

## ERM VIDEO INSIGHTS

### Transcript of Claudio Martinez de la Vega and Don Pagach *Conducting Scenario Planning Workshops*

**Don:** Hi I'm Don Pagach, I'm the director of Research at the Enterprise Risk Management Initiative here at NC State. And I'm lucky to be speaking with Claudio Martinez de la Vega, who is the Enterprise Risk Management Director at IBM, and Claudio is going to tell us a little bit about the scenario planning process. Maybe you can start off by telling us the goal of the workshops that you do with management.

**Claudio:** Sure, and thank you for having me. Our objective is to create an environment in our countries where they can imagine how the future may unfold. By doing this, we identify risk and manage those. We enable them with a tool what we call a scenario planning advisor, that they use IBM technology. All the objectives on those meetings is to define action plans and leading indicators to monitor and be prepared in advanced to activate those when we need it.

**Don:** What kind of employees are involved in this scenario planning process?

**Claudio:** We are activating a scenario planning in the countries. We are asking our management team to be part of this. Our CFO, an important role on this process, SME's as legal or government affair functions, and of course the business leaders and the upper management who are finally going to be responsible to activate the plans and to follow the role, the activities.

**Don:** When the scenario planning workshops happen, what do participants do to get ready and prepare for the workshops?

**Claudio:** That is an important piece, to be prepared in advance. First of all, we ask them to brief participants about scenario planning, if they don't know about the technique and the value that they will bring to the company. The second is to share in advance the events and the scenarios that we are going to reveal, to get their feedback and insides early so that they are going to be engaged beforehand in the process. Third, we share with them news or social media related to these events so they really have a bigger, broader picture of what is going on.

**Don:** How do you facilitate these workshops?

**Claudio:** Once we are in the meeting, we ask our CFO to be the facilitator. We choose our CFOs to be the leader because of their broader ambition of the company, internally and externally. And we ask them to keep the ball moving and to keep the pace up into the meeting. As for the participants, we ask them first of all to review the scenarios that are prepared by our tool, which include emergent risk and business implications. So we would like them to discuss what is there and if that could potentially happen, and after that, we move quickly into what are the actions we can potentially activate if that is to happen.

**Don:** How long do the workshops take?

**Claudio:** Usually we are trained to keep them short, we want the minutes to be productive and we want them to focus on reviewing the scenarios that the system is preparing and to move into the action. So I would say a couple of hours on the meeting and another two hours before on preparation.

**Don:** How often do these workshops take place?

**Claudio:** Of course it depends on the country and the issues that we are trained to identify. It could be twice a year, it could be one every quarter but it depends on the situation.

**Don:** Obviously the information that you captured in these workshops is really important. How do you go about making sure you capture the right material and then make sure that goes forward?

**Claudio:** The scenarios are stored in our system and the outcomes of the meeting are captured in a playbook, so we have our actions and we have our leading indicators to be monitored, also capturing that document. All of these becomes the scenario and there is a responsible person to continue looking at that.

**Don:** What advice would you give to a company that's wanting to get started with a scenario planning workshop?

**Claudio:** If you are deciding to do a scenario, the first advice would be to share the idea with others. Share the events or some other risk that are identifying events to get their feedback. The second one would be to use technology and the tools available at your company. This will help people to avoid bias. Once you're in the workshop, really try to force them to go out of their comfort zone to really think in different alternative futures. Not the most obvious or probable one, that is where you really want to be to identify emergent risks at a certain point of time.

**Don:** Claudio that's great, I really appreciate it. Thank you for sharing this information about the scenario planning workshops, it's been wonderful.

**Claudio:** Glad to do it, thank you.