

View from the front lines:

How to get risk owners more engaged



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Presented by

RIMS
the risk management society

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Agenda

1. Why engagement is important to the success of an ERM program
2. Insight into peer challenges of engaging the front line
3. Tips and strategies for engagement

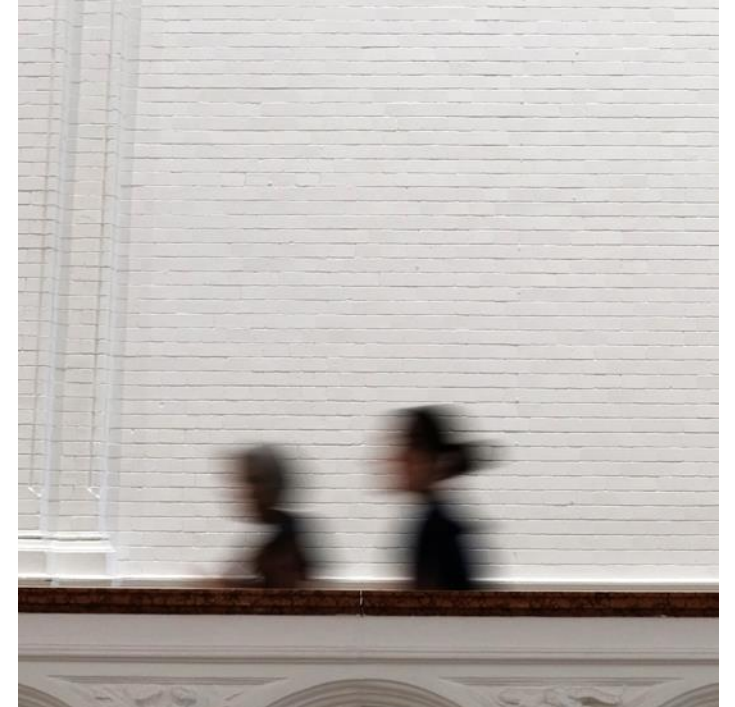
Common Challenges



ERM top-down risk registers are in danger of missing the true risks



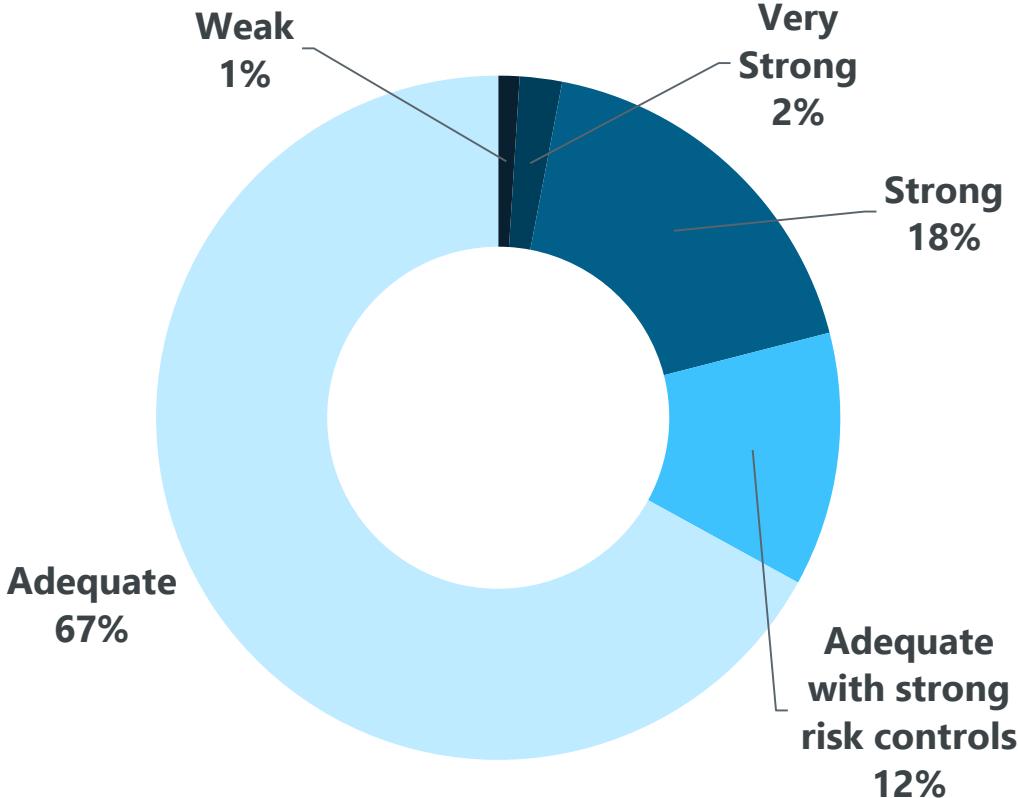
Trouble identifying risk concentrations and root causes



