

**International COO Community (iCOOC)**

# **Online Forum Summary**

# **Horizon Risk Scanning**

**Building the resilience today to meet  
the challenges of a decade**



**ARMSTRONG WOLFE™**

# iCOOC Online Forum

Summary of COO Tabletop exercise held on Thursday 7th September 2023



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**Control Risks**



Co-Host:  
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**JP Morgan Asset Management**



Co-Host:  
**Fahreen Kurji**  
Chief Customer Intelligence Officer  
**Behavox**



Co-Host:  
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Former Head of Strategic  
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# Navigating emergent risks and horizon scanning presents an array of strategies, theories, and practices that lack a unified definition or approach across various organisations.

Emergent risks are those potential threats or opportunities that are anticipated to gain significance in the future, with varied time frames, spanning from immediate (12 months) to long-term (20 years or more), often determining their classification.

The velocity at which these risks gain prominence is significant in comprehending and strategically planning for their potential impact. Establishing strict criteria to differentiate between risks in nascent stages and those that have manifested is crucial to construct a coherent risk management strategy.

In the intricate web of horizon scanning, the emphasis is now more commonly placed on intentionally recognising and thinking about potential opportunities born from horizon scanning and being ahead of the curve, moving beyond the traditionally risk-averse lens that has been fixed on the horizon previously. There's a subtle yet significant shift from merely perceiving what looms over the horizon as a threat, to viewing it as a possible chance for growth or diversification.

The methodology adopted towards horizon scanning and managing emergent risks often necessitates a holistic approach, differentiating it from ordinary risk management. Being holistic entails not only identifying and setting risks but also ensuring tangible data is available, or estimable, to back up predictions regarding their potential impact.

Strategy and operational planning at a macro (company-wide) and micro (specific supply chain, market, or strategic goal) level can be influenced, or even shaped, by the implications arising from horizon scanning and emergent risks. It's imperative not to perceive horizon risks as an intimidating frontier but to manage them using similar processes and protocols utilised for current risk sets, whilst maintaining an active and consistent management approach over time.

This involves clear assignment and ownership of responsibilities and ensuring protocols don't become obsolete or sporadically employed.

In practical terms, the actualisation of emergent risks and the point at which they are identified or defined as having emerged can vary substantially between organisations. The industry often confronts risks reactively, engaging in metaphorical "firefighting" rather than adopting a forward-thinking approach that spans a more strategic time frame, such as 10 or even 20 years.

The dependence on historical data and past occurrences sometimes eclipses the innovative and imaginative thinking necessary to forecast and plan for future risks, especially when these risks deviate from the patterns or norms observed in past data.

While managing risks, organisations tend to delve into a spectrum ranging from financial risks to those associated with reputation, natural disasters, and regulatory fines, attempting to quantify them in physical cost terms to derive a tangible assessment of their impacts. Structured processes like formal risk identification and quarterly review mechanisms often become the norm, with some organisations instigating a more diversified two-step review process that incorporates different departments like compliance and legal.

Moreover, the dichotomy of being part of a larger organisation presents its own set of advantages and challenges, where specific, localized risks might be misunderstood or inadequately addressed due to a lack of detailed understanding of their unique dynamics for different departments within the whole.

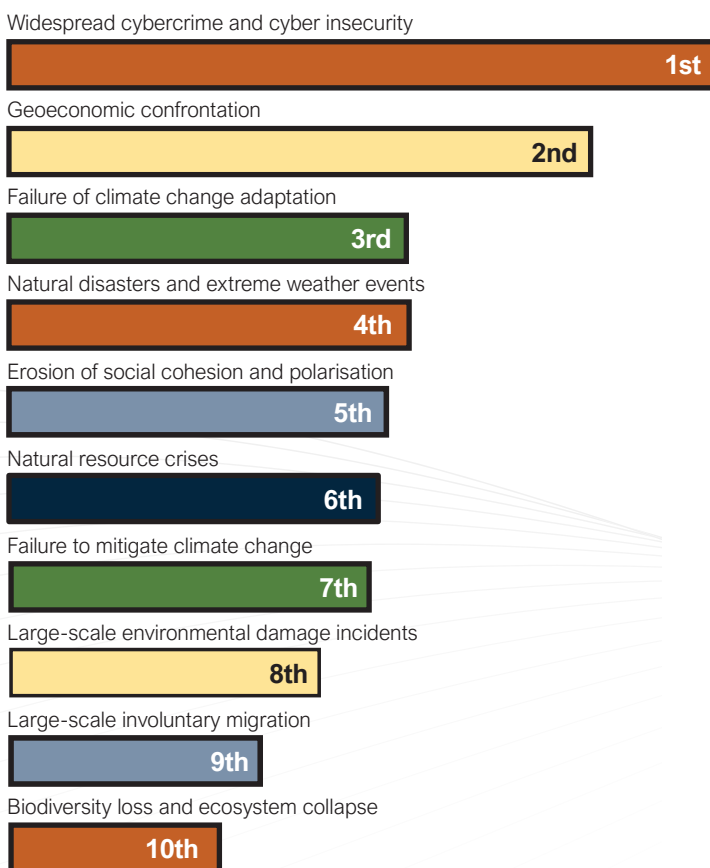
Notably, an overarching theme is the crucial need for forward-looking within teams to identify and address forthcoming risks. This involves not only scanning for risks but also identifying potential opportunities that the future might bring.

The process necessitates a balance, ensuring that the focus is not wholly consumed by current risks and challenges, but also allocating ample resources and thought towards identifying and managing those on the horizon.

Additionally, ensuring diversity of thought and maintaining a distinct separation between true risks and routine business operations is imperative to enable effective risk management and identification of genuine emergent risks. Finally, connecting Lines of Defence and procuring specific expertise, whether in-house or outsourced, is vital to comprehensively understanding and navigating through emergent risks and horizon scanning, ensuring that teams are well-equipped, resilient, and adaptive to the evolving business environment.

## Agenda question

Rate the following 10 Risks in order of their significance in the next decade



# Comments and observations



Georgina Philippou:

*“There is a clear overlap between operational resilience and culture and behaviours on a firm. Compliance with internal policies is critical to creating a strong operational platform, and relationships based on trust are critical to responding well to a crisis. Arguably, both these things are more challenging to achieve in a hybrid working environment and require different, strong leadership”.*



Fiona Sainz:

*“Goeconomic confrontation/risk is a very real, and most firms are not 100% equipped to deal with it when a crisis hits, as we have seen when Russia invaded Ukraine. From this, we have now learned that we can be prepared by putting in place relevant controls not just in frameworks and on paper but also through training of our staff on how to deal with a crisis situation. Just like business continuity plans, a crisis plan should also be thought off and be in place.”*



Claudine Fry:

*“There are a variety of definitions of emerging risk, but fundamentally this area of risk is about identifying risks which might materialise in the future and/or which might become more significant over time.*

*The principles of managing emerging risk are the same as those for managing other kinds of risk – ownership, consistency and a clear framework are key, but it is particularly important to involve a broad range of stakeholders (and external sources) on emerging risk to ensure that you are getting a full picture of potential risks on the horizon.*

*Doing emerging risk effectively means you are also more effectively able to capture opportunity. There is a growing awareness of the importance of emerging risk in the companies we work with, many of whom are incorporating emerging risk reporting as an important part of refreshed risk management frameworks which are being redesigned post-pandemic and post-Ukraine to take into account the challenges of operating in a more complex world.”*

## Contact

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