



Executive Training & Events for ERM Professionals

ERM PROFESSIONAL INSIGHTS

ERM Professional Insights Pinpointing Opportunities to Strengthen Your Organization's ERM Processes

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Mark S. Beasley, CPA, Ph.D., is the Professor of Enterprise Risk Management and Director of the ERM Initiative at NC State University. He completed over seven years of service as a board member of the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and has served on other national-level task forces related to risk management issues. He advises boards and senior executive teams on risk governance issues, is a frequent speaker at national and international levels, and has published over 90 articles, research monographs, books, and other thought-related publications.

Most anything that provides tremendous value needs to be monitored periodically to ensure that what generates the benefit is maintained and enhanced over time as the organization and its environment continue to evolve. A constant eye on your organization's ERM process can ensure that the process is creating the intended strategic value over time. Periodic self-assessments of the ERM system's effectiveness is an important element of any ERM process.

Seek Feedback

One of the best ways to identify opportunities for enhancement may be obtained by seeking feedback from members of senior management and the board of directors about what is working well and what opportunities they can identify for improvement in the organization's ERM process. Finding out from senior management and the board about how the ERM process might become a more valued strategic tool may lead to next steps in the organization's ERM evolution.

Sometimes ERM leaders recognize the need to invest in improving an ERM process, but the organization's senior leadership believes that the approach the organization is currently taking to manage risks is sufficient. In those situations, ERM leaders may want to focus on a specific process enhancement that would provide the "biggest bang for the buck", and then work to gain support from senior management for implementing that one enhancement. It will be important to communicate how that enhancement would further the goals of an effective ERM process and its ability to help management stay on top of the most important risks affecting the organization's key objectives.

Hindsight Review of Recent Events

Another effective approach to an ERM process self-assessment is to identify a recent risk event within your organization and then ask yourself and others to pinpoint how the organization's approach to risk management failed to either adequately prevent the risk from occurring or failed to timely and sufficiently manage its response to minimize the impact. This kind of "lessons learned" analysis may pinpoint existing shortcomings in the organization's ERM process.

Similarly, focusing on risk events affecting other organizations to determine whether your own organization might face similar blindspots may highlight vulnerabilities in your organizations' risk management processes that need to be addressed. Evaluating whether a similar event could occur within your organization and not be identified may pinpoint additional opportunities to strengthen your organization's ERM processes. These kinds of inputs provide important feedback loops to ERM leaders who are responsible for the design and implementation of the ERM system.

Consider Expertise of Others

Some organizations are interested in seeking external perspectives on the effectiveness of their ERM processes. They may engage ERM consultants or other knowledge experts to review information about the organization's ERM process in order to provide feedback and suggestions about opportunities for improvement. Sometimes those individuals are able to provide benchmarking information that allows the organization to examine how their ERM process

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compares to other organizations of similar size, industry, or other demographic. Keep in mind that the ERM Initiative conducts annual benchmarking surveys about the state of risk oversight processes. You can find these reports on our website under "**Risk Management Surveys**" if you are interested in determining the state of implementation of specific aspects of ERM across a number of organizations.

Take Advantage of Evaluation Tools

Our workshop, **Evaluating Your Organization's ERM Approach**, takes participants through a one-hundred element ERM evaluation tool developed by the ERM Initiative. This tool prompts participants to assess the strength of their organization's consideration of each element. By the end of the 1.5 day workshop, participants will have conducted a complete self-assessment of their organization's ERM process. Our next offering of this workshop is March 21-22, 2019. Visit our **website** for more details.

Join Networking Groups

Networking groups of ERM leaders exist in some industries whereby ERM leaders periodically meet to share ERM process ideas and techniques. While peer-to-peer networking groups are not likely to be willing to share information about specific risks and related strategies for managing the risks, they generally are willing to share information about practical techniques they use to identify, assess, manage, and monitor key risks. You might explore whether your organization is a part of any existing peer-to-peer networking forums that could be leveraged to bring together ERM leaders in those entities for conversation and sharing of ideas. Additionally, one of the benefits of attending workshops such as the **Evaluating Your Organization's ERM Approach** is the opportunity to network and dialogue with other participants who lead ERM programs in other organizations. That can be invaluable.

Monitor Best Practices

One of the simplest ways to assess the effectiveness of an ERM process is to monitor thought papers and other best practice resources, such as webinars and conferences that focus on ERM techniques. Hearing from others about their approaches to ERM can generate helpful "food-for-thought" ideas that can be leveraged in your organization. Take advantage of the 600+ articles, thought papers, case studies, and surveys on our **ERM Initiative website**.

And, join us for one of our ERM Roundtable Summit events. Let us know how we might be able to help.

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