

Non-Financial Risk Management Working Group Programme



ARMSTRONG WOLFE™

We are committed to supporting the global COO community and to helping them address market wide, non-proprietary challenges.

In line with the identified demands on the COO, in June 2022 we established a programme of working groups to engage our community in debate throughout the year.

Objective:

As directed by the Q4 2021 / Q1 2022 COO priority of work surveys, iCOOC working groups will be established in Q2 2022 for Financial Markets, Investment Banking and Asset Management. The objective of forming these working groups is to facilitate effective collaboration within iCOOC (International COO Community).

Purpose:

The purpose of forming these working groups is to promote the sharing of information and opinions between selected iCOOC executives to achieve a desired outcome.

Output:

Each working group will have a year end output which will be an aide mémoire, industry paper or a product. The content will have been provided and shaped by the collective thought of the COO community. This initiative will be led by the CEO of Armstrong Wolfe (moderator), and the joint Armstrong Wolfe Advisory managing partners (content and programme leadership). The Armstrong Wolfe leadership team will be supported by appointed industry advisors and 3rd party companies with known capabilities and/or insights that will add value to each working group.

Non-Financial Risk Management Working Group

- » Q2: Non-Financial Risk Management (Framework, Management and Governance)
- » Q3: Target Operating Model
- » Q4: NFR Data Solutions and Technology Horizon Scanning

“The subject of Non-Financial Risk (NFR) is high on the COO agenda, as the industry exits one crisis (the pandemic) and enters another (the Russia-Ukraine conflict). Whilst very different in nature and impact, both fall within NFR, where an organisational and industry commitment to horizon scanning would have had the industry better prepared for both.”

(An investigation into Non-Financial Risk Management, Armstrong Wolfe POV)



Maurice Evlyn-Buften

CEO, Armstrong Wolfe

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The objective of the **Non-Financial Risk Management Working Group** is to drive effective collaboration across members of the International COO Community (iCOOC) to establish the commercial case for Non-Financial Risk Management (commercial differentiation and franchise protection). At year end (2022), the group will produce an industry paper outlining the collective thoughts and experiences on establishing the commercial case for Non-Financial Risk Management.

2022 Schedule	Q2	Q3	Q4	Requested attendee
Non-Financial Risk Management Working Group	22nd June (EMEA) F2F Dinner 18:30 –21:00 BST	27th September (EMEA, NA & APAC) 9:00- 10:30 BST / 16:00 – 17:30 HKT and 14:00 -15:30 BST / 9:00 -10:30 EDT	21st November (EMEA, NA & APAC) 9:00- 10:30 BST / 16:00 – 17:30 HKT and 14:00 -15:30 BST / 9:00 -10:30 EDT 13th October (APAC) 16:30 – 17:30 HKT	Global Head of Business Controls or NFR



The objective of the **ESG Data and Education Management Working Group** is to drive effective collaboration across members of the International COO Community (iCOOC) to understand what data the industry needs, and the benchmarks and frameworks needed to analyse and standardise it. In parallel, this group will improve iCOOC members' ability to implement educational initiatives to embed ESG factors into everyday decision-making within the business.

At year end (2022), the group will produce an industry paper outlining the collective thoughts on ESG data standardisation and education management. Concurrently, pressure is mounting to integrate ESG considerations into investment approaches. As the pressure mounts, the challenges mount which include understanding new regulations, inconsistent ESG data and an absence of standard ESG terms, metrics, and reporting frameworks.

2022 Schedule	Q2	Q3	Q4	Requested attendee
ESG Data and Education Management Working Group	13th May (EMEA & NA) 14:00 -15:30 BST / 9:00 -10:30 EDT	24th August (EMEA, NA & APAC) 9:00- 10:30 BST / 16:00 – 17:30 HKT and 14:00 -15:30 BST / 9:00 -10:30 EDT	6th October (EMEA, NA & APAC) 9:00- 10:30 BST / 16:00 – 17:30 HKT and 14:00 -15:30 BST / 9:00 -10:30 EDT	Head of ESG Data Management / Architectural Design



The objective of the **Innovation Working Group** is to drive effective collaboration across the members of the International COO Community (iCOOC) to improve their ability to influence and manage the innovation agenda. At year end (2022), the group will produce an industry paper outlining their collective thoughts and experiences on managing transformation and innovation from within.

The Markets sector continues to face significant changes. The additions of new technologies that focus on innovation increase the need to be digitally automated in the evolving landscape.

2022 Schedule	Q2	Q3	Q4	Requested attendee
Innovation Working Group	28th June (EMEA & NA) 14:00 -15:30 BST / 9:00 -10:30 EDT	28th July (EMEA, NA & APAC) 9:00- 10:30 BST / 16:00 – 17:30 HKT and 14:00 -15:30 BST / 9:00 -10:30 EDT	5th October (EMEA, NA & APAC) 9:00- 10:30 BST / 16:00 – 17:30 HKT and 14:00 -15:30 BST / 9:00 -10:30 EDT	Global Head of Strategic Change, Transformation and/ or Architecture



The objective of the **Workforce Management Working Group** is to drive effective collaboration across members of the International COO Community (iCOOC) to establish and share best practices for managing a hybrid workforce. At year end (2022), the group will produce a COO aide-mémoire outlining the proven practices on successfully managing a hybrid workforce.

2022 Schedule	Q2	Q3	Q4	Requested attendee
Workforce Management Working Group	23rd June (EMEA & NA) 14:00 -15:30 BST / 9:00 -10:30 EDT	25th July (EMEA, NA & APAC) 14:00 -15:30 BST / 9:00 -10:30 EDT and 20th July (APAC) 16:30 - 17:30 HKT	4th October (EMEA & NA) 14:00 -15:30 BST / 9:00 -10:30 EDT and 13th October (APAC) 16:30 – 17:30 HKT	Global or Regional COO



The objective of the **1st Line Business Management Working Group** is to drive effective collaboration across the members of the International COO Community (iCOOC) to establish a fresh perspective as to what opportunities exist for enhancing control efficiency and cost savings. At year end (2022), the group will produce an industry paper defining the go to destination and future target operating model for 3LoD.

