

**Proudly presents...**

**Are We There Yet?  
The Evolving Role of the Risk  
Management Professional**

**Session 3E**

# Presented in the context of two documents

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- The Evolving Role of the Risk Professional,  
RIMS Executive Report
- and*
- Excellence in Risk Management IX:  
Bridging the Gap  
Marsh/RIMS

# Today's presenters

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- **Robert Cartwright**, Loss Prevention Manager, Bridgestone Retail Operations
- **Nancy Chambers**, Director, Risk Management & Insurance, Bentall Kennedy (Canada)
- **Dan Kugler**, Assistant Treasurer Risk Management, Snap-On Incorporated
- **Deborah Luthi**, Enterprise Risk Manager, San Francisco Public Utilities Commission

# Addressing 2 Questions

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- 1 - What are the **current** challenges for risk managers?
- 2 - What's on the horizon for the **future** of the risk management practice?

# Differences in Approach

## Traditional / Defensive

- Silo ad hoc approach
- Focus on transferring risks
- Protect balance sheet through
  - Insurance
  - Hedging
  - Indemnifications
- Hazard based
- Pure risk – only loss, no gain
- **Not linked to corporate strategy**

## Integrated / Advanced

- Business risk approach
- Mitigate controllable risks
  - prevent
  - reduce frequency
  - reduce severity
- Focus on lowering insurance costs and retained losses
- Collaborative cross-silo interactions
- **Linked to corporate strategy through event risks and financial objectives**

## ERM

- Portfolio approach
- Risk-based business decisions across the organization
- Address potentially devastating threats and weaknesses
- Exploit opportunities and strengths
- Manage unwanted variations from expected outcomes
- **Integrated into strategic planning, operational planning, and day-to-day activities**

# Our first presenter

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Robert Cartwright,  
Loss Prevention Manager,  
Bridgestone Retail Operations

# Current Challenges

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## Inter-generational workforce:

- First time 5 generations at same time
- Shift in management philosophies
- Lack of historical/knowledge transfer
- Communication gaps
- Technical abilities drive work ethic
- Motivation thru generations

# On the Horizon...

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## Social Media guidelines:

- Major news source
- Generational usage differs
- Lack of workplace guidelines creates confusion
- Insurances to protect employers
- Use in hiring practices



# Our Next Presenter

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Nancy L. Chambers

Director, Risk Management & Insurance

Bentall Kennedy (Canada) LP



what my friends think I do



what my mom thinks I do



what society thinks I do



what customers think I do



what I think I do



what I really do

# Current Challenges

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Your place within the organization?

- Clearly defining & establishing your role
- Identifying and responding to expectations
- Demonstrating value to the bottom line of the organization's strategic goals, mission, vision....*the possibilities!*

# What's on the Horizon?

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## Increased focus on Data! Data! Data!

- ❑ must be comprehensive & credible
- ❑ senior management – informed decisions
- ❑ insurers – desired well risk managed account (ERM)

# What's on the Horizon?

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## Changing Risk Landscape

- Reputational
- Cat Loss Categorization
- Regulatory Change

# What's on the Horizon?

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Make the most of your *opportunities!*  
Market your message

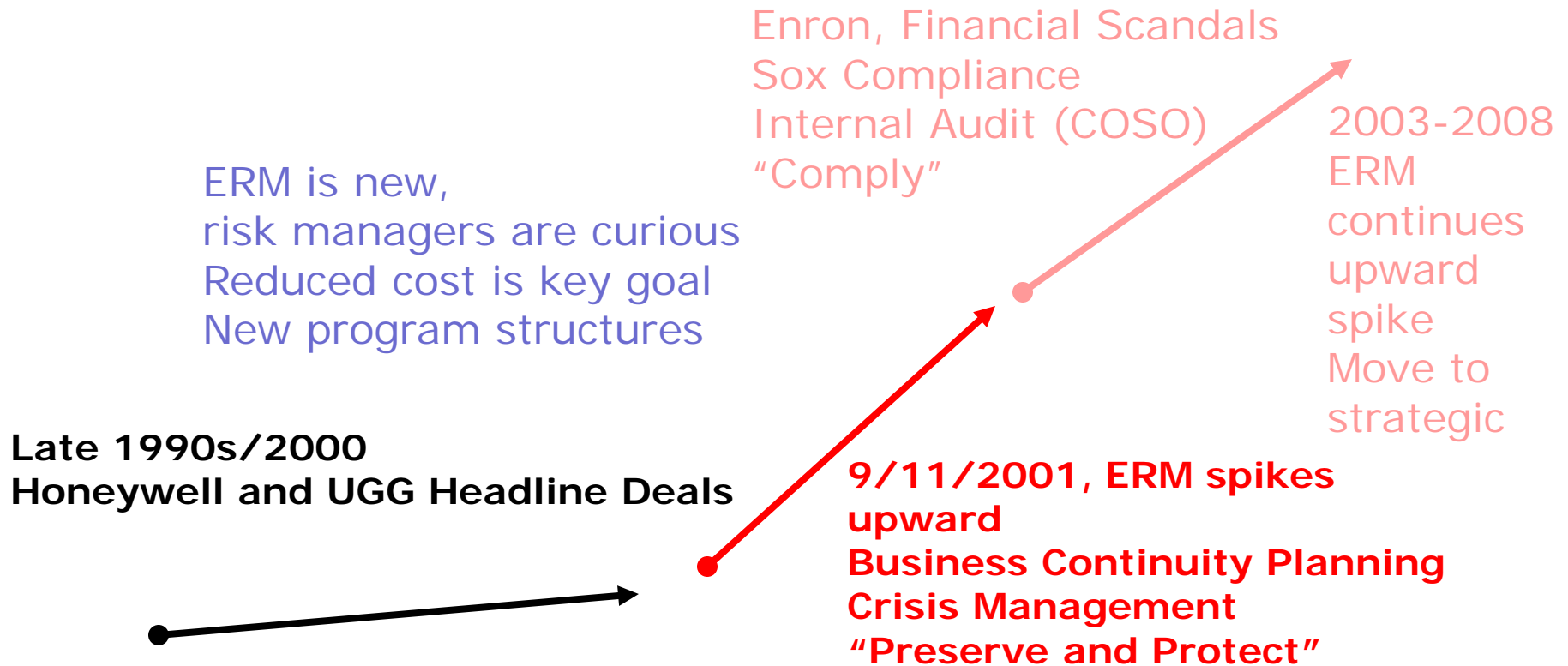
***“Be Visible, Be Valuable,  
Be Strategic”***

