

Overcoming Obstacles in Implementing Enterprise Risk Management

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Speaker Introduction



Charla Hollowell

With over 20 years of experience serving public colleges and universities, Charla brings the perspective gained from working within the industry. With 11 years as the director of internal audit for a higher education system, and an additional four years as a controller, Charla is able to leverage her experience to benefit a variety of institutions, tailoring solutions to reflect the unique nature of the clients she serves.

Learning Objectives

- Discuss what an Enterprise Risk Management process entails
- Identify strategies for overcoming obstacles to implementing ERM at your institution
- Explain the contrast between the functional model for identifying and addressing risk and the enterprise risk management model
- Discover the benefits of a well-functioning enterprise risk management process



What is Enterprise Risk Management?

Enterprise Risk Management

as defined by COSO

Enterprise Risk Management is a process applied in strategy setting and across the enterprise, designed to identify potential events that may affect the entity (positive and negative), and manage risks to a level within its risk appetite, to provide reasonable assurance regarding the achievement of entity objectives.



Enterprise Risk Management Model

Executive leadership aligns resource allocation
with the highest risks and the greatest opportunities
in light of Strategic Goals



Addresses the impact of risks on the entire organization

Overview of ERM Process



Communication



Managing most critical risks



Common Responses

Overwhelmed staff

“It’s too complicated”

“We don’t have the funds”

Staff already in crisis mode

Lack of knowledge

Lack of resources

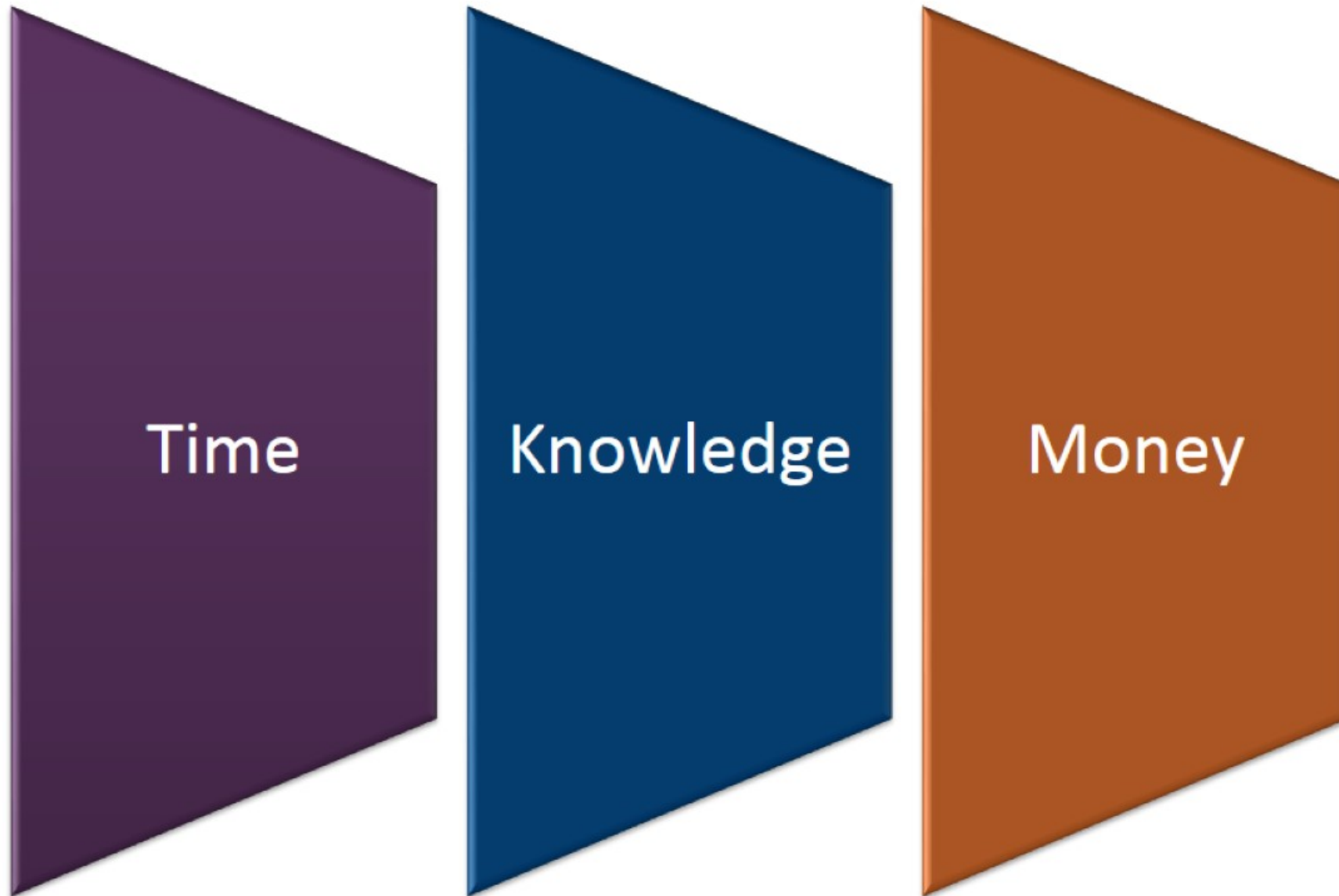
Lack of momentum

Significant personnel turnover

Too many new initiatives

Lack of Interest from C-Suite

Three Basic Categories of Concerns:





Time

Concern: Time

- Frequently stated as:
 - How much time will this take?
 - Do we have time to do this?
 - What are your expectations of me?
 - Will this add another process?



Response

Focuses time in the right place



Tip

- Design the process up front
- Document a timeline
- Schedule your meetings up front
 - Use standing meetings that already occur when possible
- Use surveys
- Incorporate the process into already existing processes as much as possible
- Communicate progress!

