ERM VIDEO INSIGHTS
Transcript of Joe Boeser and Bruce Branson
Positioning ERM to Drive Opportunity

Bruce: Hi, I'm Bruce Branson. I'm the Associate Director of the Enterprise Risk Management Initiative at the Poole College of Management at NC State University. I'm joined today by Joe Boeser. Joe is the Vice President of Enterprise Risk Management at Wings Financial Credit Union. We are going to talk today about some of the upside of risk. Joe, I know traditionally in ERM and risk management there's a lot of focus on the downside. Everyone understands that in order to earn rewards, you have to take a little risk. We hoped you could talk a little bit about how you've been able to get your people to think about the upside, what are some of the opportunities that you can learn from a risk management program?

Joe: Absolutely, yeah. When I came into my role as Enterprise Risk Management VP it was very evident and clear that we took a very proactive approach to risk management and took a very conservative approach to the products and services we have offered to our membership. So very early on I identified an opportunity for us to really look at the strategic focus, and the strategic place that risk management, the role it plays going into the programmatic components of the credit union as a whole. So when we moved forward, as part of that process, the organization needed to better understand the impact of the decisions, the strategic decisions, that they were making. Things like increasing credit limits for members, or introducing new products and services, while we took additional risk on, was it within or organizational appetite and did we have the type of capacity to take that work on.

Bruce: Can you talk to me a little bit about some specific techniques that you found helpful to get people to be thinking about that opportunity side?

Joe: Absolutely. A couple of really key components that allowed us to really kind of embrace this concept of risk management as a strategic value driver was embedding risk management into some of the core components. Things like product development, product implementation, our project management office as a whole and then working and being more tied into our budget planning and strategic planning processes were really key components for us to kind of get a lynchpin and hold in on the value risk plays in taking advantages of strategic opportunities.

Bruce: I know in a financial institution, again, the classic picture is people are a little more risk adversed. Have you found some challenges in terms of getting people to embrace this kind of more ballistic risk and return relationship?

Joe: Absolutely. There is a number of functions and areas within the organization that view risk management kind of in an old style form, as a mitigating component factor, it didn't help that we have audit also kind of combined within our risk management program as a whole. But really it is communication, breaking down the silos and the misconceptions of what risk management brings to the table as solely a mitigation strategy going forward and really an opportunistic opportunity driver for the organization. And so it has been a lot of communication and a lot of focus for us, starting at the highest levels of the organization and kind of infiltrating down through all the ranks.

Bruce: That's great. You mentioned earlier risk appetite. Can you help frame this conversation a little bit in terms of how you try articulate risk appetite at the credit union and how this idea of erasing some risk is something that is necessary and fits in your organization.

Joe: Absolutely. I've found in my experiences to finding risk appetite is one of the most difficult things I've had to do as a risk management professional. It's difficult because you try to lay too much analytics and quantitative components on it and everyone gets lost in the muck. And if you stay too qualitative there's not a ton of value. And so, we're at the stage now where we're actively talking about risk tolerances, in terms of are we comfortable? It's really a comfort level dialogue, at this point. We have some areas, whether it's regulatory focus or otherwise that have to find metrics for it, but largely when we talk about organizational tolerance, taking on new risk, it is more of a comfort component. And balancing that against the needs and expectations of the market and membership.

Bruce: I think that's great. Joe, I really appreciate you spending some time with us today. Thank you.

Joe: Absolutely, thank you.