2022 Schedule	Q2	Q3	Q4	Requested attendee
1st Line Business Management Working Group	29th June (EMEA & NA) 14:00 -15:30 BST / 9:00 -10:30 EDT	2nd September (EMEA, NA & APAC) 9:00- 10:30 BST / 16:00 – 17:30 HKT and 9th September (APAC) 14:00 -15:30 BST / 9:00 -10:30 EDT 16:30 – 17:30 HKT	4th November (EMEA, NA & APAC) 9:00- 10:30 GMT / 16:00 – 17:30 HKT and 14:00 -15:30 GMT / 9:00 -10:30 EDT	Global/Regional Heads of 1st Line Control/Conduct or 2nd Line Compliance



The objective of the **Operations Working Group** is to drive effective collaboration across members of the International COO Community (iCOOC) to outline the future target operating model for operations, and to share best practices on outsourcing, including selection, management, and exit. At year end (2022), the group will produce an industry paper outlining the collective thoughts on the future target operating model for operations, and a COO aide-mémoire outlining the collective experiences on outsourcing.

Existing operating models within the Markets industry are undergoing vast transformation, driven by a pressure to reduce costs in an environment where operating and compliance costs are ever-increasing. New technologies and strategic partnerships make it possible for COO's to retain a competitive advantage under increasing financial pressure. As such, digital transformation and outsourcing must be integrated into the design and implementation of the target operating model.

2022 Schedule	Q2	Q3	Q4	Requested attendee
Operations Working Group	27th June (EMEA & NA) 14:00 -15:30 BST / 9:00 -10:30 EDT	8th September (EMEA, NA & APAC) 9:00- 10:30 BST / 16:00 – 17:30 HKT and 14:00 -15:30 BST / 9:00 -10:30 EDT	10th November (EMEA, NA & APAC) 9:00- 10:30 GMT / 16:00 – 17:30 HKT and 14:00 -15:30 GMT / 9:00 -10:30 EDT	Global Head of Operations



The objective of the **Non-Financial Risk Management Working Group** is to drive effective collaboration across members of the International Asset Management COO Community to establish the commercial case for non-financial risk management (commercial differentiation and franchise protection). At year end (2022), the group will produce an industry paper outlining the collective thoughts and experiences on defining and managing non-financial risk management.

2022 Schedule – Non-Financial Risk Management Working Group			
9th June 14:00 – 15:30 BST / 9:00 – 10:30 EDT Non-Financial Risk Management (Framework, Management and Governance)	25th July 14:00 – 15:30 BST / 9:00 – 10:30 EDT Target Operating Model	20th September 14:00 – 15:30 BST / 9:00 – 10:30 EDT NFR Data Solutions and Technology Horizon Scanning	Requested Attendee: Global Head of Business Controls or NFR



The objective of the **Innovation Working Group** is to drive effective collaboration across the members of the International Asset Management COO Community to improve their ability to influence and manage the innovation agenda. At year end (2022), the group will produce an industry paper outlining their collective thoughts and experiences on how best to support, quantify and deliver innovation.

2022 Schedule – Innovation Working Group			
5th May 14:00 – 15:30 BST / 9:00 – 10:30 EDT Define Innovation, Transformation, and Change	27th July 14:00 – 15:30 BST / 9:00 – 10:30 EDT Approaches to Drive Innovation	18th November 14:00 – 15:30 GMT / 9:00 – 10:30 EST Common Use Cases Across the Group/ Distillation and Codification of Innovation	Requested Attendee: Global Head of Strategic Change, Transformation and/or Architecture



The objective of the **ESG Data and Education Management Working Group** is to drive effective collaboration across members of the International COO Community (iCOOC) to understand what data the industry needs, the benchmarks and frameworks needed to analyse and standardise it. In parallel, this group will improve iCOOC members' ability to implement educational initiatives to embed ESG factors into everyday decision-making within the business. At year end, the group will produce an industry paper outlining the collective thoughts on a common approach for ESG data standardisation.

2022 Schedule – ESG Data and Education Management Working Group			
16th June 12:00 – 13:30 BST / 07:00 – 08:30 EDT / 21:00 – 22:30 AEST Strategic Consensus (internal processes, procedures, and controls)	23rd August 12:00 – 13:30 BST / 07:00 – 08:30 EDT / 21:00 – 22:30 AEST Vendor vs In-House vs Industry Utility	14th November 19:00 – 20:30 GMT / 14:00 – 15:30 EST / 06:00 – 07:30 AEDT Monitoring and Assurance	Requested Attendee: Head of ESG Data Management / Architectural Design



The objective of the **Workforce Management Working Group** is to drive effective collaboration across members of the International Asset Management COO Community to establish and share best practices for managing a hybrid workforce. At year end (2022), the group will produce a COO aide-mémoire outlining the proven practices on successfully managing a hybrid workforce.

2022 Schedule – Workforce Management Working Group			
21st July 12:00 – 13:30 BST / 07:00 – 08:30 EDT / 19:00 – 20:30 HKT Culture, Leadership, and Operationalising Purpose	1st September 12:00 – 13:30 BST / 07:00 – 08:30 EDT / 19:00 – 20:30 HKT Training and Developing Business Managers	16th November 11:00 – 12:30 GMT / 06:00 – 07:30 EST / 19:00 – 20:30 HKT Organisational Design and Governance of the COO Function	Requested Attendee: Global and/or Regional COO



The objective of the **Operations Working Group** is to drive effective collaboration across members of the International Asset Management COO Community to outline the future target operating model for operations, and to share best practices on outsourcing, including selection, management, and exit. At year end (2022), the group will produce an industry paper outlining the collective thoughts on the future target operating model for operations, and a COO aide-mémoire outlining the collective experiences on outsourcing.

