

# Elmar Vinh-Thomas Interview

## SPEAKERS

Mark Beasley, Elmar Vinh-Thomas

### **Mark Beasley** 00:05

Hi, I'm Mark Beasley, I'm a professor in the Poole College of Management. And I'm really pleased to have Elmar Vinh-Thomas with us today. Elmar is head of assurance and enterprise risk management at the Bill and Melinda Gates Foundation. So thank you for joining me.

### **Elmar Vinh-Thomas** 00:18

Thank you for inviting me, Mark, it's always great to work with you and your team.

### **Mark Beasley** 00:21

When you think about the role you play at the Gates Foundation ... The Gates Foundation has focused on trying to solve major world issues that are broad, a lot in healthcare and other kinds of emerging people related issues. And you're looking at the world to do that. So your focus is global, it's big, it's long term. But when you think about that global side of things, in a risk management capacity from an organization, how do you think about? And what do you do to sort of get your arms around these big global risks? And how do you go about doing that?

### **Elmar Vinh-Thomas** 00:55

It's a really good question. And I just want to add, before I dive into what you're saying, my team oversees enterprise risk management, we also do internal audit, and very importantly, grantee audit. So we follow some of the money that goes out of the foundation. And we're responsible for managing allegations about the grants that we make. So when I think about risk management, it's really the interplay of those four pieces that we're paying attention for. But how do we wrap our heads around? It's a great question. And we really look at two or three things that help us get a sense of what the risks are, that we should be paying attention to. One is external party products. So we look at what you do at NC State, we look at the productivity report, we look at what the World Economic Forum puts out on global risk, much of that is oriented towards the corporate sector. But there are a lot of good lessons in it for not for profit and private foundations as well. We look at the Eurasia group and their analysis of global risk. So that's the external piece, then there's an internal piece, the foundation has its head office in Seattle, Washington. But we have eight offices around the world in Africa, in Asia, we're currently establishing two new offices, one in Nairobi, one in Dakar. And the staff that we have in those offices are incredibly clued in to regional and local issues, be their risk be the opportunities that my team has access to what we also do, in cases where we may not have a physical presence is the foundation, we have consultants. Just earlier this week, I was on a call with a consultant in Somalia in Mogadishu. And I was having conversation with him around some of the issues that are coming up with respect to the grants that we're making for polio eradication in that country. And then the last piece, and in some

## Enterprise Risk Management Initiative

ways, the most important is we have 1500 staff in Seattle, a lot of the staff are subject matter experts in the areas that we make grants in. So there are people in health people in global agriculture, people in education, and we work very closely with our colleagues to get that understanding. Of course, there's also the board and the various board committees, but the wealth of experience that that my colleagues at the Foundation have directly informs how we think about risk and how we cut it up.

### **Mark Beasley** 03:15

So you pull in from different sources and you're pulling in and taking advantage of your network of the experts that are right there at your fingertips. When in a lot of cases you're having as an organization, the Gates Foundation is having to partner with entities that are in particularly some challenging parts of the world, because you're trying to solve real health issues, for example, and you're having to partner with organizations that may be an areas of the world that may be hard to get some insights to any perspectives of how you go into understanding more specific areas of risk. When you're you're partnering with a player that is important to accomplishing the objective, you want to get to solving the health problem. But sometimes it might be with an organization that can be hard to get a handle on from a risk dimension. Any thoughts on that?

### **Elmar Vinh-Thomas** 03:59

No, again, great question. And sounds almost as if you see my risk register. Impact and strategic risk have been real drivers of how we think about enterprise risk management and reputational risk because we are a private family foundation or co founders names are attached to the foundation. So reputation is crucial in what we do. Financial Risk, legal risk, operational risks are super important. We don't want to cross a red line in the sand around compliance with with legal obligations or the Internal Revenue Service. Since we are charitable foundation, we need to be very careful in what we do so that we maintain our champ double status. And what you said a second ago is absolutely true. If we want to develop for example, a new vaccine that is price competitive in low and middle income countries, we can turn to big north and pharmaceutical companies. So an example that my team has been working on recently is looking at an organization in the Global South. Also that has excellent technical capacity to develop vaccines, but may not have the financial management systems that we would see in an organization in North America or Europe. And getting that balance right and thinking about what that means is crucially important. Now, again, the foundation has a number of modalities that it uses to address that risk. There's pre-grant due diligence, there are legal reviews that happened when we identify new partners. There's the other half that are where - the audit, we can go back and do an assurance review and audit of that organization to see where the gaps and strengths are. The most important thing that we're able to do in those cases, is actually help build capabilities. So it's not uncommon that the foundation makes a grant to achieve a technical output. But at the same time, also includes funds to build the capacity to build the capabilities of the entity that we're working with, particularly if that entity is a low middle income country, not for profit.

### **Mark Beasley** 06:02

Given the roles that you've played, in your experiences, if you're coaching another person in a similar role in an organization that is really trying to expand globally, particularly maybe into less developed parts of the world, what advice would you provide for them from a risk management kind of lens?

## Enterprise Risk Management Initiative

**Elmar Vinh-Thomas** 06:18

I think there's two core pieces that I reflect on, as I think about what I've done in this space. One. And this is a no brainer, risk, always has opportunity attached to it. And it's facile, I think, to think about a fixed risk appetite that adheres to an organization, particularly if you're working in developing countries, it's important to think about what does risk appetite mean on a project or with respect to a particular in our case and investment or a grant that you're making, rather than adhere to a an appetite that is strict that has been set at the organizational level. In fact, in the organization I work for, we have a risk philosophy that applies to the full foundation. But outside of that, we think about divisions, we think about strategies, we think about individual grants. And I think anyone who's starting this world needs to have that agility. The second piece, I think, is that it's always good to be skeptical. And many people in the Risk and Audit fields are professional skeptics. And you want them to be that you want them to think critically and not take things at face value. The counter side of that is when you're working with an organization in Zimbabwe say, it's easy to say, well, they come from a poor country with poor infrastructure, let's be particularly careful in how we work with them. That's not always true. I have seen organizations in Zimbabwe, I'm thinking of a specific one we've just been working on, that has governance, that is multiples better than things that I've seen in the United States, for example. And again, the counter example to the organization in Zimbabwe, it was an organization I looked at a few months back based in Atlanta, Georgia, that was doing work in Ethiopia, whose board all looked like me. Now, if you look at that from an impact perspective, and from a perspective of who is the population you're trying to serve, versus diversity, equity inclusion at the governance level of the organization that we're funding, it raises questions. So again, somewhat starting off, think creatively about where capabilities need to be supported where they may already exist. And learning doesn't just flow in one direction. It's bi-directional.

**Mark Beasley** 08:41

Multiple. Omar, thank you so much for spending time with us. I appreciate your time with us.