Value-Driven Enterprise Risk Management

Sample Course Syllabus

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This course is intended for executives, chief risk officers, and senior staff specifically charged with assessing and protecting enterprise value.

Interspersed among the lectures and speakers, participants work in teams on a case exercise to identify and prioritize risks and explore risk-mitigating strategies based on quantified risk outputs. The case allows immediate practice with the tools and techniques covered in the course.

ERM Value and Qualitative Measures
A leading professional describes the value of ERM, how to build and gain value from a strategic risk framework, how to align risk management objectives with overall strategic goals, qualitative tools for ERM.

Case Introduction and Exercise: Risk Identification
We introduce the case exercise that will be used throughout the course, and participants work in teams to identify the risks the company faces and capture them on a risk register.

Thinking about Uncertainty: Introduction to Biases
Humans are susceptible to many psychological and sociological distortions. The word “risk” has a negative connotation and creates confusion, and risk perception and reality are often far apart. In this session, we introduce the biases that affect our decision-making.

Value-Driven ERM
We describe why it is important to take an enterprise perspective for value-driven ERM and introduce the key methodologies underlying a value-driven approach to risk management – one that quantifies and manages downside risks and upside uncertainty and creates new alternatives to increase value. We identify the key factors for successful ERM.

Case Exercise: Risk Prioritization and Mapping
Teams continue working on the case exercise, determining which risks and uncertainties can be quantified using heat maps, and which require value maps. They then place the event risks in the appropriate place on the heat maps.

Case Study: Healthcare ERM
We present a case study of implementing value-driven ERM in the healthcare arena.
Case Exercise: Value Map
Value maps are a simple way to capture complex situations. Also known as influence diagrams or relevance diagrams, they graphically illustrate all of the factors bearing on risk and value. They can be readily shared with and understood by people not trained in decision and risk analysis. In this session, we describe the basic rules for drawing value maps. Participants work in teams to develop a value map to illustrate the business value drivers for the case exercise.

Role of Chief Risk Officer: View from the Executive Office
A leading professional describes the role of the Chief Risk Officer, the view from the Board room of the CRO, and CRO trends in various organizations.

Examples of Strategic ERM
We describe four interrelated risk perspectives and how to embrace uncertainty in planning. We discuss strategic business risks, focusing on the relationship between value drivers, surprises, intrinsic value, and market value. We illustrate the concepts using case studies from a variety of industries.

Corporate Risk Tolerance
How much risk should a company take, given its size and risk preference? Confusion, inconsistency, and varying degrees of risk aversion in the organization waste valuable opportunities. In this session, we discuss how to characterize risk and risk tolerance, assess corporate risk tolerance, and develop a corporate risk policy that addresses these challenges.

Case Exercise: Risk Management Dashboard
A risk management dashboard should monitor uncertainties that affect exposure areas, risk profiles, and mitigation plans. In this session, we present various examples of dashboards, and participants work in teams to develop a risk management dashboard for the case exercise to monitor the company’s risk exposure and ERM process.

Case Study: Commodity Price Risk
We present a case study of ERM for a multi-business sector group with exposure to commodity price risk. We describe the strategic context, the background and needs that led to the project, and the implemented process and system solution.

Case Exercise: Board Presentation
We describe how to present ERM issues to a Board and provide examples. Teams then prepare a Board presentation for the case exercise, highlighting key risk indicators and triggers for mitigation plans. They consider the best way to display the information for usefulness and simplicity.

Implementation and Summary
We discuss how to implement value-driven ERM in participants’ organizations and explore how to overcome the obstacles participants may encounter.