2022 Schedule – Operations Working Group			
17th June 12:00 – 13:30 BST / 07:00 – 08:30 EDT / 21:00 – 22:30 AEST Case study / TOM analysis	31st August 12:00 – 13:30 BST / 07:00 – 08:30 EDT / 21:00 – 22:30 AEST Outsourcing	7th November 19:00 – 20:30 GMT / 14:00 – 15:30 EST / 06:00 – 07:30 AEDT Technology Horizon Scanning	Requested Attendee: Global Head of Operations

Register: icooc@armstrongwolfe.com





Morgan Stanley



J.P.Morgan



STIFEL



An Investigation into Non-Financial Risk Management

Collective Thought: Buy and Sell Side, COO Roundtables and Debates, **New York, March 16 and 17, 2022.**



Attendees

36 COOs and executives from the office of the COO from 29 banks and asset managers. The first face-to-face New York round tables for the International COO Community (iCOOC) since February 2020.

Executive Summary

The subject of Non-Financial Risk (NFR) is high on the COO agenda, as the industry exits one crisis (the pandemic) and enters another (the Russia-Ukraine conflict). Whilst very different in nature and impact, both fall within NFR, where an organisational and industry commitment to horizon scanning would have had the industry better prepared for both.

The conclusion of both evenings was that whilst bankers and asset managers had largely shown themselves in a positive light in their response to the unique challenges presented by the pandemic and were prepared through previous experience for the sanctions imposed on Russia, not enough time is spent on emerging risk identification. It was broadly acknowledged that time dedicated to this task is notional, 2 to 3%, or as one COO noted 'passing thoughts in the shower'.

Aligned to this acknowledgement, preparedness in crisis management, and in developing a mindset that is trained for crisis as opposed to managing business as usual, was seen as an area of investment that would be a valued contribution to an organisation's operational resilience.

Present at the debates was Control Risks, a global crisis management consultancy that has worked closely with Armstrong Wolfe since the outbreak of the pandemic. Ammi Small, Principal - Crisis and Security Consulting at Control Risks, outlined in response that such training would deliver a crisis management leadership framework, supported by procedures and protocols, enabling an organisation to more effectively manage and limit the impact of a crisis from its outset. "Knowing your position, your principle responsibilities, who deals with what and who to call, would enable a smooth transition into crisis management mode," commented a COO Americas for Banking and Markets. "Something we have not done to date, relying more on instinct and the managerial chain of command to expedite a response, which has its place but also its limitations."

It is a fair point to make that how best to manage NFR in an increasingly integrated and complex world is a point of debate as opposed to contention. As NFR challenges are largely non-proprietary in nature, and with the design and execution of NFR to support and direct risk decisions an emerging point of industry-wide deliberation, it offers an opportunity for cross-industry collaboration. The discussion is presently centred on defining the NFR taxonomy and the organisational realignment in moving NFR from a decentralised, judgement-based assessment to a centralised data, judgement and holistic based evaluation.

NFR Debate Takeaways:

- Inconsistent understanding of NFR
- Ineffective handling of overlapping risks
- Ineffective resource allocation and use of business time
- Multiple overlapping communications
- Limited and arguably ineffectual horizon scanning

These conclusions were considered worthy of deep-dive consideration, with NFR being added to the iCOOC 2022 working groups:

iCOOC Non-Financial Risk Working Group 2022 - 2023

Attendee:

- Global Head of Business Controls and/or Non-Financial Risk

Areas of Investigation:

- Non-Financial Risk Management
 - Framework and Taxonomy
 - Management and Governance
 - Technology Solutions and Data
 - Management
- TTX (Tabletop Exercises) - Managed Simulations / Scenarios

Objective:

- The Commercial Case for Investment in NFR (Commercial Differentiation and Franchise Protection)

Objectives and Milestones:



Defining Non-Financial Risk

During the last ten years, NFR has increased in significance and complexity, and consequently the need to understand and manage its potential consequences. Specifically, NFR is all the risks which are not covered by traditional financial risk management. This negative definition resembles the initial definition of operational risk, where it depends on the company whether they use the term operational risk

synchronously with enterprise risk and NFR. Conversely, NFR is a broad term that is usually defined by exclusion, that is, any risks other than the traditional financial risks of market, credit, and liquidity.



Organisational Impact

If we accept the latter, then operational and enterprise risk are component parts of NFR. Some companies have accepted this deduction, with both risk functions being consumed and rolled into NFR, positioned in 1st line and reporting to the COO or directly to the CEO but not the CRO.

In such cases this has seen the broadening and deepening of the 1st line business control officer's mandate. Many in this position noted, whilst not arguing against this functional evolution, that their activities are already fully utilised in dealing with the today, not having the time or resources to dedicate to a more expansive mandate, let alone adding resource to commit to horizon scanning.

Therefore, in most cases the established operating model remains a de-centralised approach to NFR management, with judgement being its primary assessment tool. In such cases NFR is partnered with operational risk management, supported by enterprise risk and emerging risk assessment undertaken by compliance. Any change will require a mind-shift in the c-suite and a risk awareness cultural shift throughout the organisation.

This opinion holds true for NFR and the multiple disciplines that fall under its umbrella, which include operational, compliance, ethics and conduct, information technology and cyber, business continuity, fraud, money laundering, third party, and legal risks.

These disciplines organisationally often, and still do, operate in silos. However, with increased complexity and volumes of NFR events, the silo approach has resulted in both ineffectiveness and inefficiency. Therefore, it is clear there are opportunities to improve the management of NFR and associated costs by rethinking the approach to NFR within banking and asset management.

