

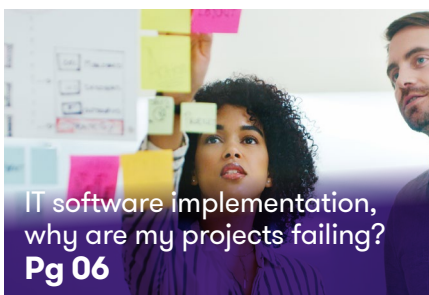
Business Risk Services

Q1 2022 | Edition 1

Newsletter

Welcome to our Risk newsletter. This is the first Risk newsletters that will be published quarterly. We plan to keep you updated on the latest opportunities in the Risk environment. Yes, you right opportunities...focusing on what is the upside of risk? Opportunities!

In this edition



We must be vigilant in identifying risks and managing these proactively. However, to be successful, organisations will need to shift their focus from simply mitigating risk to embracing new opportunities.

In our newsletters, we aim to not only keep you updated with emerging risks and megatrends but also equip organisations to better manage their risk posture and exploit opportunities, thereby enabling your business to thrive in this transformative age.

The Business Risk Services Team at SNG Grant Thornton is a dynamic and passionate team of over 65 professionals across 12 offices in South Africa with a broad range of service offerings. We make business personal; we listen, we co-create solutions and we want to grow with you. Our service offerings amongst others include internal audit, risk management, governance, business process control frameworks, project advisory/assurance, technology risk management and project risk management.

So, what does this mean? This professional team, who is supported by our global Grant Thornton network, is open and keen to engage in all matters of risk or assurance. We are confident that we can add value to your organisation, whether it be through proactive risk management, internal audit, and assurance services.

Our Leadership Team includes Gerdileen Taylor with more than 23 years’ experience in risk management, Internal Audit, governance and combined assurance. Fana Manana is also part of the team with more than 30 years Internal Audit experience and risk management. He has deep experience in Public sector and insight. Sithabile Zungu is our Technology risk professional with more than 25 years’ experience. Omar Hassan has extensive experience in project risk management.



Gerdileen Taylor



Fana Manana



Omar Hassan



Sithabile Zungu

“It’s already 10pm” and “It is only 10PM”

Where some see
risk, others see
opportunity.

Ria Pretorius





Ria Pretorius
Head of BRS

Different perspectives, different ways of looking at the same situation. Where some see risk, others see opportunity.

We want to challenge you to perform the following five (5) things as part of your next strategic risk assessment:

- 1. Truly understand your complete risk universe** by identifying the full range of internal and external risks. Use various risk studies, for example Institute of Risk Management risk predictions, to enhance your risk discovery process.
- 2. Apply the correct risk-assessment techniques.** Surveys, interviews, research as well as an external facilitator can bring fresh perspectives as to the true risks and opportunities that can arise.
- 3. Perform a deep dive.** For each risk, truly understand what can really go wrong and how it can be mitigated. THEN ask the question-so, what if the risk transpires, how can we navigate or transform our current solutions, processes and products.
- 4. Narrow your focus.** You don't need to do a deep dive in all risk areas at once for exploring the upside. Identify one or two areas in the organisation and perform a deep dive as well as debating the upside of risks.
- 5. Involve the right people.** Go beyond the leadership or senior management that have the appropriate title. Involve operational teams, front-line staff, and new joiners of the organisation. These fresh perspectives will change the way you evaluate risk and help you realise the opportunities.

Now, turn these new insights and ideas into action. Select 3 opportunities and explore this further to improve and grow your business!

We would like to hear from you once you tried these suggestions. Share your experiences or contact us to facilitate your next risk assessment.



“For each risk, truly understand what can really go wrong and how it can be mitigated”

Key risks to consider in your next risk assessment:

Impact of future disasters – Drought, floods, heatwaves and climate change. Evaluate the impact of this and how you will continue doing business.

Geopolitical uncertainty and instability – it always changes or not? Evaluate how political changes and the uncertainty it brings impacts your business.

Impact of changes in regulations and laws – Laws are being revisited regularly to stay relevant in our changing environment. If you are affected by key legislative changes, evaluate how will you navigate them to remain in business.

The human factor – Mental health and psychological safety of the work force is more important than ever. Ability to attract and retain the best talent is increasingly challenging. Do you have adequate succession planning to continue the business?

Technology risks – Adopting new technology will allow you to survive and thrive in this transformative age. Are you adequately equipped to manage it?

Organisational agility and operational resilience – Ability to implement new decisions. Is your organisation responsive and mature enough to implement radical changes swiftly? The speed of adopting new practices will put you ahead of your competitors.

Cyber and information security risks – Are you adequately protected and do you have a robust cyber response plan. How quickly can you recover from a cyber incident?

Supply chain risks – Do you have a concentration risk? Do you fully understand the impact if constraints occur and how can you navigate them to continue serving your customers?

Third party management – Do you have critical functions that are outsourced? Do you know how these third parties manage their risk and what is their continuity plans? What will be the impact for you if they fail? How easily can you switch to another third party?