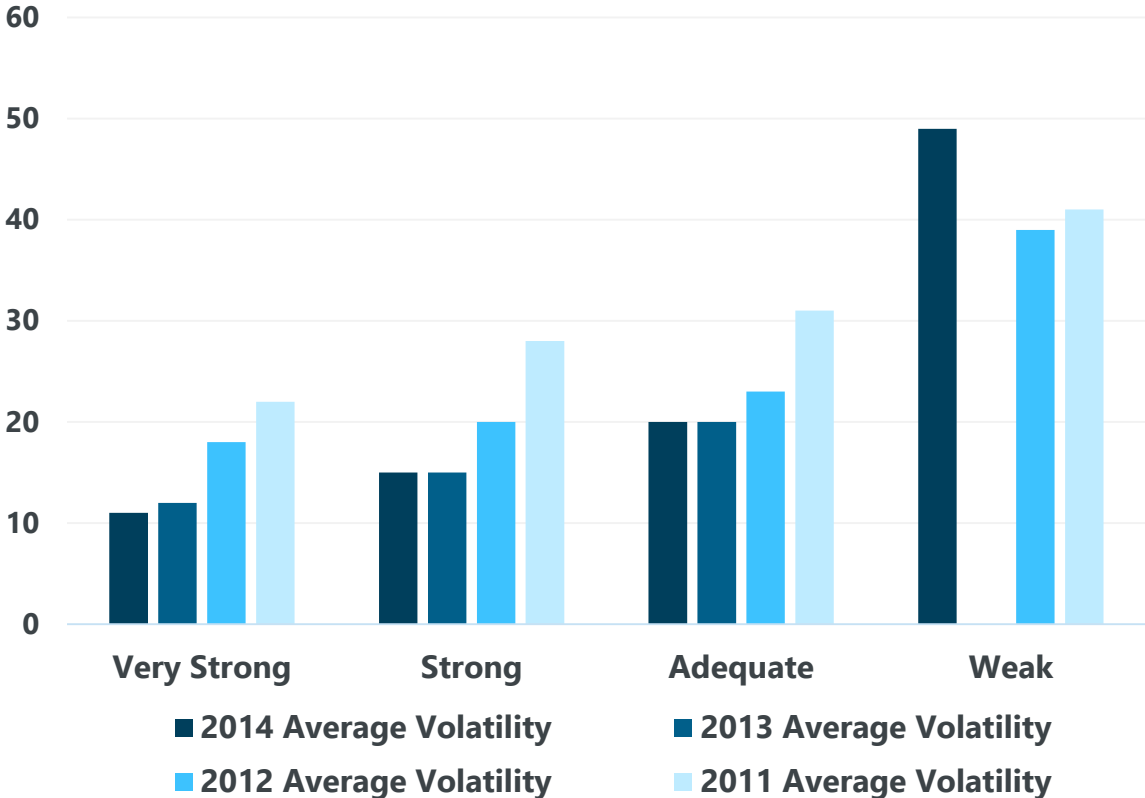
Lacking buy-in to your risk management process

Creating value through ERM practices

Overall ERM Scores For North American, Canadian and Bermudian Companies of Dec. 31, 2014



ERM Scores & Volatility*



*Volatility is calculated from weekly log normal returns over the past year. Source: Standard and Poor's Capital IQ.

Success of front lines = success of business



Poll 1

Which best describes your current interaction with your front line business leaders?

1. Difficult – getting their time and information is impossible
2. Manageable – but they don't understand our function
3. Good – they provide us with the information willingly
4. Excellent – they bring us into strategic conversations

Pathway to long lasting ERM Program

The enterprise-risk-management framework illustrates an integral cycle of best risk practices.



McKinsey&Company



Front line engagement is key.
Without the “pull effect”,
the business is not engaged.



How to create the “pull effect”

- 01** Provide insights back to the front line
- 02** Provide more rigorous understanding of risks
- 03** Risk strategy should be “owned” by the risk owner
- 04** Provide reliable, relevant and timely information
- 05** Back and forth engagement

Poll 2

In your organization, what is currently the best method to engage the front line?

1. Steering committee
2. Training and workshops
3. 1-on-1 meetings
4. Through software
5. Don't have one

Strategy 1: Building Trust

QUESTION

How have you managed to build trust in your organization?
What practical strategies have worked for you?

Strategy 2: Educate and Train

QUESTION

How have you embedded training in your program?

