As the real estate industry strives to rebound from the COVID-19 pandemic, it also needs to reimagine how it will identify and address tomorrow's threats. Real estate companies must constantly evaluate their risk management processes, technologies, talent, and predictive capabilities to strengthen their resilience. These analyses can help identify potential barriers to achieving organizational goals and competitive advantages.

Additionally, an organization that embraces an enhanced and continuous risk management culture will be more agile and better prepared to address evolving compliance requirements, create operational efficiencies, and avoid future crises.

Here are a few immediate areas of focus and related questions that real estate leaders and their boards should be asking themselves when revisiting their company's risk management capabilities.

**Enterprise risk management processes**
- Many interim controls, processes, and technologies were put in place quickly during the pandemic. Are they operating as intended? Can they be improved? Are they intended to be permanent changes, and are they documented?
- How could we have been better prepared to switch to a work-from-home environment?
- Are staff and management actively aware of emergency communication protocols and processes to follow when the office or property is not accessible?
- Are current compliance program commitments being met?
- Do we have a handle on anticipated future compliance requirements (such as environmental, social, and governance [ESG] reporting), and do we have the talent and tools to manage them?

**Adoption of new technologies**
- Have we reevaluated our IT roadmap and reprioritized or updated to reflect the current environment, needs of the business, and security considerations?
- Have employees been adequately trained on new software?

**Work-from-anywhere strategies**
- Has our organization reviewed its IT/cybersecurity risk profile as it relates to the strategy, goals, and objectives for short-, mid-, and long-term remote-work plans?
- Have workforce policies and procedures been updated to align with remote workplace safeguards?
- Is there organizational awareness around the increased risk of cyber threats to a remote workforce? Have internal IT, help desk, and remote users been trained?
- Has our organization communicated protocols with key stakeholders, such as board members, investors, employees, clients, and any third parties?
Third parties and vendor management

- Have we proactively connected with key vendors and third parties to discuss their business health and continuity?
- Have any vendor relationships shuttered, impacting a function within our organization long-term?
- Have we considered executing our right to an audit clause with our vendors? (It may be a good time to do so!)

Business continuity and disaster recovery

- Was our business continuity/disaster recovery plan effective?
- Does the organization need to enhance monitoring (i.e., with tools such as predictive analytics) for anomalies and suspicious activities?
- When and how should we start planning for the post-crisis business operating environment using lessons learned and benefits gained?
- What other major disruptions should our company talk about and plan for – fire, water damage, terrorist activity, inability to travel, etc.?

Environmental, social, and governance (ESG)

- Are there any ESG reporting and/or sustainability issues that stakeholders will want to know about? If not now, will they look to get a better grasp of certain ESG factors in the industry’s “next normal”?
- Where have we incorporated sustainability in our business strategy and continuity plans?
- Is now a good time to start setting sustainability goals?
- What are the new social components and governance within active work-from-home policies, and how are they monitored and enforced?
- How are we going to retain and attract talent to meet the future needs of the company?

As the disruptions caused by COVID-19 persist, it has become clear that risk management is no longer a check-the-box discipline. A strong risk management function must be part of the organizational fabric. Real estate leaders and their boards will need to explore material changes – for both the individual business and the real estate sector as a whole – to develop a risk-management strategy for an unknowable future.

CohnReznick’s team of trusted advisors can work with you to mitigate the known and evolving risks that can affect your business, the opportunities to consider, and how each initiative can impact your reputation. We bring a deep bench of expertise to advance your governance and internal controls efforts to help instill a culture of conscious compliance.

Read our full article on post-pandemic risk management or contact our team to learn more.

Contact

Julie Miner, CPA, CISA, CRISC
Partner, Real Estate Advisory Services Leader
312.508.5941
julie.miner@cohnreznick.com

Marianne Turnbull, CIA, CAMS
Managing Director, CohnReznick Advisory
973.364.7711
marianne.turnbull@cohnreznick.com