Most organisations have numerous specialist teams dedicated to the management of various NFRs, often with overlapping responsibilities and different lines of ownership and management, where these silos observations often run untested and in isolation through to the CEO's office. This approach of organising the various teams to manage NFR in isolation exposes institutions to both ineffectiveness and inefficiency in NFR management and ensures the impact and value that could be made on decision making is inadequate.

"If a holistic and centralised approach to integrating judgement and data was established, allowing translation of this information, this single source would have authority, it would become the de facto voice of truth." - **Head of Strategic Risk Organisational Design, Global Asset Manager**

To test our hypothesis, we asked an established global head of NFR a few relatable questions:

- **Q** - How do you define the difference between enterprise risk management and NFR?
A - Financial risk is market, credit, and liquidity. All other risks are NFR.
- **Q** - Is enterprise risk management positioned as 2nd line and checking NFR 1st line? cf. 1st line business controls and compliance.
A - We don't have enterprise risk management. 2nd line is organised by risk type (e.g., resilience, compliance, etc).
- **Q** - Is operational risk consumed by NFR and its previous activities integrated into the NFR taxonomy?
A - Yes, operational risk is part of resilience risk, which is part of NFR.
- **Q** - Do you consider NFR a function that is tasked to both detect and predict? This by taking an internal/backward view with controls and surveillance and an outward/forward view with geo-political risk translation, regulation, behavioural analytics for example?
A - NFR is about risk management. One important tool to manage NFR is controls. However, there should be other options, including doing things differently or limiting activity.
- **Q** - Do you envisage NFR end state/TOM to be a centralised repository of NFR data (under a NFR head reporting to the [1st line] COO or CEO), where this data can be more effectively translated, alongside and married to judgment-based assessments?
A - Data can and will help but we will remain reliant on the judgement of people who understand the business.
- **Q** - Is the feasibility of a NFR market-wide information utility a viable/desired end game?
A - There may be a role for this (e.g., loss data, risk, and control taxonomies).

The NFR Taxonomy

NFR management is an essential element of the strategic management of any organisation and should be embedded in the ongoing activities of the business. Central to this is the assessment of significant NFRs and the implementation of suitable risk responses. Risk responses include:

- Acceptance or tolerance of a risk
- Avoidance or termination of a risk
- Risk transfer or sharing via insurance, a joint venture or other arrangement
- Reduction or mitigation of risk via internal control procedures or other risk prevention activities

Allowing for its importance it is surprising that no industry benchmark exists for NFR and there is no recognised NFR taxonomy for companies to reference. As noted, NFR remains a broad term that is defined through exclusion, that is, any risks other than the traditional financial risks of market, credit, and liquidity. Furthermore, enterprise risk management is defined as the process of identifying and addressing methodically the potential events that represent risks to the achievement of strategic objectives, or to opportunities to gain competitive advantage, but is limited in scope and does not capture the NFR universe.

Other important enterprise risk concepts include the risk philosophy or risk strategy, risk culture and risk appetite. These are expressions of the attitude to risk in the organisation, and of the amount of risk that the organisation is willing to take. These are important elements of NFR governance responsibility, with risk being made up of three main parts:

- **1** - Impacts and consequences: This is the "effect" on objectives
- **2** - Causes: These are the root causes of the risk, often identified through asking the question, why? Continuing until the answer is "it just is" or the answer is "outside of your influence".
- **3** - Events: These are things that occur between the causes and the impacts.

NFR causes at the highest level typically come back to four main causes:

- **1** - People
- **2** - Inadequate process
- **3** - Systems
- **4** - External events

The NFR management process consists of three parts:

- **1** - Risk assessment and analysis
- **2** - Risk evaluation
- **3** - Risk treatment

These principles are well set and understood, but to be applied with greatest effect require the NFR taxonomy to be determined. There are several guiding principles that financial institutions should be aware of when defining a common taxonomy, which include:

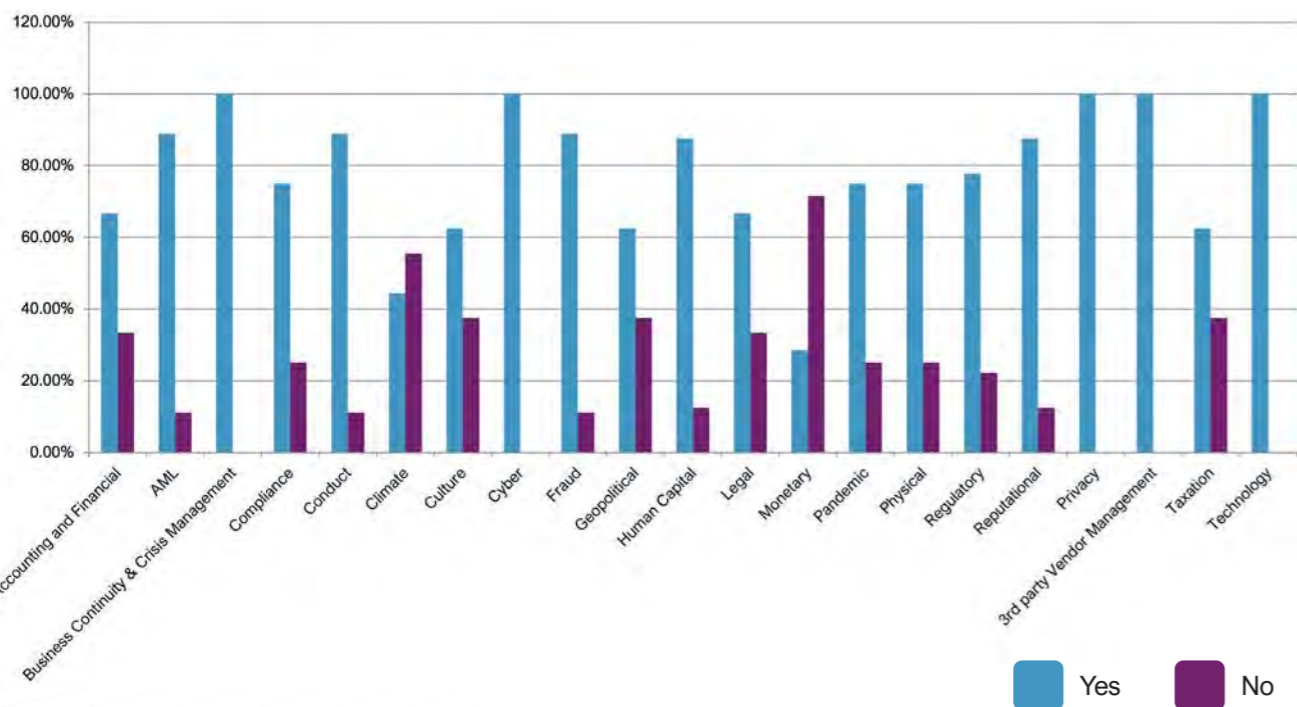
- Risk types are mutually exclusive and collectively exhaustive
- Risk definitions are comprehensive in scope
- Risk taxonomy is simple and intuitive for end-users
- Risk taxonomy considers risks that the institution may be subject to, today and tomorrow
- Risk categories can be tied back to specific laws, rules, and regulations

