

***Risk Executives Roundtable***  
**Friday, April 30<sup>th</sup> The DePaul Club, 1 E. Jackson Chicago, IL 11<sup>th</sup> floor**  
***Strategic Risk Management Lab at DePaul University***

**Executive Summary**

***Mark L. Frigo and Richard J. Anderson***

The *Strategic Risk Management Lab* sponsored a panel discussion with risk executives from four companies on the topic of ***"Where are you on Risk Management and how did you get there?"***  
The Panel Members were:

- Jeff Perkins, VP Internal Audit, TransUnion
- Mark Bures, Manager of ERM, Navistar
- Bud Schrock, Senior VP, Risk Management, Inland Bank
- Colette Simo, Director, Corporate Compliance and Enterprise Risk Management, OfficeMax
- Bill Caton, retired CFO and Chief Risk Officer, Navistar

We wish to thank both the panel members and attendees for their active participation and sharing of experiences and views. Outlined below are some common themes that became apparent during these wide-ranging discussions.

**1. Support from the top is critical.**

Participants noted that support from the top was essential for ERM. In some cases, their ERM effort was initiated directly by top executives. For example, Jeff Perkins noted that at TransUnion, the chairman of the board initiated the ERM process. Colette Simo also noted that at OfficeMax, the CEO defined the objectives for the ERM program.

**2. Keep it simple.**

A common theme across the four companies was keeping their ERM processes and reporting simple to facilitate understanding and focus. For example, several of the companies are focusing at a limited number of risk categories or top risks. One company takes their top 5 risks to the board while another noted that they take 8. Two of the companies are also using "risk dashboards" to simplify their reporting of key risks. Bud Schrock of Inland Bank commented that in starting their ERM initiative, he was focused on keeping things simple and using face-to-face meetings as a way to communicate and get management behind his efforts. He commented further on how they have identified a risk owner for each risk category and a governance structure for reporting on those risks to the board.

**3. Take a step-by-step approach.**

It appeared that all four organizations have been implementing their ERM programs on a step-by-step basis. Bill Caton noted that at Navistar, they started with compliance and financial reporting risks and later moved to strategic and operational risks. They now have 10 defined risk categories and also have imbedded risk assessments into their annual business planning process. Similarly, Jeff Perkins noted the steps they have progressed through over the past two years. These incremental approaches also appear to give the organizations opportunities for educating management and showing benefits as they progress.

**4. Use a management risk committee.**

Three of the organizations noted that they have management risk committees or councils, which are playing key roles in their ERM process. These committees were noted as being very helpful for communications, buy-in by the businesses and for increasing the transparency of the risk management activities. Mark Bures of Navistar noted a number of positive steps they had taken working with business leaders through their risk committee. This included being able to identify if several business units had the same risk and then having them work together on addressing it.

**5. Sell the benefits of the ERM program.**

Panel members also noted the importance of selling the ERM program and its benefits to management. Bill Caton and Mark Bures described how at Navistar they sell the program as a way for the business to “prevent fires” but not to tell the businesses what they can or cannot do. They also noted that providing the board with risk assessments helped increase their comfort with the business planning process. Jeff Perkins noted a number of positive benefits that they have realized and communicated including increased transparency. Bud Schrock noted that benefit sought by Inland as it has grown was to get ahead of any regulatory concern about how they were managing risks.

Other topics touched on during the roundtable included;

- **Risk appetites** – three of the four companies on the panel have not defined their risk appetites. Panel members agreed that this was a difficult and challenging task.
- **Use of technology** – panel members cautioned that technology should not drive the ERM process. One company is installing “GRC” software but generally the panel members are not presently using any technology tools to support their ERM processes.
- **Identification of emerging risks** – panel members touched on how they were identifying emerging risks, primarily through periodic risk assessments. One of the audience members commented on how at their organization, they believe that the key benefit of ERM is to facilitate the identification of emerging risks and the related mitigation actions.
- **Alignment of ERM risk assessment and public company risk disclosures** – panel members discussed how they are comparing the results of their ERM risk assessment and their public disclosures on risk. Participants also commented on comparing the ERM risk assessment to internal audit’s risk assessment, noting that in most cases, the internal audit risk assessment was at a lower level than the ERM assessment.

**Upcoming Events of the Strategic Risk Management Lab**

**Strategic Risk Management: Leading Practices and Challenges in 2010 - An Executive Forum**

Friday, June 18, 2010

8:00am – 12:00 (noon)

DePaul Center (Room 8005) 1 East Jackson Blvd. - Chicago, IL

Registration fee for CPE at:

[http://www.learning.depaul.edu/standard/content\\_areas/continuity\\_application/courselisting.asp?master\\_id=915&master\\_version=1&course\\_area=COC&course\\_number=116&course\\_subtitle=00](http://www.learning.depaul.edu/standard/content_areas/continuity_application/courselisting.asp?master_id=915&master_version=1&course_area=COC&course_number=116&course_subtitle=00)

**Risk Executives Roundtable**

Friday, September 17, 2010 DePaul Club

11:30am - 2:00pm RSVP: [mfrigo@depaul.edu](mailto:mfrigo@depaul.edu)