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Welcome to today's Webinar

**Getting Your ERM Program
Ready for S&P**



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Enterprise Risk Management

Thoughts & Perceptions

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What We Are Seeing & Hearing

- Some organizations are surprised & caught somewhat off-guard as S&P has initiated ERM questions
- Organizations manage risks through a variety of formats...why ERM?
- What is the ROI? Is this a compliance effort or business management tool?
- Different concepts & varying levels of integration
 - Risk Types: Strategic vs. Operational
 - Organizational involvement: Entities / Functions / Management Levels
 - Cross-organizational leverage

“Why ERM?...We Manage Risks”

- All organizations manage risks
- Inconsistencies in how risk is managed:
 - Which risks matter?...Why?
 - Your risk management “process” can help / hurt your business management capability

ERM Process Objectives

Data Collection:
Risk Identification

Analysis:
Risk Prioritization
(Define Tolerance & Appetite)

Report:
Results Platform

Accountability:
Risk Ownership

Actions:
Risk Management &
Contingency Plans

Business Management:

- Process drives consistent management, communication & understanding
- Proactive vs. reactive management
- Facilitates “control” culture
- Culture shifts



“What Is the ROI?”

- An effective ERM process drives a consistent, objective & frank assessment of risks impeding strategic objectives
 - *Facilitates communication & integration across the organization*
- Embedding financial objectives into your ERM program establishes that it is a business management tool
 - *Complements resource allocation decisions: Do budget & FTE decisions align with risks to achieve strategic objectives?*
 - *Integrating the process into key efficiency & business process improvement objectives (LEAN / Six Sigma / etc.) enhances efficiency objectives*
- ERM should not be viewed as a compliance effort...the effectiveness of results will be limited

ERM Integration

Integration means different things to different organizations

Risks



How extensive should the program be?

Functions

- Strategic
- Finance
- Legal
- Internal Audit
- Compliance
- Business Process Improvement
- Etc.

Who should be involved?

What are the roles?

Organizational Levels

- Senior Management
- Directors
- Line Management
- International

Which insights are necessary?

How granular?



Additional Questions on ERM

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