

Risk Management Perspectives of Global Corporations – the Myth and Reality of ERM

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CAUTION
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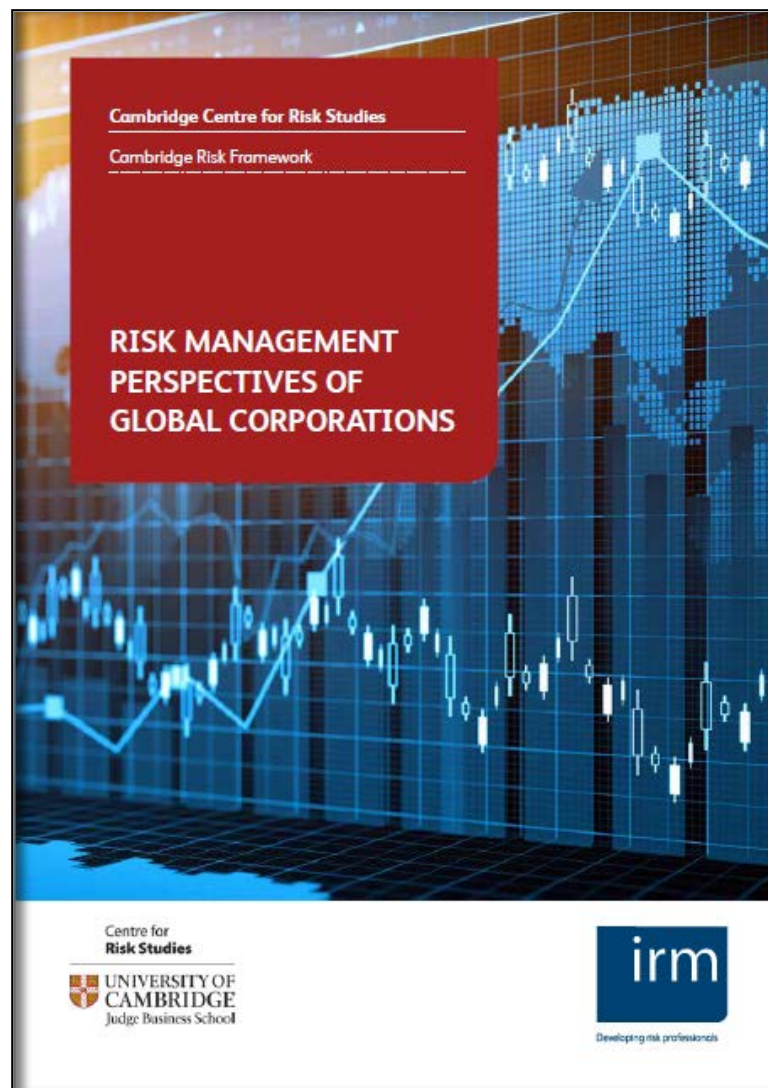