This is more challenging within NFR, one COO stating “It is the possibility of the unknown that makes defining a NFR taxonomy challenging. We arguably understand the majority of NFR categories, although we cannot predict how they will manifest themselves. Horizon scanning will help us take anticipatory actions. Playbooks can be useful, although my experience is most are cast aside when an event happens. Simulations and scenario testing (tabletop exercises) are of equal value, as they develop a crisis management mindset as well as prepare for a defined event.”

Developing a NFR crisis management framework, aligned to horizon scanning and applied to a NFR taxonomy, with the data and judgement gathered and translated centrally appears a lofty aspiration. Another added “But one worthy of pursuing and perhaps better served working together than in isolation.”

At both evenings, the below 21 NFR classifications were tabled for debate. The expansive and unlimited nature in which each category could be dissected and scrutinised showed clearly the need to focus on interpretation and preparedness to meet the myriad of established and unforeseen NFR.

Are the Following Presently Categorized as an NFR at Your Organization?



COO Feedback

“I wanted to extend sincere thanks for including me in the event this week. It was great to connect with peers and the discussion was fantastic. I truly appreciated the opportunity to participate.”
 - Global Head of Controls, Canadian IB

“Thanks very much for dinner and drinks on Wednesday evening. It was great to finally see you face-to-face! Great evening and very engaged roundtable – miss those interactions and look forward to many more. I am good on participation in the strategic risk working group and the proposed simulation exercise.”
 - Head of Enterprise Risk, US Asset Manager

“Great to see you on Thursday. Thank you for dinner and the chance to network. Happy to engage on a Taiwan tabletop exercise.”
 - Global COO, Global Asset Management company

“Just wanted to send a note of thanks for the dinner last week. As I mentioned during the takeaways conversation – it was very refreshing to be able to hear from other COOs and realize that we’re all dealing with the same universal problems and discussing innovative ways to address them.”
 - Global COO Markets, Canadian IB

“Thank you again for a great evening and fantastic discussion! I am very interested in a follow-on chat with a few folks from this evening - would you mind sending me the names/emails to reconnect – very useful.”
 - Americas GBM COO, French IB

From Comedian to President to Statesman to Wartime Leader to the Defender of Western Democracy

Volodymyr Zelensky was born January 25, 1978 in Kryvyi Rih, Ukraine, USSR (now in Ukraine). A career comedian who was elected president of Ukraine in 2019. Although he was a political novice, Zelensky's anti-corruption platform won him widespread support, and his significant online following translated into a solid electoral base. He won a landslide victory over incumbent Petro Poroshenko in the second round of the 2019 presidential election.

Pre-April 2019 Volodymyr Zelensky was a well-known Ukrainian comedian, yet within a thousand days, he would find himself being met with a standing ovation from diplomats as he addressed the European Parliament via video as the President of Ukraine, telling those in attendance that his country is "fighting for survival". It is an extraordinary journey, inspirational, unbelievable. "We are fighting for our land and our freedom," Zelensky said, causing the EU translator on the English language feed to choke up with emotion. "This is our motivation, but we are fighting also to be equal members of Europe" Zelensky added. "I believe that today we are showing everybody that's exactly what we are." He raised his fist in defiance, they stood in admiration and applause.

This was a reaction not just to what was said, or how it was said, but by whom it was said, the man himself and not a President.

Winston Churchill once said, "Of all the talents bestowed upon men, none is so precious as the gift of oratory. He who enjoys it wields a power more durable than that of a great king."

Zelensky has proven himself a great orator, indeed some of his speeches and phraseology are Churchillian in content, phraseology, and impact. Much like Churchill he is a most unlikely candidate to become revered for his speech-making and leadership and yet he dominates the narrative against his experienced adversary, Vladimir Putin. Each time Zelensky speaks publicly he captures the moment, the imagination, the attention not just of his people, but the entire worldwide democratic community. In less than one week he has become defined as the defender of the free world. Most importantly, it is his countrymen and women, the Ukrainian people that his impact is felt, for they have been strengthened, inspired, and given a belief and a purpose.

Zelensky reportedly tried to talk to Vladimir Putin directly to avoid the war but was met with "silence". He said that both nations did not need a war "not a Cold War, not a hot war. Not a hybrid one" before issuing a courageous warning, "But if we come under attack, if we face an attempt to take away our country, our freedom, our lives, and the lives of our children, we will defend ourselves. When you attack us, you will see our faces, not our backs, but our faces."



