

Enterprise Risk Management (ERM)

Risk is an essential ingredient of business. Without it, no business can exist. The key to a successful and sustainable business is how well it manages the risk within its operating environment.

Risk types are changing, operating environments have become more challenging, and regulation is increasing. Competitive advantages are more difficult to create and maintain.

The use and application of an end-to-end / holistic approach to risk management, across your 'enterprise' can help develop the competitive advantage you need to consistently achieve your business objectives, whilst enhancing your compliance to increasing regulation and having confidence in your organisation's resilience to a wide range of risk impacts and long-term sustainability.

As stakeholders' risk management knowledge level and capability of increases, so does their expectation that companies manage risks to their business models responsibly.

Can you or your senior management team answer the following questions?

- What are the top 10/15 risks that threaten the profitability of your company?
- What are the key risks to your strategic growth?
- Does your organisation have an integrated risk management framework?
- Are your key risks linked to strategic planning process, setting of business targets and budgets?
- Are management and key employees set risk management performance targets?
- Does your management team regularly review risk appetite and tolerance metrics?
- Can you perform risk aggregation to prove accurate risk exposure values?
- Can you justify your risk transfer / financing costs?

If you have trouble confidently answering some of these questions, Group Risk Consulting can help you;

- Develop an ERM process and framework or review your existing one
- Carry out a formal ERM risk assessment to identify risks to your operating model and processes
- Prioritise the identified risks and develop effective management plans
- Develop risk appetite statements
- Determine your risk tolerance capability
- Develop effective risk monitoring and reporting process
- Help you understand your total cost of risk
- Determine if your existing risk treatment strategies (insurance / risk transfer and others) are cost effective or not, and if improvements can be made.



Some key benefits of conducting such a review include:

- Protect value, e.g. ensuring a certain rating (credit, health & safety, customer care).
- Avoiding large losses or default
- Avoiding P&L volatility
- Drive profitability and growth by using risk management techniques to create value
 - Reflected in improved P/E multiples, increased Return on Equity (ROE),
 - Controlled risk taking in innovation / R&D investments
- Ensure regulatory compliance / impacts from regulatory intervention
- Avoiding penalties such as Product Liability or safety claims
- Helps drive Total Cost of Risk (TCoR) calculations and benefits
- Provide stability and continuity of business operations
- Ensure the independence of the enterprise
- Avoiding unpleasant surprises for shareholders
- Provide a sustainable workplace for employees
- Minimise negative externalities for society at large
- Maintain the confidence of business partners.

For more information in relation to how to identify, optimally manage (and insure where possible) enterprise wide risks please contact:

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