Strategy 3: Get rid of complex jargon

QUESTION

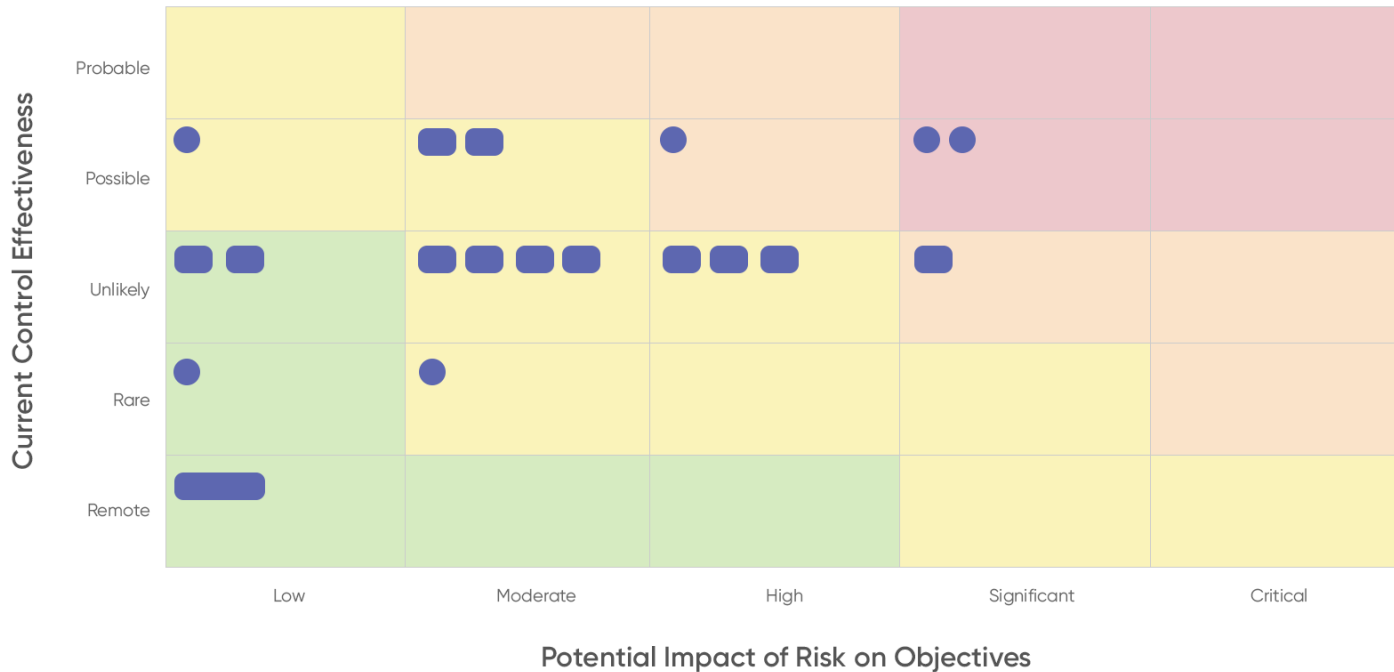
Does removing complex risk jargon resonate with your experience and if so, how have you built simplicity into your ERM program?

Poll 3

What data insights are most important to risk owners?

1. Emerging risks and early warning indicators
2. Any control failures within their function
3. High priority incidents and root cause analysis
4. Key performance indicators for their function
5. I don't know

Risk Management Dashboard



Objectives

Name	Certainty of achieving objectives
Maintain reputation	Warning X
Profitability	Certain X
Talent attraction and retention	Uncertain X
Innovation	Certain X
Operational Excellence	Certain X
Customer Satisfaction	Warning X

Strategy 4: Providing Insights

QUESTION

What kind of information have you provided that has surprised your risk owners? And what has been the result of this insight?

Poll 4

What is the most important success criteria for your ERM program?

1. ERM is brought into strategic conversations
2. Everyone in the organization is not afraid to speak about risks
3. The organization achieves its corporate objectives
4. Gives me an avenue to my next role

QUESTION

How do you determine you are adding value?

What are signs that the organization has moved away from “check-the-box” to more of a partner function?

Journey to best-in-class risk management

Stage 1:

Check-the-Box

- Focus on controls/compliance
- Build basic risk register
- Establish risk policy

Stage 2:

Value-add Insights

- Build ground level insights
- Provide static inputs
- Develop understanding of corporate strategy
- Link department metrics to objectives

Stage 3:

Integrate

d Decisions

- Management to consult with the risk team regarding implications and trade-off

Questions?

Thank You!

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