In the US, Zelensky is being compared by some to the late former Hollywood actor and US President, Ronald Reagan, who in 1987 passionately said, "Mr Gorbachev, open this gate... Tear down this wall" after the Cold War eventually ended. Four decades later, Zelensky's comments, like "Free people! Free country!" and "We Ukrainians are a peaceful nation. But if we remain silent today, we will be gone tomorrow!" are similarly resonating with people across the globe.

One of his most powerful quotes is "The fight is here; I need ammunition, not a ride." Zelensky spoke these words when he was asked to evacuate Kyiv with the support of the US government, but he immediately declined the offer, stating unequivocally he would stay and fight with the people of his country.

In an earlier television address, he also revealed that he is Russia's primary target. He said, "I know that a lot of misinformation and rumours are being spread right now. It is claimed that I have left Kyiv. I remain in the capital; I am staying with my people. My family is not a traitor, but a citizen of Ukraine. According to our information, the enemy marked me as the number one target. My family is the number two goal. They want to destroy Ukraine politically by destroying the Head of State." He did so in defiance and without fear.

As the attack against Ukraine entered an intense phase, Zelensky addressed the nation while boosting the people's morale. He said, "Our military, our national guard, our national police, our territory defence, special service, nationals of Ukraine, will carry on. We will win. Glory to Ukraine. We are successfully holding back the enemy's attacks. We know we are defending our land and the future of our children."

- Managing the perception
- Know yourself and others
- Use where you come from
- Be a person for all seasons
- Conform - but only just enough

Commentary and social media praises Zelensky, noting his authenticity to be a moving attribute, but what does authenticity mean? Leaders and followers both associate authenticity with sincerity, honesty, and integrity. It is, putting it simply, the real thing and to most the attribute that uniquely defines great leaders.

In Rob Goffee and Gareth Jones' Harvard Business Review article, Managing Authenticity: The Paradox of Great Leadership (December 2005), they note "While the expression of an authentic self is necessary for great leadership, the concept of authenticity is often misunderstood, not least by leaders themselves.

They often assume that authenticity is an innate quality—that a person is either authentic or not. In fact, authenticity is a quality that others must attribute to you. No leader can investigate a mirror and say, "I am authentic". A person cannot be authentic on his or her own. Authenticity is largely defined by what other people see in you and, as such, can to a great extent be controlled by you. If authenticity were purely an innate quality, there would be little you could do to manage it and, therefore, little you could do to make yourself more effective as a leader."



To this end, they focus on five areas of development that can allow a leader to progress themselves, which if recognised and understood could enhance your authenticity: Specifically, when considering Zelensky, you find Goffee's and Jones' observations on 'Use where you come from' to be present in his speech making:

"By the time a manager rises to a senior leadership position, he may seem like - and, indeed, may well be - a very different person than he was at the start of his journey. But despite any role playing that goes on, the leader's authenticity is still closely linked to his origins. The Oxford English Dictionary, for example, defines "authenticity", in part, as "of undisputed origin". As a result, we think it is fair to say that no leader will ever succeed in establishing his authenticity unless he can effectively manage his relationship with his past and his followers' connections to their roots."

The eloquence and simplicity of his oratory has led to a deepening of the sense of Ukrainian nationhood, which has drawn the Ukrainian people to a common purpose, to take up arms, to put to one side individual histories and to focus on the history of their country and its right to self-determination. This is the armament of war that no invading force can entirely distinguish, trying to do so will only drive it deeper and make it stronger. In a modern context, he has mastered social media and made himself available; it is raw, it is immediate, it is chillingly present.

In the days that have passed since Russia invaded the Ukraine, I have had time to reflect on my own sense of nationhood. The history of the blood spilled on the Normandy beaches on D-Day June 6, 1944, feels far closer today than 10 days ago and significant.

This moment of reflection prompted me to ponder on my own service in the British Army, and a second paradox that is the motto of The Royal Military Academy Sandhurst, To Serve to Lead.

"Serve to Lead is of course a paradox", "But it is a paradox which must be understood by every officer cadet", it goes to conclude that "If cadets have not understood the meaning of the paradox, they have no business aspiring to be officers in the British Army" (An Anthology, The Royal Military Academy, Sandhurst).

On the 6 August 1991 I stood rigid and to attention on the parade square before Old College, The Royal Military Academy, Sandhurst. Like all officers that have had the privilege to pass out from Sandhurst, as I marched up the steps into Old College I threw my Academy hat into the air. At that moment I was commissioned into Her Majesty's Army as a young lieutenant charged and trained to lead soldiers, if necessary, into war.

Within moments I found my father, who had also served in the army. "What makes a good officer?" I asked. He paused, catching my gaze before responding "It is not how to become a good officer; it is what makes you a good leader. You have to remember your soldiers will salute the rank, but they will fight for the man."

In this statement I fully understood the Academy's motto, three words that would continually remind me that as leaders you are in service of those that you have been given the privilege and responsibility to lead. Where leadership is best demonstrated by those that are instinctively prepared and willing to make personal sacrifices for their soldiers, their platoon, their regiment, their country [or in a commercial context your team members, colleagues, and customers]. Zelensky has shown us these qualities, and yet he has not been militarily trained, or indeed, had any leadership training at all.

At Sandhurst you are taught that great leaders will never sacrifice their soldiers or their teams to fulfil their personal needs or to shower glory upon themselves. To this end Sandhurst shows that you can train and produce leaders and those that have become great leaders were not necessarily born one. Authenticity is imbued in this narrative, whilst not being specially stated and yet, Zelensky contradicts this statement or at least it shows him to be an exception to it, as he would appear to have been gifted the essence of leadership.