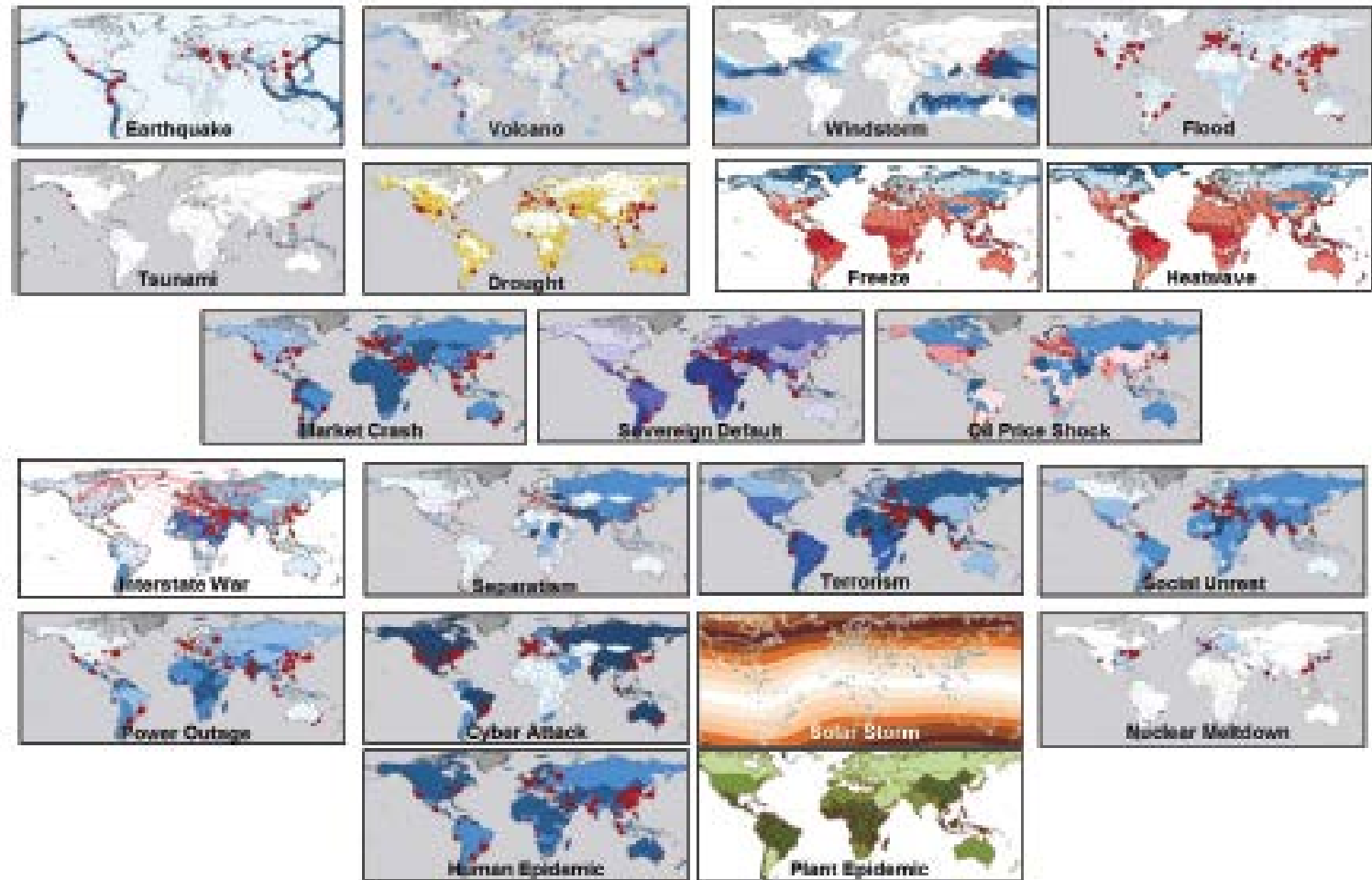
In 2015 there were
3481 companies listed
on the US stock market

How many made a
profit?