Stakeholder management – Do you know who are all the stakeholders in your business and what they expect? Do you have adequate mechanisms in place to engage with them, or rapidly obtain their input if your business suddenly needs to change?

Integrated Risk Management

Find the right fit for
your business and
market

Ria Pretorius





Ria Pretorius
Head of BRS

New risks, growing regulations and other complexities are forcing many organizations to reconsider their risk management practices.

Traditional mitigation activities may no longer be efficient and effective. So how can organizations re-approach risk management, to integrate it into their businesses for maximum efficiency and effectiveness?

Traditionally Risk Management depends on theories, rules and standards. In today's fast pace world, Integrated Risk Management (IRM) goes further. IRM incorporates business activities, industry trends, case studies, social media and much more.

Traditional governance, risk and compliance (GRC) activities were mostly reactive. Reactive approaches do not continuously detect and monitor risk and control postures. It doesn't adapt to the constantly evolving risks that most organizations face today. Many organizations have tried to accelerate their GRC activities with automation, but that only accelerates the reactive approach.

Instead, organizations need a proactive approach that breaks down risk silos and reorders risk management practices, empowering collaborative risk governance.

IRM combines the; enterprise, operational, technology, privacy, business continuity, vendor and other risk management components across an enterprise. It integrates risk management and risk responses, which fosters a culture of mitigating risks and informing decisions every day.

The five considerations for IRM

When risk management becomes more integrated, it must become more customized to multiple unique use cases within an organization. That means there is no single approach that will work for every industry, organization or business unit.

As organizations define the details of their IRM and its ongoing management, they should consider the following six factors:

1. Consolidate data

Organizations cannot manage the risks effectively if they can not evaluate the risks. Data is critical to analyse and evaluate risks. It's important for businesses in every sector to identify the data that plays a role in risk management and to consolidate this for a comprehensive view of the data.

Regardless of whether there's one solution or multiple solutions, the consolidation of data is extremely critical to support their risk-based decision-making process.

2. Include stakeholders

Stakeholders might initially have a variety of questions or challenges for an IRM solution. People sometimes gravitate toward the most cost effective solution, or, some may see the value immediately.

The best answer might be one that combines the best of existing solutions with new capabilities and insights. This combination can help drive leader support and user adoption. The cultural change management aspect of bringing stakeholders and users on board plays a critical role.

3. Design for usability

Usability can be subjective. When an organization's user base is accustomed to one process or solution, that becomes a reference point for usability — even if it's not intuitive.

When organizations try to shift to a new IRM solutions, they often generate user fatigue. The reason is that they haven't designed it with the end in mind, and they have not adequately considered the usability requirements of their unique user base.

The user experience is one of the key differentiators to the success of the project.

4. Plan for scalability

An organization's IRM solution will ultimately require scalability. Of course, organic and inorganic changes might factor into scalability, but one of the key factors for solution selection is how the solution aligns to an organization structure.

5. Establish long-term support

Perhaps the biggest risk in IRM is that many organizations do not sufficiently plan beyond the initial implementation phase. People often think about it as a point-in-time project. They think that, once they implement the solution, everything is mostly taken care of. They haven't planned in advance who's going to sustain it and how is the solution going to be managed.

Small and mid-size organizations may be the most likely to lack long-term support from IT and other internal functions to create and manage user groups, access rights, data integration, and other essential tasks.

IT software implementation, why are my projects failing?

Omar Hassan



As organisations pivot to becoming digitally led, emphasis is placed on their ability to implement projects timeously and successfully.



Omar Hassan

Unfortunately, we witness many organisations being challenged in this regard, resulting in poorly implemented projects and loss of business benefits. A study across various sized software development projects in South Africa, revealed disturbing statistics of extremely low project success rates of only 6% for large projects, 9% for medium projects and 62% for small projects that achieve their objectives.

The question is: Why are organisations failing to achieve successful project implementations, that meet time, cost, and quality objectives?

In this article we highlight some of the fundamental themes that result in project failures based on our experience in the market and from research across various industries.

Common pitfalls impacting the success of projects

Failure to Adapt to Changes in Market Conditions

Project Managers are usually excited at the onset of a project, with the project team focused on a clear vision and objectives that drives the team towards a common goal. However, we often find that the project team gets so fixated on the original project objectives and goal, that they are at times oblivious, ignorant, or reluctant to adapt to changes in current market conditions.

Such examples are frequently noted in multi-year IT implementation projects where the project is deep in execution and management has already spent a substantial amount of money making it tough to go back to the drawing board. If not oblivious to the changes in market conditions, management usually shy

away from the tough decision of stopping or re-focusing the project to align to changes in the market as this may be costly and the project may be deemed unsuccessful. The failure of not aligning to market conditions often results in delivery of a project solution, which does not meet the customer need, rendering it a waste of effort that reaps minimal to no benefit.

