1. Introduction

The IAF Enterprise Risk Management Committee (ERMC) met on Wednesday 21 September during the 2022 International Astronautical Congress. The meeting gathered over 20 people, with a majority attending in-person, to discuss the latest advances in ERM, network among risk management practitioners, and share outlooks for the future.

2. Summary

We need to think more globally, integrate the opportunities in our risk management, and be visionary and focus on the strategy. COSO encourages us to analyze risks around setting a strategy, around aligning and finally around executing. When an organization is performing poorly, it is 90% of the time due to a problem in setting the strategy, and ERM practitioners can be of help in that context. CROs can help CEOs on asking the question: How do we know that we have the right strategy? For example, Harley Davidson, looking at everything happening in the World, considered several models based on foresight scenarios and came up with some gaps to address in their current strategy.

3. Highlights

Two schools of thought on Strategic Uncertainty are:

1. We cannot predict anything, and the world is mostly uncertain. Is ERM really helpful?

For example, stock exchanges in the USA and UK fluctuate quite regularly, no regulators can do anything about it. History shows crashes between a 10% and 20% happen every 16 to 21 years.

2. Or if we have the good set of data, in the era of the Internet, social media, IoT, etc. many things are predictable with AI, now that we are in the Digital age!

Key developed themes included decision speed in times of crisis, preparing for the unpredictable, aerospace & defence top risks, and talent management.

The unpredictability of global economies, in these times of uncertainties and numerous crises, is a key concern. The world is moving quickly, and we must adapt to a rapidly changing environment.

In times of uncertainty, we should act differently. And Risk Managers, in times of uncertainty are the right people to do things differently spend more time on elaborating the strategy, get the right people in the room, and work on the risks and opportunities.

A highlighted topic was risks faced in the Aerospace and Defence sector. They appear to have similar patterns, both address cyber security as a top concern, COVID aftermath and new business models out of it, competition and innovation topics, and reliance on governments contracts.

Some organizations are in a position to question their strategy and their whole model. What makes your organization work? How good are we at anticipating disruptions (e.g. in the supply chain)? These are real questions for Chief Risk Officers supporting their CEOs.

4. Future Outlook

- Strategic risks are most likely to disrupt organizational success (60% of the time) rather than operational or compliance risks
Focus on the “Heart and Soul” of your enterprise, the value proposition, and strategic capabilities, rather than the noise of operational and external issues.

Expect the age of disruption to continue, we’re not going “back to normal,” so adjust to succeed in this environment.

5. Committee activities

The committee received a keynote presentation from Paul Walker, Schiro/Zurich Chair in Enterprise Risk Management at St. John’s University in New York City, on the latest trends in corporate Enterprise Risk Management. Additional details in section 3 of this brief.

In addition, the committee developed key potential themes for its 2023 activities to focus on. Major topics included realizing major upcoming opportunities, mitigating the supply chain repercussions of geopolitical issues, space debris, industrial capacity, communicating risk to executive boards, effective foresight, sustainable business models for the space economy, harnessing disruptive technologies, and terrestrial dependence on space-based capabilities.

Chemoul Bernard, CNES Inspector General, agreed to join the ERM committee as a member, together with Benedicte Fein, CNES internal auditor. The committee will meet again in Paris at the IAF Spring meetings in March 2023.