



Enterprise Risk Management

An overview



By any other name

- Enterprise Risk Management (ERM) also is known as
 - Business Continuity
 - COOP (US Federal Government)
 - Contingency Planning





ERM Benefits

- Reduce or eliminate impact of risks
 - All risks: environmental, regulatory, human, technological
- Reduce the amount of time needed to recover if a risk occurs
 - Faster recovery
 - More economical recovery
- Enterprise Risk Management is “just good business”





Who needs ERM

- Every organization which
 - Has a profit center
 - Has a government mandate
 - Is regulated and must perform
 - Values its personnel
 - Wants to continue operating
 - Wants to assure continued revenue
 - From profits
 - From donations





How does ERM work?

- Enterprise Risk Management works from the inside out
 - Identify the organizations raison d'être
 - Identify risks to the primary processes
 - Internal
 - External
 - Develop means to avoid or mitigate risks
 - Develop and exercise plans to respond to the risks if they occur





Who must have ERM?

- All Federal agencies are required by Presidential Directive HSPD 51 to have an ERM plan (known as a COOP plan)
- Financial institutions, stock markets, etc. must have plans
- Hospitals must have plans (beyond HIPAA requirements)
- States and municipalities must have plans





ERM includes . . .

- Everything
 - Risk identification & management
 - Response
 - Crisis Management
 - Communications on several levels
 - Succession
 - Vendor plan gap analysis
 - Personnel safety & awareness training
 - Much, much more





Closed loop program

- ERM is a dynamic process
- ERM is a closed loop program in that it is never ending; it requires on-going maintenance and training
- ERM plans allowed to gather dust quickly become exercises in futility, wasted effort and money





Initial plan requirement

- A “from scratch” ERM plan typically takes from 3 to 12 months to complete
 - Duration depends on size and complexity of the organization for which the plan is created
- The plan requires input from ALL functional units in an organization





How to kill ERM

- The easiest way to assure ERM will fail is to withhold very senior level support
 - ERM requires enthusiastic top-down support from “C”-level management
- ERM will fail if the program is allowed to sit on the shelf sans exercises and updates
- ERM will fail if it is relegated to a junior who has other, “more important” tasks





ERM requirements?

- Special software? **NO**
- Full time planner? In many cases, **NO**
- Time to create and maintain the plan? **Yes**
- Experienced planner? **Maybe**
 - If the organization lacks an experienced planner, it should engage a mentor for its planner and a professional to review the organization planner's plan





Who says?

- John Glenn, MBCI, SRP
Certified Planner with more than 12 years' experience creating plans for defense, financial, Fortune 100, government, insurance, international, & transportation organizations