It is critical that the project team continuously scans their environment and market to assess whether the project goals continue to align to the market need. The project Sponsor plays a vital role in ensuring continuous focus and alignment of the solution to the customer need.

Inadequate Sponsorship

“Success and failure often rests with the effectiveness of project Sponsorship”

Unfortunately, we often find that the role of a Sponsor is either seen as outside of a project or it is delegated to middle management with no clear authority or mandate. We also find project Sponsors who don't really have a clue of what the Sponsorship role entails, as most organisations do not prescribe principles or provide training regarding the role of a project Sponsor. The impact to the project is immense. Imagine running a

project where your Sponsor lacks the ability to provide clear direction to the project team, sets unrealistic goals, has the inability to make decisions, has no authority and is often absent from project meetings.

A project Sponsor should play an integral part of the project by providing leadership in driving the project forward through decisive decision making, setting goals, solution prioritisation, ensuring focus, re-focus of the project team, being fully accountable to the solution and benefits being delivered.

The Accidental or Inexperienced Project Manager

Detrimental to the success to any project yet we see this all the time, are organisations assigning their most technical resources to filling the role of the Project Manager or allocating junior Project Managers on large, complex programmes.

These individuals often lack the social and leadership skills that the job requires and are challenged in stamping their authority on the project. These projects are usually chaotic from the outset and one can easily identify the cracks that go against the basic principles in running a project.



“Fitting” the right Project Manager to the relevant project is a “ticket to the game”, all you need is to equip that Project Manager with the required resources, and you are on your way!

Lack of Project Visibility and Transparent Communication

Visibility of project goals, expectations, milestones, tasks, risks and progress are not only important for the Project Manager but are also key to be understood by all stakeholders. Project Managers often spend weeks and months devising complex execution plans which are not clearly communicated to stakeholders throughout the project lifecycle.

We have observed Project Managers having challenges in clearly, simplistically, and consistently presenting the execution status of a project to stakeholders. This is usually seen in large IT implementation projects where there are multiple workstreams and vendors. The lack of clear project visibility and transparent communication on project progress and risks, often results in poor decision making where projects suddenly move from “on-track” to “off-track”, with stakeholders left shocked as they never received early indications that there were any issues with the project.

Transparent communication and creating visibility of project progress, whether through use of a project management tool or manually created status reports such as Agile boards or steering committee packs, are critical for informed and effective decision making. The lack thereof, is detrimental to a projects success and often results in project failures.

Insufficient or Ineffective Solution Testing

“A code that is not tested is flawed”

When timelines are tight and the business places pressure on project implementation, Project Managers tend to “re-baseline” (which really means cutting out useful tasks) the project plan so they can meet pressured business demands. We often see these cuts experienced in the System Integration Testing, User Acceptance Testing and Mock Go-live Testing cycles. Project and Test Managers usually justify the cut in testing as “we originally planned many cycles, and we are still fine to fully test the solution”. This is usually not the case as projects fail to strategise and plan their testing approach and rush through testing cycles, neglecting appropriate closure of system bugs/defects. This has an impact on the completeness of end-to-end solution testing, resulting in a solution that is flawed and exposes the organisation’s production environment. These failures result in the implemented solution not operating optimally, causing frustrated clients and users.

The importance of the testing phase is mostly under-emphasized, yet it is a final step of validating the solution’s functionality and quality prior to launch. Remember if you don’t like testing your product, most likely your customers won’t like testing it either.

User Adoption Management

Building and implementing a quality solution is key, however, on its own it has no benefit until users adopt and live the change. Focus is often placed on the technical delivery of the project solution within time and budget constraints, neglecting the critical component of operationalizing the built solution. This is especially true for technology implementations as well organizational restructuring, mergers, or acquisitions. The people side of change management is often not sufficiently planned by the project team and it’s either outsourced to the Human Resources department as a business-as-usual activity or done reactively, resulting in a lack of adoption of the implemented solution. A world class system without user adoption is useless and reaps zero to minimal benefit.

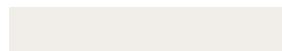
“Project Managers often spend weeks and months devising complex execution plans which are not clearly communicated to stakeholders throughout the project lifecycle.”

Stakeholders, users and consumers, are vital to project success and they require strategic planning and on-going consultation during and post project implementation. Key activities that require proactive planning and specialist involvement includes stakeholder change communication, project/solution awareness campaigns, user training and stakeholder support.

Conclusion

Successful delivery of projects is critical to an organisation’s growth, competitiveness, and success as these are usually linked to organisational strategic or transformational drivers. We understand that the successful delivery of projects is not a simple task as it requires strategic thinking, operational excellence, and extensive planning.

Our highly skilled and experienced team is waiting to partner with you in providing professional Assurance and Advisory support as you navigate through change, helping you increase the success rate of your projects. We ensure sound understanding of your business operations, strategic objectives, strategic initiatives, and project portfolio in order to provide real time Assurance and Advisory feedback to executive management and those charged with oversight responsibilities. Reach out to us for our insights and suggestions to help increase the value on your business!





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