

ERM VIDEO INSIGHTS

Transcript of Jim DeLoach and Don Pagach

Overview of How Boards and Executives are Using the Findings in the Top Risks for 2018 Report

Don Pagach: Hi, I'm Don Pagach; I'm the Director of Research at the Enterprise Risk Management Initiative at NC State University. And I'm here today with Jim DeLoach, he's the Managing Director of Protiviti. And what we are going to be talking about is our key risk report that we do with Protiviti, and maybe you can tell us a little about how we came to partner on this project.

Jim DeLoach: Glad to Don, and first of all, let me just say on behalf of Protiviti, that we are just delighted to be partnered with North Carolina State University ERM Initiative. I think the way it started years ago was we and you and your colleagues, discussed the opportunity for a risk report. We didn't see this kind of reporting in the market place and we saw an opportunity for us to partner and work together on that. We certainly feel fortunate that we have partnered and having been doing so for several years.

Don Pagach: So there are a number of these types surveys out there and ours really kind of looks at the key risks from a macroeconomic standpoint, a strategic prospective, and an operational perspective. That's really been insightful, and how have your clients and users looked at that report?

Jim DeLoach: Well I mean we get requests for it all the time. We get requests for copies of the executive summary to send to board, to audit committees. We get requests for it in conjunction with risk assessment processes. People can kind of read or understand what the key risk are as indicated in the survey and kind of use that as a way to stimulate their own thinking. Interestingly enough Don, while a lot of the requests come for the executive summary, we also do a detailed report and there's a lot of request for that as well. People want to drill down from the overall results into more specific data.

Don Pagach: So we have looked at some specific types of people looking at risk from what kind of position they have to the type of industry and really kind of insightful information.

Jim DeLoach: I think it cuts across all industries. I think it could be people at different levels, particularly people working directly with boards, as well as people who are responsible for risk assessments. As well as people who just simply want a perspective as to what is going on in the market.

Don Pagach: the methodology behind the survey, maybe you can touch a little bit on how we have been doing the survey.

Jim DeLoach: You mentioned earlier the three categories: macroeconomics, strategic, and operational. We have a list of risk, when we first started this, as you recall, Don. We

were working with about 26 or 27 risk and over time we have added some risk, but basically that same structure, that same list, maintains the integrity of comparability from year to year. We write the significance of the risk; we ask the survey respondents to write the significance of the risk based on a scale of 1-10. One means no impact on their business and ten meaning an extreme impact. Based on that we are able to tabulate the results and “slice and dice” the data anyway we choose, whether it’s by geography, whether it’s by industry or by position in the company, as well as the overall results.

Don Pagach: How has this report been used in boardrooms? When you go out and talk with your clients, how do they use this report?

Jim DeLoach: They use it for perspective, Don. I think the real value of this is perspective from their peers, peers from other companies, whether you’re looking at it within a given industry or overall results. And it does give them an opportunity to kind of gauge or benchmark, however you want to look at it, their own risk assessment. These risks were reviewed and evaluated as significant in this report and yet we are not considering them in our own assessment. Does that make sense? So we get those kinds of usages of those reports as well. I think just the general perspective that it gives executives and directors is really valued.

Don Pagach: In over the time of the study the survey respondents have kind of grown, you have a lot more.

Jim DeLoach: Isn’t that wonderful! It’s just fabulous! Just the acceptance of it has gotten more entrenched in the market. We are gratified with that, it’s good to see, let’s put it that way.

Don Pagach: We had both US respondents and global respondents, so we get a give of what’s happening not only here in the United States but also globally.

Jim DeLoach: That’s exactly right. And overtime we have tried to increase our global presence and that is the trend and the track record we’ve been able to achieve overtime. It’s taken a little effort, as you know, but “one tries” I think is the statement.

Don Pagach: Excellent, well thank you so much Jim and we are looking forward to the surveys.

Jim DeLoach: Well thank you Don, and again I’d just like to thank the University ERM Initiative for partnering with Protiviti, it’s a partnership we greatly value.