200





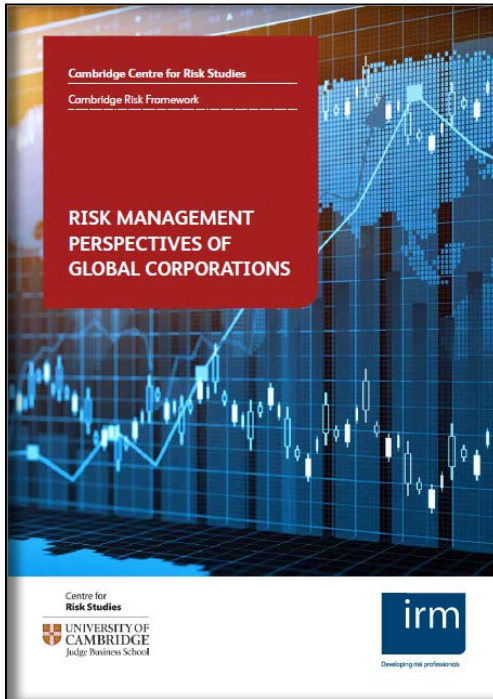


Source: Cambridge Centre for Risk Studies

www.jbs.cam.ac.uk/faculty-research/centres/risk/



2018 Research



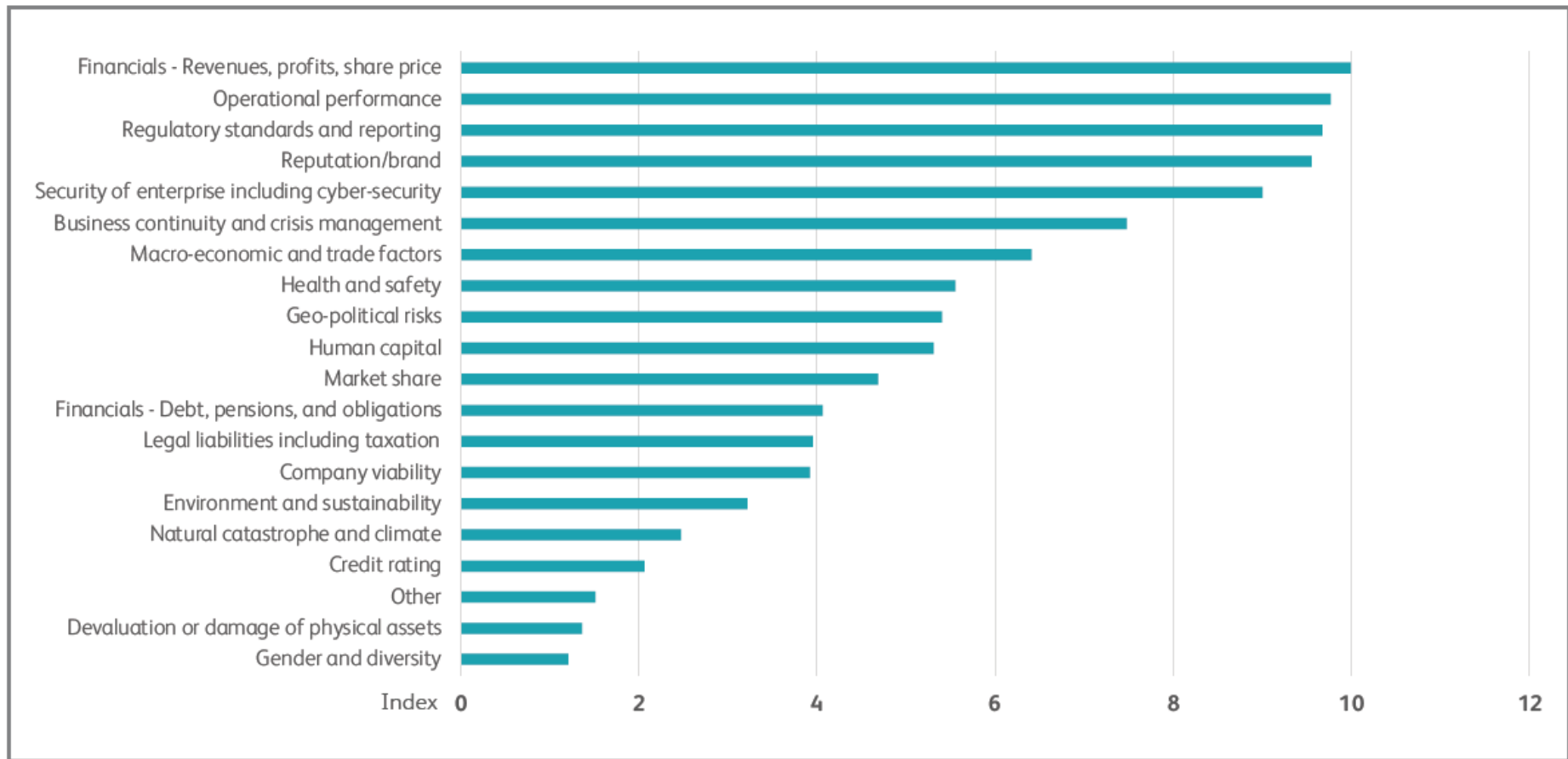
- CROs & Heads of ERM
- Survey: 264 respondents
- 69% > \$100m annual sales
- Interviews
- ERM workshops
- Focus group session

Key findings

- Top risks
- Top mitigation strategies
- Availability of RM tools
- Role of Insurance
- Future perspectives



Top Enterprise Risks of Potential Concern for Companies in the Next 12 Months.



Source: Cambridge Centre for Risk Studies 2018 ERM Survey.

