Enterprise Risk Management (ERM)

ecclesiastical

What is ERM?

- Is it complex?
- Is it resource intensive?
- Will it cost me money?
- Are we just ticking a box?
- Will it just add bureaucracy?

Simply put, Enteprise Risk Management (ERM) is an approach, method or number of processes used by an organization to manage risks and seize opportunities related to the achievement of its strategic objectives.

It doesn't have to be complex, and we have identified several **key themes**, **simple steps** and **supporting guidance** to follow to help you get started.

It doesn't need to be resource intensive, and the key is to develop an ERM approach which is proportionate to the size and shape of your organization, simple to follow and kept alive by integrating into existing operational processes so it just becomes business as usual!

We know risk is part of everyday life and this is no different at work BUT we live in riskier times and the world in changing. We face more complex and interconnected risks with new and emerging risks on the horizon. We need to fully understand them (and potential opportunities) so we can manage them in a systematic and structured way to provide the confidence that the organization is on track to meet its objectives.

Below are a number of underlying key themes that have proved valuable when getting started in terms of ERM.

- Support from the top

- Focus on key risks (small amount first)

- Build ERM using incremental steps

- Leverage existing resources

- Build on existing risk management activities

- Embed ERM into the organization

- Provide ongoing ERM updates

- Continuously build and refresh

The table below links the key themes to simple steps and supporting guidance to help organizations in developing their initial ERM approach.

Key Themes	Simple Steps	Supporting Guidance
> Support from the top > Build ERM using incremental steps	> Seek Board and Senior Management involvement and buy-in	> Set an agenda item for the Board and Senior Management to discuss ERM and its benefits > Agree on high level objectives and expectations with regards to risk management > Agree to high-level approach, resources and target date for initial implementation
> Leverage existing resources	> Identify a Senior Manager to lead and drive ERM	> Identify a person with the right attributes to act as the ERM champion e.g. strong knowledge of the organization and core strategies, good relationships with other Senior Managers / Board members, strong communication and facilitation skills, knoweledge of the organizations risks, credibility across the organization > Identify objectives/role profile for the ERM chamption. Allocate appropriate resources to support.
> Leverage existing resources > Build ERM using incremental steps	> Establish a Management Working Group	> Establish a management working group to support the Risk Champion and drive the effort across the organization > Ensure the group is made up of the right people e.g. senior leaders, key business unit managers (a good cross section of individuals) > Agree objectives/terms of reference of this group e.g. build an initial ERM framework/approach for the organization
> Build on existing risk management activities > Focus on the key risks	> Conduct an initial enterprise-wide risk assessment	> Focus on identifying the organization's most significant risks (what is keeping senior managers awake at night?) > Look for risks at a strategic level (aligned to the organization's objectives & priorities) > Analyze those risks e.g. cause and consequences to obtain a greater understanding. > Prioritize those risks on a risk matrix e.g. impact x likelihood = risk score > Look at existing controls in place and agree whether additional action is required to manage the risks to an acceptable level > Ensure appropriate monitoring arrangements are in place e.g. more serious risks will require more frequent monitoring

Key Themes	Simple Steps	Supporting Guidance
> Build on existing risk management activities	> Document the existing risk management practices	> Document the risk management approach and any outputs identifying any strengths and areas for improvement - this will provide a baseline for the organization as it continues to develop and enhance its ERM.
> Embed ERM into the business > Provide ongoing ERM updates	> Develop or enhance initial risk reporting	> Assess adequacy and effectiveness of existing risk reporting (if any) > Look at how ERM can integrate with existing arrangements > Develop new reporting formats e.g. risk heat maps, dashboards > Develop a process for considering emerging risks (link into the organization's strategic planning approach) > Assess effectiveness of new reporting with key stakeholders and revise as appropriate
> Continuously build and refresh > Provide ongoing ERM updates	> Develop the next phase and on-going communication	> Assess the outputs of the working group > Revisit the current approach and refine based on initial learnings and good practice > Identify next steps to further enhance the organization's approach including resources and support > Seek agreement from the Board/Senior Managers in terms of next steps > Continue to raise awareness of ERM throughout the organization > Assess progress and benefits of ERM against objectives > Provide ongoing communication and updates within regard to ERM developments

Reference: Committee of Sponsoring Organizations of the Treadway Commission (COSO): Embracing Enterprise Risk Management – Practical Approaches for Getting Started