Presentation by:

Dan Kugler,

Assistant Treasurer Risk  
Management,  
Snap On Incorporated

# Risk Management's evolving path to value





# ERM's evolving path to value



ERMe Entrepreneurial Risk Management is a balance between the traditional concepts of preserve, protect and comply (the downside of risk) with build, expand and exploit (managing the upside of risk).

preserve, protect and comply

+

build, expand and exploit

=

Entrepreneurial Risk Management

# Current Challenges

## Continued Evolution of Risk Management

- “Risk Management”
  - Number of hits in Google
    - 2006 & 2007: 3.2 million
    - 2008 & 2009: 27.2 million
    - 2010: 63.3 million
- Much greater appreciation by consumers and industry



# Current Challenges

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## **RM and Competitive Advantage (Accenture)**

- 85% said that risk management has become a driver of competitive advantage for their company.
- 49% believe that corporate risk management will enhance the likelihood of long-term profitable growth for their company.
- 48% said risk management will support sustainable future profitability.

# Current Challenges

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## **Risk Management #1 Focus of Public Company Boards**

- What topics would they like to spend more time on?
  - 55% of board members at public companies cite risk management more than any other area
  - 61% believe their liability risk as a director has increased during the past few years

# Current Challenges

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- **Risk begins with strategy**
- Risk does not represent a single point estimate. It represents a range of possible outcomes
- Risk encompasses both opportunities and threats. “Failure to exploit an opportunity or competitive advantage can be considered a significant risk.”

# Risk Strategy

- To develop effective risk programs that support Snap-on and its' strategic partners in their business objectives, and provide profitable growth by pursuing opportunities from a customer driven perspective.



## Our Mission

*to Partner,  
Protect, and  
Prosper*



# Our Final Presenter

Deborah M. Luthi, ARM  
Enterprise Risk Manager  
San Francisco Public Utilities Commission

TAP into ERM: Think risks. Assess opportunities. Plan ahead.



# Current Challenges

***"Over time, RM function evolved to meet changing business needs, in order to deliver recognized additional value."***

## TOP THREE RISKS

As identified by your peers at the  
2012 RIMS Annual Conference - Philadelphia

1. Another economic decline or stagnation
2. Cyber risks
3. Bridging the talent gap
4. Supply chain vulnerability
5. New regulatory changes

# Current Challenges

*"Over time, RM function evolved to meet changing business needs, **in order to deliver recognized additional value.**"*

7. **Barriers between risk departments and senior executives**
8. **The risk of failing to communicate the positive side of risk**

# On the Horizon

*“An overwhelming majority of respondents said that senior management’s expectations of their organization’s risk management departments have grown over the past three years.”*

Key findings in the 2011 RIMS and Marsh **“Excellence in Risk Management Survey”**

Senior management’s list of desired changes:

- ☐ **Integrating** RM deeper with operations
- ☐ **Executing** daily RM activities more efficiently
- ☐ **Providing** improved analysis and quantification
- ☐ **Leading** ERM activities

# On the Horizon

*“Risk managers are feeling ever-increasing pressure to perform; while for senior management, increased expectations are becoming the new norm.”*

Key findings in the 2012 RIMS and Marsh **“Excellence in Risk Management Survey”**

C-Suite and risk managers agree about the **two most important skills sets** a risk manager should possess:

1. Intimate knowledge of the business and industry
2. A strategic view of risk and risk management's role

# On the Horizon

## Strategic Advisor

- ❑ **Identifies** key risk metrics
- ❑ **Provides** risk leadership support to all levels of the business
- ❑ **Guides** collaboration with legal, compliance, internal audit, controller, key risk stakeholders
- ❑ **Leads** cooperative effort to make risk an explicit factor in selecting controls
- ❑ **Reports** to management and the board

Key findings in the 2011 RIMS and Marsh ***“Excellence in Risk Management Survey”***

# On the Horizon



Management is doing things right;  
leadership is doing the right things.

*Peter Drucker*



Enjoy the rest of the  
2012 RIMS Canada Conference!