Top 5 risks (short term)

1. Financials
2. Operational Performance
3. Regulatory, standards & reporting
4. Reputation/brand
5. Security, including cyber



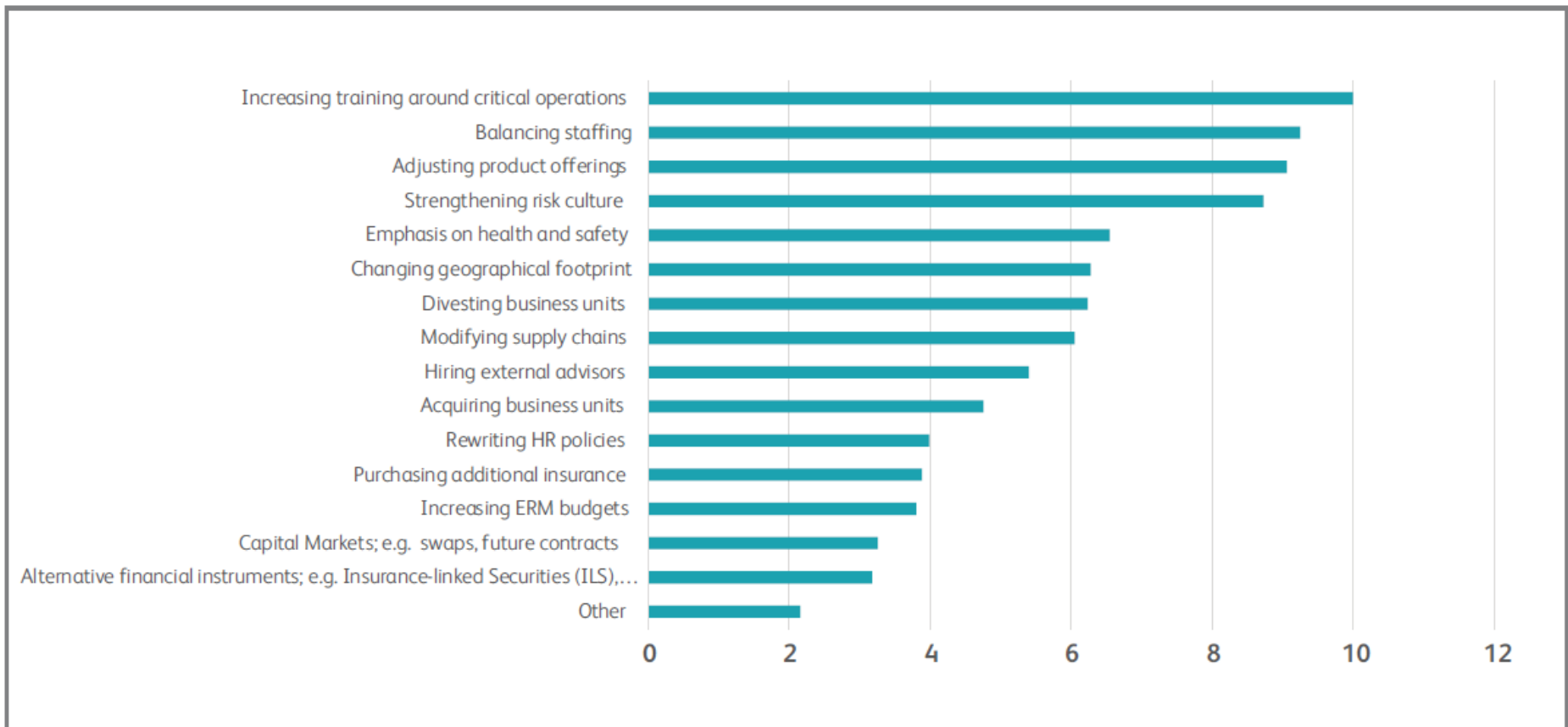
Figure 13: Differences in Short and Long Term Priorities for Top Risks.

Dominant timeframe of concern	Top risk categories of concern
Short term	Operational Performance Reputation/Brand Health & Safety
Long term	Geopolitics Human Capital Viability Environment and Sustainability

Source: Cambridge Centre for Risk Studies 2018 ERM



Figure 20: Top Risk Mitigation Strategies Currently Being Planned at Companies.



