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*The Promise of
Enterprise Risk
Management –*

*Making Intelligent
Risk Possible*

The Promise of Enterprise Risk Management (ERM)



Globally, regulators pushing for **more effective Enterprise Risk Management** enterprise-wide



Major business failures often attributed to a **“failure in risk management”**



And more recognition that managing risk well is a source of **value creation** - a strategic imperative, an opportunity, **the “up-side” of risk**

So why is it so hard?

What is ERM?

An end to end, holistic integrated approach to understanding and proactively **managing the risks** that an organisation faces in achieving its objectives

So why is it so hard?

Successful risk management requires

Genuine **leadership** from the top

The right **culture**

Good **process**

Integration throughout the organisation

*And these are all **challenging to achieve!***

Leadership

The Board & Senior Executive

- ✓ Policy
- ✓ Risk appetite
- ✓ Engaged in risk conversations that matter
- ✓ Resources
- ✓ Move beyond “ticking the box”

Engaging your Leadership Team

Key tips for *motivating your leaders*

1

Set out the vision for Integrated Risk Management

2

Strong focus on strategic risks

3

Work together on **Risk Appetite**

4

Balance **process and substance**

5

Risk reports **engage a conversation**

Culture



Transparency



Accountability



Collaboration

Achieving the culture you want

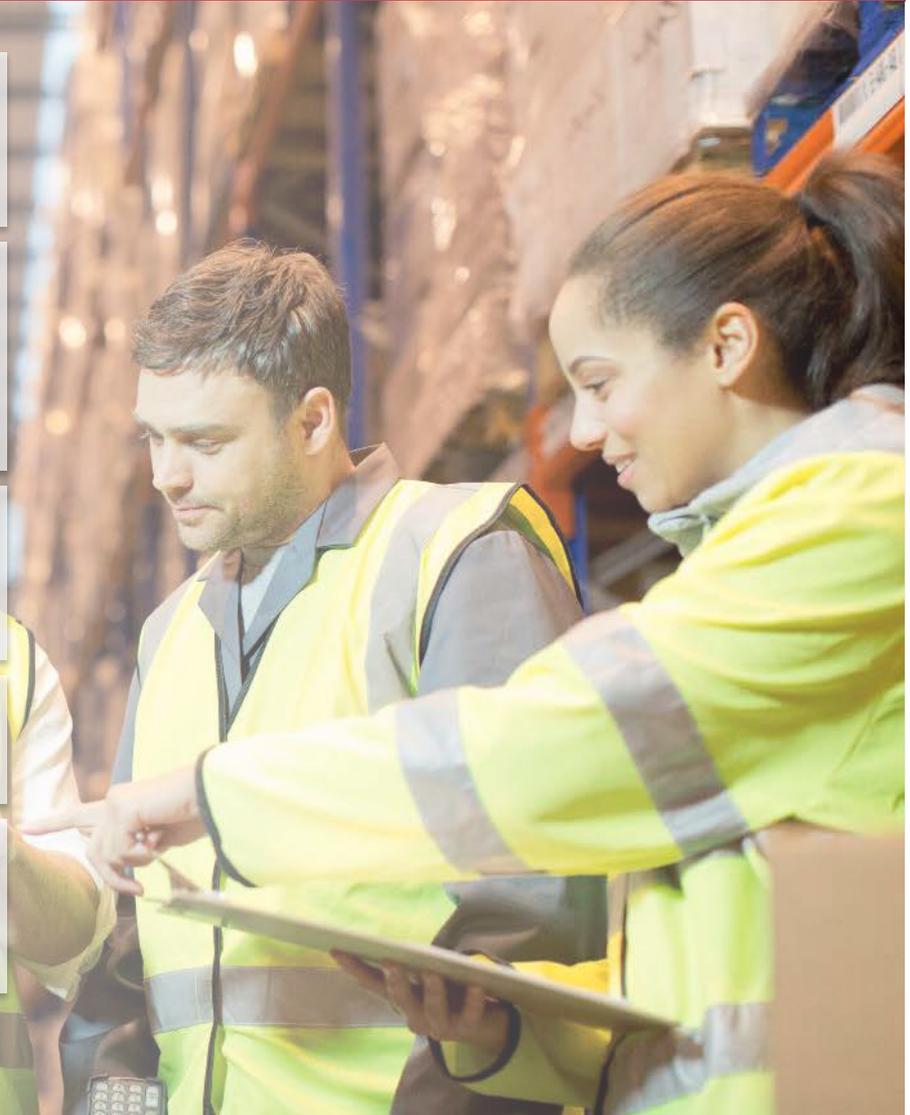
Define the culture you want –
and get commitment from the top

Work with HR to embed in the
“cultural infrastructure”
(induction programs, codes of conduct, culture
programs and reward and remuneration programs)

Identify actions that are culturally aligned
– and highlight them as they happen

Call out behaviours that are not aligned

Talk about **culture at all levels**
of the organisation



Process

*Defined,
consistent,
transparent*

*Escalation
Paths and
Reporting*

*Controls
Monitoring*

Pitfalls

- Seeking perfection
- Complexity
- Varying stakeholder requirements
- Communication and education

Embed and integrate

*Key
decisions*

*Business
processes*

*The
operating
rhythm of the
organisation*

Summary



Done well, ERM allows business to **confidently manage** through complexity and challenge



Leadership, culture and processes must all be aligned to achieve integration of risk management into every decision, every process, every action



Work hard on leadership and culture – **communicate the change you want**



Keep things simple – focus on generating rich conversations and a drive to action



Prioritise **integrating risk management** into those key decision points



Embed into the **operating rhythm** of the organisation
