

## ERM / Operational Risk

*Steady state report, GAP analysis & future state plan design*

### **The challenge.**

Your global organization reviews risk information from multiple sources and processes it in differing ways and for diverse purposes. You know that there is no entity-wide Enterprise Risk Management (ERM) process or Operational Risk system anywhere in the company. Yet more and more powerful stakeholders are asking about your ERM process. The Board, your lead lender and major suppliers are all asking for evidence that you have some reliable type of Organizational Risk Management program in place. Meanwhile, you have no systematic formula for quantifying reserve capital for unpredictable risk events nor do you communicate about risk with any internally consistent metrics or taxonomy.

Audit and compliance departments have made great progress in the last few years implementing SOX requirements and have integrated much of the data collection and many of their processes.

Your traditional risk management department has made improvements in managing costs of insurance procurement, safety systems and certain fixed departmental expenses. Nevertheless, your board increasingly demands information about Enterprise Risk Management and Operational Risk. Last year you completed a study that compiled and ranked all organizational risks against each other but there was very little follow through or perceptible benefit to ongoing business process. Some kind of sustainable and standardized risk monitoring or management process is now required.

### **The solution.**

Step one requires a situation analysis and inventory of risk procedures used by *all* the business units and functional groups. This will include reviews of risk taxonomy, business risk decision making process, redundant or duplicated data processes, risk quantification and measurement processes, risk correlations, risk tolerances and, perhaps most importantly, communication of and about risk throughout the global organization.

The report will conclude with a discussion of ERM/OpRisk program designs, costs and timelines for an integrated program.

### **Here is what we deliver.**

SRP will conduct live and teleconference interviews with business unit and functional leaders to understand the current situation. In addition, SRP will prepare surveys for operational leaders to capture their views of current best practices and low value procedures.

Highlights of the GAP analysis report:

- Examination of current state
- Preparation of current risk register
- Integration plan design including taxonomy & metrics
- Conclusions and recommendations for future state with timeline and estimated expense
- Includes live presentation & Q&A

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Strategic Risk Partners is a global risk consulting firm that specializes in ERM/Operational Risk and Risk Management outsourcing.

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