From Chris Howard, Chief of Research, Gartner

As we head into 2022, we continue to feel the human toll of the global pandemic, but we already know it has been a watershed period in which attitudes and norms have permanently shifted — in our everyday lives and at work.

Living through COVID-19 has increased social awareness — as have growing demands for equity for those who are underrepresented.

Businesses have also changed. For many organizations, the pandemic has catalyzed digital business initiatives as we adapt to the demands of employees, customers and other stakeholders, who were forced into new digital options that they have now come to favor.

B2B purchasers are happy to buy digitally, without a sales representative; B2C consumers are buying off social media platforms; employees are physically distributed and communicating asynchronously — and IT infrastructures must secure the organization despite this “anytime, anywhere” way in which we’re operating.

You and your team may be burning out, and it’s never been more important to prioritize your time and energy.

In your role as a leader, you’ve now spent months adapting to change and delivering new solutions at speed. You and your team may be burning out, and it’s never been more important to prioritize your time and energy. To help with that, Gartner Leadership Vision provides top-level guidance to leaders and their teams on where to focus — based on our data-driven research.

We’re providing detailed insights to our clients across dozens of roles, and we’re now excited to share excerpts with the business community beyond our clients. We hope this will help you to focus discussions with your teams, peers and other leaders, so you can more quickly and effectively diagnose priorities and actions, especially as you solidify your strategic plans for 2022.
Trends, Challenges and Actions for the Head of Enterprise Risk Management (ERM)

**Information overwhelms decision makers**
Executive decision makers say 69% of their recent significant decisions were **not sufficiently risk-informed**.

**Emerging risks grow more interconnected**
90% of risk leaders say emerging risks are **much more interdisciplinary** today than they were five years ago.

**Resilience is an urgent enterprise priority**
65% of risk leaders rank resilience among the top 3 risk areas they’re prioritizing due to the COVID-19 crisis.

**Challenges for heads of ERM**
- Decisions are not risk-informed.
- Current governance models fall short.
- The vast scope threatens resilience plans.

**Actions for heads of ERM**
- Help make sense of risk information.
- Embrace dynamic risk governance.
- Expand beyond business continuity management (BCM), and implement resilience across five layers.

Source: Gartner
Make Sense of Already-Accessed Information to Alleviate Information Overload

By leveraging the sense-making approach to decision making, you ensure that major decisions ahead are risk-informed.

Impact of ERM Approaches on Decision Process and Quality
Percent change in outcomes as a result of moving from 10th to 90th percentile in different ERM approaches

The sense-making approach for ERM includes: (1) synthesizing risk information from different sources, (2) prioritizing information by relevance, (3) helping apply information in context, and (4) preparing executives to sense-make independently.

n = 370 executive decision makers
Source: 2021 Gartner Risk Decision Maker Survey

Providing more risk information does, unsurprisingly, make decisions more risk-informed — but it doesn't make those decisions good. Decision quality is driven by helping decision makers understand and apply risk information.
Head of ERM Leadership Vision 2022: 3 Strategic Actions for Success

Coordinate With Other Assurance Functions to Better Manage Emerging Risks

Embrace new dynamic risk governance (DRG) models that break down unnecessary barriers between assurance providers.

Impact of DRG and Non-DRG Practices on Risk Management Behaviors

Percent change in high-quality risk management behaviors as a result of moving from 10th to 90th percentile in various risk governance practices

Each of the three DRG practices significantly improves risk management behaviors across the enterprise, while more common risk governance practices do not.
Meet the Urgent Demand for Organizational Resilience

Deliberately design programs that enhance the organization’s adaptive capacity to execute under stress.

Path to Organizational Resilience

1. **Business Continuity Management**
   - The organization prepares for and responds to disruptive events.

2. **Operational Resilience**
   - Operational resilience initiatives expand BCM programs to focus on the impact and tolerance levels of service delivery disruption on customers/citizens.

3. **Organizational Resilience**
   - The organization resists, absorbs, recovers and adapts to business disruption in an ever-changing and increasingly complex environment to deliver its objectives, and rebound and prosper.

Ways in which **organizational resilience goes beyond BCM**:
- Involves continuous treatment of risks and the risk environment
- Considers opportunities (in addition to risks)
- Requires consideration of all types of enterprise risks
- Examines the broader risk and control environment to anticipate the potential impact of multiple concurrent disruptive events

Source: Gartner
Implement Resilience Across Five Layers

Apply a risk-based lens to proactively scan for vulnerabilities in each of the five layers of organizational resilience.

<table>
<thead>
<tr>
<th>Leadership</th>
<th>Culture</th>
<th>People</th>
<th>Process</th>
<th>Infrastructure</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>What It Is</strong></td>
<td>Leaders’ ability to guide the organization through adversity and unite employees around a clear purpose and mission</td>
<td>A group’s ability to handle adversity and return to a “new normal” while maintaining adequate performance levels</td>
<td>An individual’s ability to maintain emotional, mental or physical stability, or return to stability despite stressors</td>
<td>The capacity to adjust functioning and sustain required operations under both expected and unexpected conditions</td>
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<tr>
<td><strong>Example Risk/Threat</strong></td>
<td>• Senior management not conducting all-company meetings  • Frontline employees unable to vary from defined processes when warranted</td>
<td>• High staff turnover due to hostile environment  • Consolidation of separate collaboration tools stalled</td>
<td>• Employee rewards not being paid out</td>
<td>• Management briefed separately using different heat maps for different risks</td>
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<tr>
<td><strong>Action for ERM</strong></td>
<td>Help leaders identify, negotiate and resolve differences in perspective before exploiting risks.</td>
<td>Use risk workshops to ensure employees are trained, prepared and able to identify risks.</td>
<td>Proactively identify and respond to warning signs of change before they escalate into disruption.</td>
<td>Identify key processes that need to change, adapt or scale for response and recovery.</td>
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Recommended Actions

- Prioritize helping decision makers make sense of risk information they already have over providing additional risk information.

- Adopt dynamic risk governance instead of continuing to rely on the three lines of defense (3LOD) and/or similar "risk governance 1.0" models.

- Prepare the organization to withstand future disruptions by going beyond BCM to build an organizational resilience program that addresses each of the five resilience layers.
Explore these additional complimentary resources and tools for risk leaders:

**Research**
Top Emerging Risks
Explore this quarterly report to find out what emerging risks senior executives are monitoring closely.

**Research**
Build a Better Strategic Plan for Your Function
Turn your strategy into action with our tools and templates.

**Resource Hub**
Future of Work Reinvented
Reinvent where, when and how we work to maximize employees' engagement and productivity.

**Journal**
Gartner Business Quarterly
Stay up to date with the most compelling research on organizational issues that cut across the C-suite.

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Learn more about Gartner for Risk Leaders

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