



Enterprise Risk Management for Directors and VP's

The need to manage risk at the enterprise level

- **Explanation of Enterprise Risk Management**
- **The volatile economic situation and how ERM can provide a lifeline**
- **The role and responsibilities of directors and senior management with respect to ERM**
- **ERM tips video**
- **ERM value statements**
- **Strategic, financial and operational risk.**
- **The key link between corporate governance and risk**
- **The need to understand the organisation's strategic objectives**
- **Developing a programme to reflect these objectives**
- **Selling the benefits**

Exercise 1 – 20 questions about ERM maturity

Characteristics of an effective ERM process

- **Board-level commitment to ERM as a critical decision framework**
- **A dedicated risk executive in a senior level position to drive the process**
- **An ERM culture that encourages full engagement and accountability at all levels of the organization**
- **Engagement of stakeholders in risk management strategy development and policy setting**
- **Transparency of risk communication**
- **Integration of financial and operational risk information into decision making**
- **Use of sophisticated quantification methods to understand risk and demonstrate added value through risk management**
- **Identification of new and emerging risks using internal data as well as information from external providers**
- **A move from focusing on risk avoidance and mitigation to leveraging risk and risk management options that extract value**

Exercise 2 – The challenges involved

Risk Attitude

- The need to define risk as the need to get things right – not what can go wrong
- ‘Ring fencing’ risk exposure - never allow one part of the business to impact the whole organisation
- Determining and communicating your attitude to risk and your required risk culture to managers and stakeholders
- Recognising that reputation is both your biggest asset and the biggest risk you face – and one you cannot insure
- Not waiting until you are required to provide evidence of effective risk management by regulators or legislation – this will usually be too late

Exercise 3 – Determining risk attitude

Risk appetite

- What is risk appetite
- The difference between risk appetite and risk tolerance
- Defining risk limits
- Risk profiling
- Developing risk appetite statements
- Examples of risk appetite statements

Exercise 4 – Defining risk appetite

Establishing an Embedded Risk Management Process

- Surprises and risk
- The widening of the risk portfolio
- Risk cultures
- Reviewing the risk strategy for your organisation
- Establishing the business case
- The need for risk champions
- Risk and competitive advantage

Exercise 5 – Risk Taking In Action

Linking strategic risks into the Business Planning Process

- Linking corporate risks with the strategic planning process
- Risk owners – how to determine such personnel and enforce ownership
- Annual statements by risk owners
- Developing risk tracking
- Using the risk register as a decision skeleton
- Quarterly board reporting to review progress in addressing the exposures
- Risk management committee reporting
- Half yearly evaluation of key risks to ensure new risks identified and included

Exercise 6 – Risk and reward

Risk and Corporate Governance

- **The increasing importance of Corporate Governance**
- **Record of accountability**
- **Protecting the financial position**
- **Alliances, partnerships and contracts**
- **Fulfillment of promises**
- **Top down management of reputation**
- **Media management**
- **Business continuity**
- **Vulnerability management**
- **Carrying out a vulnerability audit**
- **Crisis management strategy**
- **Outsourced services risk**
- **Community and other stakeholder requirements**
- **Environmentally responsible sources / treatments**
- **Customer service**
- **Management of complaints**
- **Communication – internally and externally**

Exercise 7 Risk and Corporate Governance

Cascading the Process

- **Stakeholders interest in risk**
- **How to measure the benefits**
- **Sharing output with partners**
- **Evaluating risks within these relationships**
- **Risk indicators (KRI's)**
- **Coordinating the process**
- **Managing stakeholder expectations**
- **How to use the programme to change the culture**