect, our experts called for a broader, more future-focused approach. Again, what we've learnt recently – and continue to learn – is that the past can't always be a predictor for the future. If we encourage middle management to look at new ideas instead - new technology, people, and ever-changing markets – we prevent that fear of the unknown leading to missed opportunities.

**Collaboration creates a new language for risk** - Positive communication is another facet that today's risk managers must embrace. Great, outcomes focused communication plays an essential part in cultivating a culture of collaboration.

The best risk managers set themselves apart with powerful communications skills. Repeatedly, our customer community sees the most success when managers share their vision for a project *and* how to achieve it strategically. And, progressive managers are stepping out of working in silos, building networks and getting curious about better ways of doing things. Which is where collaboration comes in.

The Snowball Effect found that successful risk managers collaborate to uncover both risks and opportunities. Equally, they celebrate success to help their organisation understand the importance and value of risk. Collaboration goes so much further than the technology you're using, too. It's investing in relationships to create a cornerstone of trust. It's the being human, again.

**Risk maturity matters** - Across the board, our findings recognised the value of risk maturity as a key driver of success. This is particularly apparent in organisations with a deep desire to drive change and create impact.

In addition, risk maturity also supports a greater degree of self-governance. By engraining risk in your culture, it becomes less about managing negative threats and more about identifying and seeking out positive opportunities to sidestep those threats. This is the direction of travel for innovative, resilient organisations.

**Embed risk authentically** - Embedding risk authentically and robustly into organisations is how *The Snowball Effect* gains real traction. For many organisations, this requires moving beyond the mind-set of having someone else ‘do’ risk for you. Ultimately, you and I, our teams, are risk managers; we all manage risk – or multiple risks - every day. It goes without saying that risk intelligent leaders are there to help put rigour and expertise into what we do and how we do it. Effective organisations build risk thinking into their DNA.

**Start with education** - Education is a key starting point to support the opportunity and potential of *The Snowball Effect*. By cultivating understanding, leaders and teams can make a meaningful connection with risk data, reports and truly apply it to where this sits in the business. By encouraging curiosity and understanding, individuals know their own role in taking an effective, holistic risk approach.

A better understanding of risk also gives individuals a greater capacity to accept uncertainty as well as ownership. When every risk has an end owner, it can be shared, mitigated, and ultimately, resolved. This self-governance becomes a powerful enabler.

#### **Normalise a culture of risk decisions**

If we saw a single, leading trend last year, it’s that organisations applying a risk mind-set at all levels, are the ones that successfully side-step avoidable crises. This isn’t about being risk averse. Rather, it’s understanding the impact and consequence of both taking action, as well as not taking action. Essentially, both are a decision that can have positive or negative outcomes. What we know is the snowball effect of *not* making a decision, can also be a threat. How can you broaden the conversation and move the discussion from risk management to enabling leaders at all levels to make better decisions? We know that success happens when we reframe the understanding of positive risk in terms of success outcomes

For me, it’s this final point that emerges as particularly compelling. We need to encourage people to talk constructively about risk – it’s time! Make it fun and exciting to discuss the future and re-imagine the opportunities of collaboration, innovation and connected thinking.

Risk intelligence is embedded in outcome-focused decision-making. It provides that cohesion in a fully functional, high performance risk intelligent world. And when it’s embedded across the whole organisation – in a momentum gathering *Snowball Effect* – it reveals the art of the possible. This is the point that risk steps into its potential as a full and creative force – for a new, connected future.

## About the Author



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**Val Jonas** is a highly skilled risk management expert, with extensive experience of training, facilitating and implementing project, programme, product and business risk management systems for government and industry in the UK, EMEA, North America and APAC regions.

With more than 30 years' experience working with large organisations, Val has a wealth of practical experience and vision for how they can improve business performance through risk management framework and good practice. Val played a major part in the design and development of the Risk Decisions' Predict! Enterprise Risk Management software. She pioneered Risk Management Masterclass sessions for senior managers and Connecting Risk workshops for middle managers.

In order to spread good/best practice risk management, Val authors white papers, speaks at international conferences, sits on international working groups and is an advocate of collaborative working. She is the author of the Risk Intelligence (RQ) series of white papers. Learn more at <https://www.riskdecisions.com/>