Source: Cambridge Centre for Risk Studies 2018 ERM Survey

Top 5 mitigation strategies

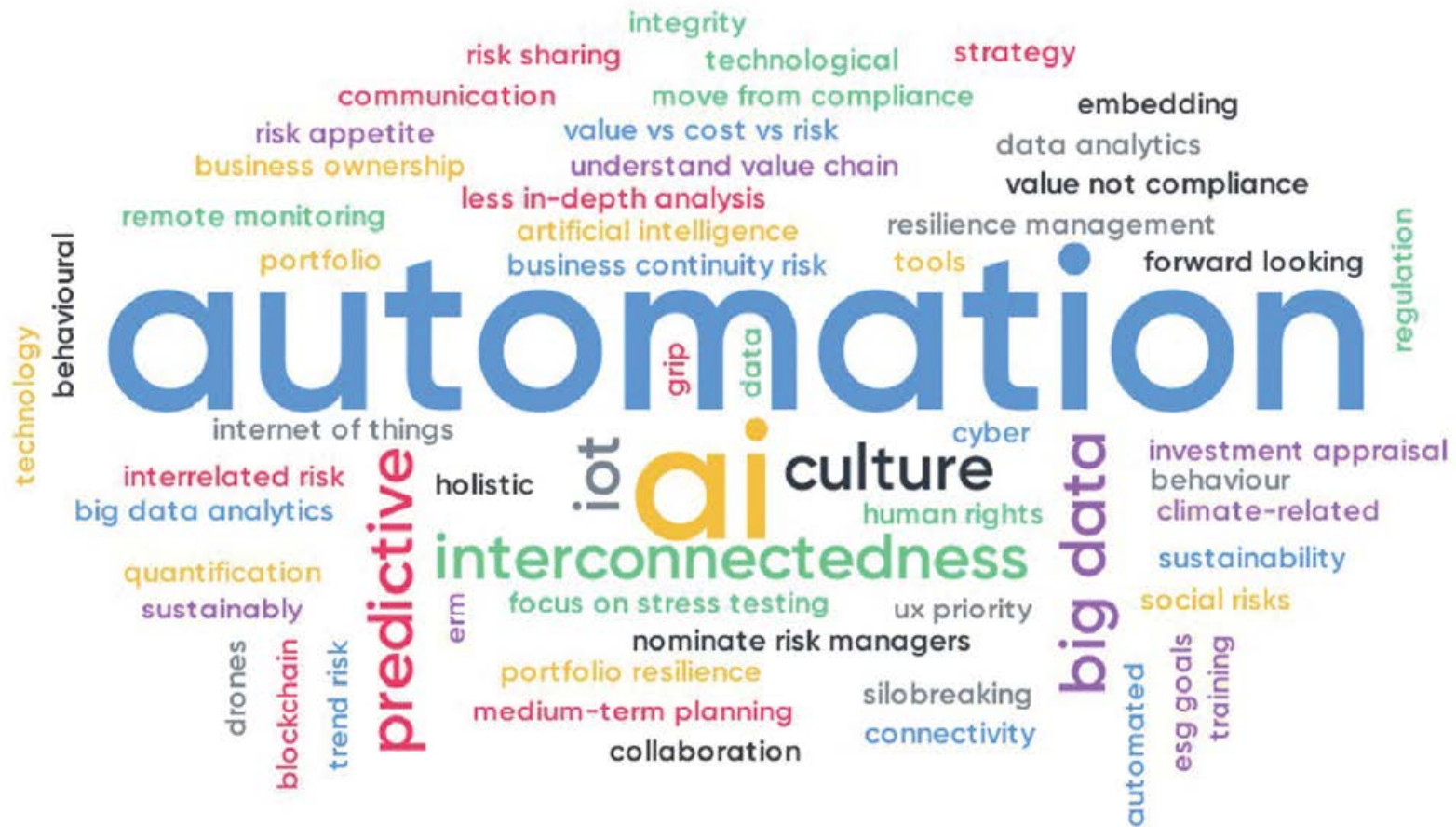
1. Training around critical operations
2. Balancing staffing
3. Adjusting product offerings
4. Strengthening risk culture
5. Emphasis on health & safety

Limitations of insurance

- Little co-ordination with ERM
- Lack of relevant products
- High premium costs
- Limitations on scale
- Lack of bespoke products



Next Wave of Change for the Field of Risk Management.





