Overview of the Enterprise Risk Management Initiative Activities:
2008–2009 Academic Year

The Enterprise Risk Management Initiative’s mission is to be a national and international thought leader in enterprise risk management (ERM) and in the implementation of ERM in strategy development and corporate governance. This is accomplished through four core strategies: outreach to the business community, continued development of web-based resources, research focused on ERM best practices, and curriculum designed to train the next generation of business executives on ERM concepts.

The ERM Initiative engaged in the following activities during the 2008-2009 academic year to achieve our mission.

**Outreach**

The ERM Initiative hosted five ERM Roundtables, four in downtown Raleigh and one in Charlotte, averaging approximately 125 attendees per event generating over $30,000 in registrations and sponsorships to cover Initiative costs. The companies and organizations represented by our speakers were KBR, Inc., a Houston, TX-based Fortune 250 company; the New York Stock Exchange; Standard & Poor’s; H. J. Heinz Company, a Fortune 500 company headquartered in Pittsburgh, PA; and the State of Washington. Over 4,000 people have attended one or more of the 37 ERM Roundtables held in the past five years. The ERM Initiative Advisory Board convened for one meeting in October 2008, in conjunction with our October ERM Roundtable.

The ERM Initiative also developed and conducted executive education workshops and professional development programs in collaboration with the American Institute of CPAs (AICPA) and the North Carolina Commissioner of Banks. These national and state-wide workshops are primarily targeted to individuals serving on boards of directors or as C-level executives who report directly to boards. The AICPA workshops were held in New York, NY in October 2008 and March 2009 for approximately 80 attendees. The Advanced Bank Directors’ workshops offered in conjunction with the NC Commissioner of Banks were held at The Grandover Resort in Greensboro in September 2008 and May 2009 for approximately 100 attendees. These collective efforts generated over $85,000 in revenues to cover costs. Additionally, individual ERM Initiative faculty have worked directly with several organizations during the year to advise on ERM implementation and build-out, including Reynolds American (RJR), the Atlanta Public Schools, the Internal Revenue Service in Washington, D.C., AgFirst Farm Credit Bank in Columbia, SC, and First Premier Bank/Premier Bankcard, LLC, in Sioux Falls, SD.

**Internet**

The ERM Initiative provides a leading information internet portal for the delivery and hosting of ERM knowledge resources. The website currently includes abstracts of over 200 articles, whitepapers, research studies, and presentation summaries of the 37 ERM Roundtables for free download in addition to information about ERM Initiative activities and events. The ERM Initiative is generally on the first page of a Google search of the term “enterprise risk management.” In FY 2008-2009, over 13,000 people have visited our website at least once (note – this does not count repeat visits by same person in a month).

The ERM Initiative’s website is currently undergoing a dramatic re-design to significantly expand the usability of the site and to help attract increased attention from individuals and businesses seeking to learn more about ERM. The new site (expected launch date is early August 2009) will allow for sophisticated searches of the ERM-related resources found on our website. This new site will allow us to more efficiently update our pages and to be search-optimized to improve our visibility with various search engines (e.g., Google, Bing, etc.). The appearance will be highly professional and more closely aligned with the COM website.
This year, the Initiative launched our “ERM in the News” e-mail newsletters issued twice monthly featuring the latest ERM-related news, article summaries, and events. Thirteen newsletters have been sent since October 2008, highlighting more than 60 article abstracts and Roundtable summaries, as well as providing links to over 30 ERM news items or speeches from top regulators and ERM professionals.

Research
In the last year, faculty in the Initiative conducted a survey-based research project sponsored by the AICPA. Based on the data obtained, Mark Beasley, Bruce Branson, and Bonnie Hancock developed a research monograph, *Report on the Current State of Enterprise Risk Management*, which is being distributed by the AICPA through its website for Business and Industry and through the ERM Initiative website. A one-page executive summary has been sent to selected members of the U.S. Congress, the U.S. Treasury Department, the Federal Reserve, the SEC, in addition to several business editors of major business publications and television networks. The authors have made several national conference presentations and webinars highlighting the key findings of this study and other ERM developments, and an article based on the study has been accepted by the *Journal of Accountancy*. In addition, a recently published article in Grant Thornton’s Corporate Governor Series entitled “Enterprise Risk Management: Creating Value in a Volatile Economy” highlights the ERM Initiative and the findings from the AICPA-sponsored research.

Research completed by Mark Beasley, Don Pagach, and Richard Warr titled, “Information Conveyed in Hiring Announcements of Senior Executives Overseeing Enterprise-Wide Risk Management Processes,” was published in the *Journal of Accounting, Auditing, and Finance*. Faculty also published ERM articles in the *Journal of Forensic Accounting and Internal Auditor*. The ERM Initiative also submitted grant proposals to NC State’s IEED and the Spencer Educational Foundation and completed two research projects that were previously funded by NC State IEED and the IBM Center for the Business of Government.

In light of the tremendous attention now focused on risk oversight resulting from the current economic crisis, the ERM Initiative leadership team has been developing a series of articles and white papers examining the role of the board of directors in overseeing management’s approach to risk management and the entity’s top risk exposures. One article is currently under editorial review at the *Harvard Business Review*, and a separate whitepaper focused on the board and senior management’s role in enterprise risk oversight has been developed by the team for issuance by COSO—The Committee of Sponsoring Organizations of the Treadway Commission—which is globally recognized for its development of *Enterprise Risk Management—Integrated Framework*. A related four-page summary was prepared by the Initiative team and accepted by COSO for widespread distribution by the COSO founding organizations (AAA, AICPA, FEI, IMA, and IIA), who collectively have about 500,000 members.

Curriculum
The ERM Initiative supported the second year delivery of three MBA courses that provide our graduate students with core knowledge of ERM concepts and best practices. The “Overview of ERM” course enrollment grew from 20 in fall 2007 to 40 in fall 2008 (please note also that the current registrations exceed 50 for summer and fall 2009). The Initiative also supported the development of two one-hour MBA elective courses (taught by Hancock and Branson) that collectively enrolled 71 MBA students participating in the part-time program. The “Overview of ERM” course has now been approved for the MBA Finance concentration. Additionally, two students won second place in the COM’s Innovation Showcase for their case presentation of a risk simulation project completed in the “Risk Measurements Tools” course taught by Paul Bergey.

COM graduate students in the “Overview of ERM” course also benefited from invited speakers who spoke with them on “real-world” ERM implementation challenges they faced in their day-to-day positions within their companies and organizations. These students were also invited to attend a reception in October 2008 with the ERM Initiative Advisory Board. Students in the ERM courses, as well as students enrolled in the Financial Mathematics program, were regular participants in the ERM Roundtables. Finally, students in the NC State MAC program can work towards an ERM concentration as part of their graduate course of study.