Service leadership is the powerful force that occurs once a person discovers their heart to serve, answers their call to lead, and summons their courage to engage. Each component part is wholly represented by Zelensky, but this has not come from training, it has come from within, which demonstrates that whilst leaders can be made, some are also gifted the means of being one and may well not know they have these capabilities until called upon to lead.



It is personal courage at that moment of understanding that will take you forward, driving into and aligned to the purpose you have inherited or defined.

Conversely, management schools have sought to turn leadership into a science and the regulators have sought to codify it through rules; both believing if practices and rules are embedded and adhered to, your purpose as a leader will reshape your company into a purposeful organisation. This begs the question 'Did the leaders set the purpose or did the purpose drive selection of the leadership?'

Leadership is the action of leading people in a country, an army, a company towards achieving goals. Leaders do this by influencing the behaviours of those within their care and charge in several ways. A leader sets a clear vision, motivates those around them, guides them through the process and with authenticity builds morale, heightens productivity, embeds loyalty, and gets people to do things they would never have considered doing beforehand, but does so with eagerness and courage that has come from the empowerment and example set by their leader.

“But if we come under attack, if we face an attempt to take away our country, our freedom, our lives, and the lives of our children, we will defend ourselves. When you attack us, you will see our faces, not our backs, but our faces.”

- President Zelensky

Ursula von der Leyen (European President) noted “Zelensky’s leadership, his bravery and resilience of the Ukrainian people are an inspiration to us all.” Boris Johnson (UK Prime Minister) paid tribute to the “leadership and courage” of Ukrainian President Volodymyr Zelensky, adding “I think he has inspired and mobilised not only his own people, he is inspiring and mobilising the world in outrage at what is happening in Ukraine.”

The US President has also praised the Ukrainian President on his leadership, saying at his State of the Union speech, “Now is the hour. Our moment of responsibility. Our test of resolve and conscience, of history itself,” adding as he drew his address to a close, “It is in this moment that (the) character of this generation is formed, our purpose is found, our future is forged.”

There is a sobering, hapless irony that whilst the Western powers and their leaders stand as one on the international platform, shouting across the political abyss their support for the Ukraine and simultaneously acknowledging the democratic way of life nurtured and protected for almost 80 years is under its greatest threat since 1945, one of Europe’s youngest democracies, which craves to be a member of the EU, is left in isolation to not only defend itself but them as well.

And that it is being led by a man who but three years ago used his stage to galvanise humour and laughter. His defiant social media videos and determination to lead his country, against logic, against the odds, built upon his courage, his authenticity and the collective purpose engrained in the Ukrainian people, has given the world an insight into leadership infrequently seen or experienced in government or politics or the board rooms of the corporate Western world today.

Of course, these are uniquely challenging circumstances that have led to the rise of Zelensky as a wartime leader, but one hopes the point of commonality the Western politicians and corporate leaders have in their support of Zelensky, is that they understand they have been witness to a master-class in leadership and that his students have listened and learnt from this demonstration.

Volodymyr Zelensky, we salute you.



Armstrong Wolfe Advisory

Armstrong Wolfe Advisory (AWA) brings to bear the expertise of our financial market professionals, each with over 20 years' experience in large and medium financial institutions, to address the complex problems that multinational financial firms face today.

Banks hire AWA as objective third-party analysers who can bring broad industry experience and knowledge of regulatory standards to bear on their specific issues.

Banks can at times become so engrossed in their existing ways of problem-solving that they can miss the opportunity to bring in people who have dealt with the same type of issue and thereby miss driving toward true regulatory expectations. Our professionals have experienced and responded to multiple regulatory regime shifts, industry and country crises as well as management turnover. Such experiences mean that we can get to know your organization quickly by embedding ourselves and working with your existing teams.

In addition to problem-solving skills and project management, our advisors have typically managed extended global teams and so are able to act as supplemental management resources to fill immediate skillset needs, to temporarily replace exiting senior business leads, or to provide bridge team management while permanent replacements are found.

Smart and Dynamic Solutions to Energise Change

Armstrong Wolfe Advisory (AWA) led by Managing Partners Wade Younger and Piers Murry, brings to bear the expertise of our financial market professionals, each with over 20 years' experience in large and medium financial institutions, to address the complex problems that multinational financial firms face today. Banks hire AWA as objective third-party analysers who can bring broad industry experience and knowledge of regulatory standards to bear on their specific issues.

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AWA's Engagement Model

Whether we are at project inception or joining a project mid-stream, there are a few key steps necessary to ensure that the project outcomes meet management and regulatory objectives:

Voice of Client Interviews & Understanding your Objectives

Articulating what an organization is seeking is fundamental to the success of our work. AWA advisors spend a significant amount of time with the client's management team both to align on the objective but also to understand what information has been used to develop the existing options, and which options may have already been considered and cast aside. Getting an immediate understanding of the actual or potential regulatory context for the project is also key. AWA may start with a hypothesis based on the experience of the advisors deployed, but potential solutions will take into account the specific facts and circumstances of your firm.

Gathering Materials and Research

AWA will spend a great deal of time gathering the right data, from policies to actual operating practices as well as, wherever practical, alternate operating models that the advisors have been in. This can include hosting cross-functional workshops to ensure that the context and discoveries from the voice of client sessions are tested or syndicated with key stakeholders.

Solutioning

With the data in hand, AWA then focuses on developing the list of potential solutions or the potential implementation plans, with pros & cons. These options may require behavioural adjustments and/or organizational change in addition to technology implementation. Our advisors are aware of the difficulty in firms adapting to significant change and will highlight the least disruptive implementation plans.

