

Cyber Risk, Regulatory Risk and an increase in technology investment are at the forefront of leaders' agendas. In many cases this means that the talent agenda suffers.

What we know:

- 1) 90% of cyber-attacks are people related and caused by human error or behaviour.
- 2) It's estimated that 80% of cyber-attacks could be easily avoided.

Recently published research found that the following three key subjects not only keep business leaders awake at night but impact the talent agenda.

- 1) Cyber Risk is topping the risk ranking.
- 2) Regulatory risk rises due to GDPR, Gender Pay Gap and general lack of a productive and systematic approach to business oriented diversity.
- 3) Business leaders spend significantly more money on technology investments than on hiring the best people.

Why we think this matters and how to conquer it?

1) Cyber Risk is topping the risk ranking.

Hardly a surprise, some say. However, most leaders and businesses still pour a vast amount of money into firewalls and software solutions. At the same time too many people believe cyber risk only involves politics and big corporates, stealing company data, access to bank accounts and digital holiday pictures. Not enough remember that computers run cars, planes, trains, and electricity grids.

But what can we do if 90% of cyber incidents are people related and are due to 'fat fingers' and internal fraud?

In my view, people need to be at the centre of cyber security. When we partner with our clients we advise them to review the investments in people in order to catch up with the speed of existing technology investments. Many leaders counter cyber threats by hiring a Chief Information Officer (CIO) who understands firewalls. By calling them Chief Information Security Officer (CISO), they think they are safe. However, technology is only one part of the threat. Hence, why not bring someone on board who understands and leads people and at the same time knows how to leverage technology? Someone who influences and educates boards, encourages best practice and drives specific, well considered behaviours and change. Success won't come through investing in technology if the people, willingly or not, let us down in conquering cyber-crime.

2) Regulatory risk rises due to GDPR, Gender Pay Gap and a general lack of productive and systematic approach to business oriented diversity.

Our insurance clients measure risk by looking at multiple layers of information. This includes numbers that subsequently get translated into a company's own risk and solvency assessment (ORSA).

However, what if sustainable performance is not about top line growth? We advise our clients to link individual compensation to behaviours that support the desired risk profile.

In my view, this can be best achieved by incorporating psychometrics; by going below the skin. It requires collaboration from finance, risk, compliance, audit, HR and the board who need to sit with equal votes around the table. It requires hiring practices that bring the best talent and not the loudest voice to the table. It requires people to be paid for performance and not for how much time they spend in the office. It can be done!

3) Business leaders increase technology at the expense of hiring the best talent.

At a first glance this seems a natural reaction. However, it may be a question of time until it backfires. We should know better. Until 2008 large corporates and banks heavily relied on a large number of junior workers. When the financial crisis evolved these firms reduced, or in some cases even paused, their graduate recruitment activity. Two to three years down the line, due to people & skills shortage, deals got delayed, and processes broke because the 'engine room' slowed down.

In my view, we are running the risk of developing technology faster than people. As a result hiring fewer people must two consequences:

- 1) Select new hires more carefully, and
- 2) Improve development of existing internal talent.

So where does that leave us? How can we navigate towards success in times of change? Is it luck and gut feel? I'd say rather a more effective approach to people management in a technology-led society. Recruiting and incentivising based on behaviours. Measuring fit scientifically through relevant psychometrics. Developing people in line with broader company strategy and values.

That means:

- Ask "How?" as opposed to "What?" and base hiring on behaviours and not track record or relationships,
- Develop talent based on psychometrics and not gut feel,
- Increase investment in talent in line with technology investment to tackle cyber risk,
- Increase Board Effectiveness based on team dynamics and conduct (and not one or the other),
- Only hire from diverse long and short-lists,
- Think 'socio-technical' and lead on cyber holistically across people, technology, regulatory and business,
- Invite your people experts to the cyber-table,
- Enable a strong and impactful landing and development post appointment,
- Reflect with unbiased advisers.

The Author

Ulrich Seega is Managing Director of Schonhofer, an international London based talent advisory business that follows the philosophy that in order to be successful (as a business and in a business) two things need to be clear: What is your purpose and which behaviours are required to achieve the goals?

Sources

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- * <https://www.gov.uk/government/news/cyber-security-boost-for-uk-firms>