Key findings

- Growing focus on risks and opportunities of digital technology
- Scarcity of practical tools for some key risk areas
- No single accepted view on mission, scope and ultimately value of ERM
- But increasing take-up of ERM-led approaches like risk culture, training, supply chain, scenarios
- Risk transfer via insurance is an imperfect solution, but hope for ‘insurtech’ developments



Institute of Risk Management

Digital Risk Management Certificate

Overview and syllabus

Developed with



Fuelling the debate

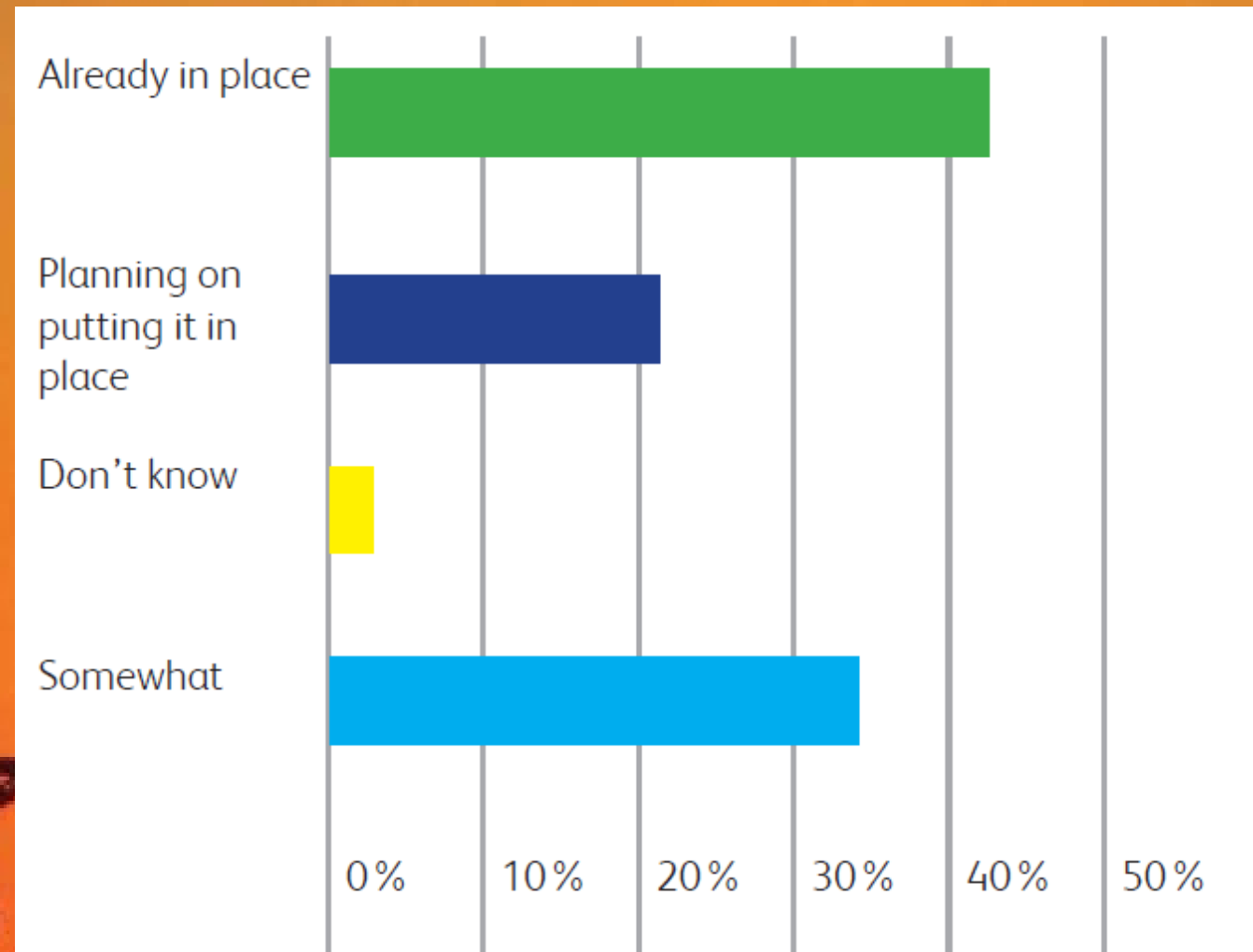
Latest risk management trends in the energy sector 2019

Future areas of focus for RM



Scored 1-5 where 5 is a priority

Are there business continuity plans in place?



The background of the slide features a silhouette of an oil rig against a warm, orange and yellow sunset sky. The rig's complex lattice structure is visible on the left side of the frame.

Key Issues

- Risk management maturity
- Risk software
- Risk culture and training
- Resources and budget
- High level visibility of risk management
- Risk appetite
- Reputation

Questions?



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