Feedback Loop

Throughout the journey, it is vital to provide a current assessment of progress vs milestones. These meetings are not always with the C-suite executives but point persons that the client appoints to coordinate with the consulting team (usually MDs or Directors) as well as with larger consulting firms that have been brought in to scale the project management side. These ongoing updates, provided consistently on a weekly basis to the point person, reduces the risk of negative surprises going up the management chain.



Wade Younger
Managing Partner
and WCOOC
Ambassador



Piers Murray
Managing Partner
and WCOOC
Ambassador



Visit: armstrongwolfe.com/advisory-services

Armstrong Wolfe Advisory Priorities

Since our goal is to add value and drive needed change in an impactful way, the priorities we establish with every client are as follows:

- » Understand what you do
- » Understand your organizational structure
- » Clarify the new/existing objectives of the program
- » Analyse the capabilities of your organization; how you do it
- » Engage executive sponsors in the process of developing a strategy
- » Identify and interview key stakeholders to get broad perspectives
- » Assess, identify, and validate the inherent risks of the existing approach
- » Define the scope and impact of alternate approaches
- » Develop and present solutions with low residual risk, or residual risk that stakeholders find acceptable

All the while during the project our behavioural approach is to:

- » Provide a strong challenge to the status quo whenever necessary
- » Motivate the existing teams to stretch themselves for the project and during times of uncertainty
- » Communicate the rationale for the change and train team members on the new approach

- » Identify and mentor potential leaders in the team
- » Nurture a culture that supports safety, loyalty and retention

Armstrong Wolfe Advisory Offerings

Armstrong Wolfe Advisory brings deep subject matter expertise, as well as proven leadership capabilities to work with International COO Community (iCOOC) members. Our advisors have strong track records in the following areas:

- » Regulatory program leadership and implementation
- » 1LoD Controls and Conduct design & embedding
- » Crisis Management leadership, process design & implementation
- » Target Operating Model Design & implementation
- » Business Restructuring
- » Structuring and Leading Remediation Efforts
- » Turnaround: Distressed Projects and Programs
- » Running multi-dimensional internal service provision
- » Cost Reviews, Cost Programs Design and Execution

The next step in Supporting the Global COO Community

Shifts in the global regulatory landscape towards on-shoring or near-shoring are reshaping the operational framework companies have historically used to lower costs. At the same time new technology options to address long-standing areas of pain, such as client onboarding and contract management, are enabling more efficient operating behaviour. Integrating these new technologies into the existing workflow and operating processes on a global scale is the type of work that our advisors have excelled at.

AWA's advisors are design thinkers, strategic planners, organization designers, and process reengineers that can execute on a strategic and tactical level. They have experience working with C-Level leaders to construct and implement the solutions needed to keep their organizations safe, secure, and compliant in this ever-changing world.

We understand that business opportunities are constantly moving targets and that regulators are moving the bar ever upwards. This dynamic forces firms to rebuild or to reinforce their foundational capabilities periodically to have the operating license to tackle new markets. Our advisors have been through these cycles before.

AWA brings the expertise to give you comfort that you are building to match or exceed peer or competitor practices.

How are We Different

Whether you are hiring our advisors for a short-term need or with the possibility of converting temp to perm, you will find our advisors will act as owners, committed to sustainable, long-run solutions. The key is adaption of our knowledge and resource base to your specific organization and culture, or targeted organization and culture, by thinking about and controllable solutions from day one. In addition, AWA's value proposition does not rely solely on the capabilities of our advisors, nor on our deep rooted and proven in-house experience, but on our ability to bring International COO Community thought leadership to the table via our managing partners.

We understand that business opportunities are constantly moving targets and that regulators are moving the bar ever upwards. This dynamic forces firms to rebuild or to reinforce their foundational capabilities periodically to have the operating license to tackle new markets. Our advisors have been through these cycles before, so they are able brings the expertise to give you comfort that you are building to exceed competitor practices.



Armstrong Wolfe Institute

For Chief Operating and Chief Control Officers

Our mission is to make the COO a globally recognised profession, to be accredited and in doing so, making it a go-to career destination.

Our purpose is to raise the profile and impact of the COO and CCO functions in Finance by driving innovation, while redefining and enhancing their roles and capabilities.

We have designed 4 programmes to help:

- » **Innovation Hub:** Engine of best practice innovation.
- » **Learning Hub:** Evolving ecosystem.
- » **COO Academy:** Addressing under representation and inequalities.
- » **Mentoring:** Personal and professional development of COOs and business managers.

Goals of the Institute:

- » **Redefining Roles:** Redefine the role of the Operating and Control Officer functions, from Business Manager to COO or CCO to meet the emerging challenges of the finance industry and in a way that drives business value and builds trust.
- » **Advancing development:** Advance the development of innovation, solutions, competencies and skills in a targeted, balanced manner to support the COO and CCO's evolving function.
- » **Developing opportunities:** Develop opportunities and a career path for talent from diverse backgrounds to bring rich perspective and an effective source of leadership in this critical role, whether direct from secondary/tertiary education or laterally from other functions or industries.



Innovation Hub

The development of practical solutions to real challenges and enhancement of COO role and function, competencies and skills.



Learning Hub

Offerings evolve founded on a targeted competency framework to enhance technical, contextual and personal skills designed to meet current and future needs of the COO function in Financial Services at all career stages.



Mentoring

Our mentoring relationships focus on the personal and professional development of COOs and business managers. Mentors formerly from: HSBC, Barclays, Franklin Templeton, BlackRock, BNY Mellon and ING.



COO Academy

This academy will draw attention to an industry working together with a common purpose to address under representation and inequalities.

Its purpose is to create opportunities for and support talent from under-represented communities to enter the Chief Operating and Head of NFR function.



1st Line Controls and Conduct Training – Conduct Risk Management in Practice

For business supervisors, COOs and compliance partners.

Visit: armstrongwolfe.com/coo-institute

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