Situation

You are working at a college where the president was hired about eight months ago. The new strategic plan has just been completed.

Is now a good time to begin an ERM process?

Yes!

Right after the strategic plan is completed is a great time to move into ERM.



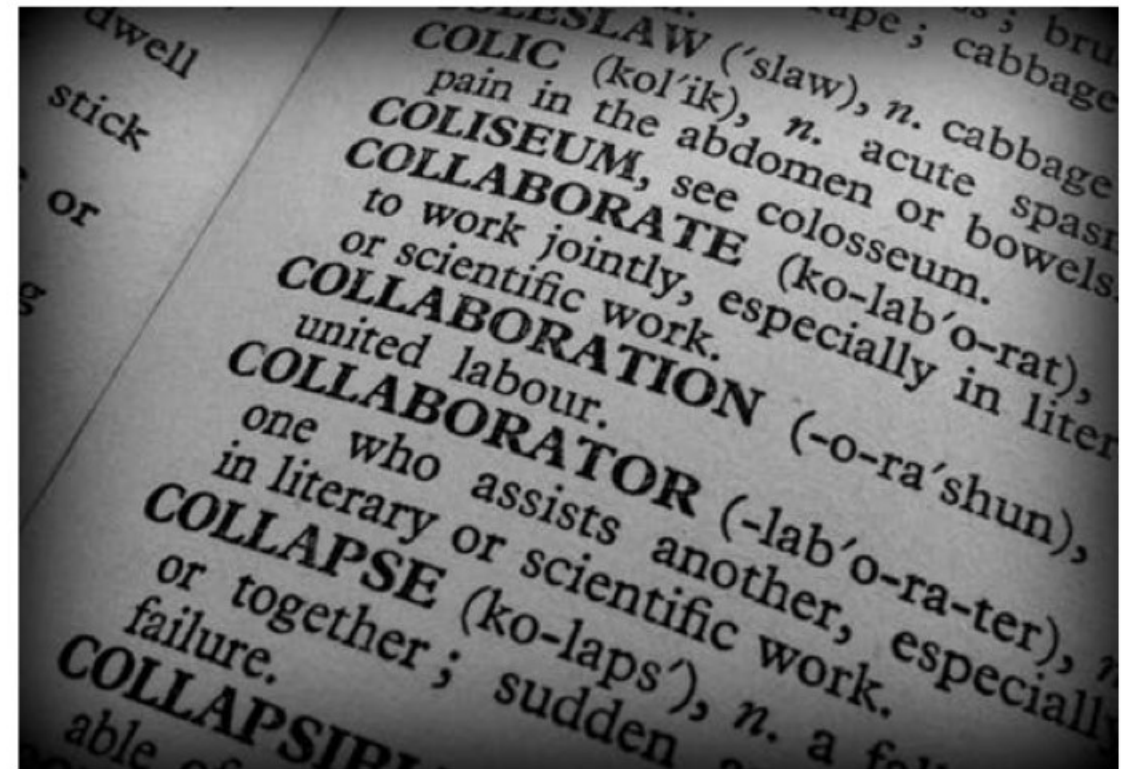


Knowledge

Concern: Knowledge

Do we have the knowledge in-house?

- Frequently stated as:
 - Who is going to manage this project?
 - Has anyone on staff done this before?
 - Who can speak to the board about this?



Response

- The process builds knowledge
- Creates a culture of risk awareness, informing staff members at all levels about risk
- Provides a mechanism to communicate risks, so staff can share information with all levels of management
- Provides a feedback mechanism, so the organization can manage risk

Tip

- Do your research
- Assess your organization's readiness
- Market the idea internally
- Talk to organizations that have implemented ERM
- Develop your internal team
- Evaluate the need for outside assistance

Situation

You'd like to implement ERM. You've heard a lot of great things about it. In concept, it sounds great.

You're new to your organization and a successful project such as ERM would demonstrate your value to the organization.

What should you consider?

How can you ensure you have the necessary knowledge?

Set Realistic Expectations

- You can obtain the knowledge
 - Professional organizations
 - Other colleges/universities that have implemented
 - Seek outside assistance
- Get management support
- Determine the desired outcome for the initial implementation
- Develop a cross-functional team to maintain momentum



Money

Concern: Money

What kind of costs are involved?

- Frequently stated as:
 - We don't have funds for this
 - Whose budget is this in?
 - How much additional budget can I get to do this?



Response

- Aligns resources to Strategic Goals
- Significant ROI
 - Consistently identifying, evaluating and managing key risks
 - And opportunities!
- Demonstrate how you could balance staff time with costs

Tip

- Communicate the value to cabinet
- Consider time demands of personnel
- Consider complexity of organization and tools available
- Balance funds available with staff availability



Situation

You believe ERM could really help your organization.
You brought it up at a cabinet meeting and did not get
resounding support.

Respond to the Feedback

- Don't neglect internal marketing:
 - How will ERM benefit them?
- Should provide assurance that critical risks are being addressed
- Provides a process for consistently evaluating risks to determine which are the most pressing for the organization
- Develop ways to maintain momentum once the project is kicked off



Situation

You have performed an initial Risk Assessment, and have created a risk listing.

What is the next step?



Maintain Momentum

- Good project management: plan your project from beginning to end
- Design processes that fit in with already existing processes at your institution
- Develop or utilize existing risk committee
- Socialize the process with others to ensure buy in
- Obtain buy in from key stakeholders that can help maintain momentum
- Share top risks with process owners and get feedback
- At initial implementation, don't over extend
 - Minimize scope creep

One last thought.....

Culture



Questions?

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