

RIMS Educational Conference 2014

**Pathways To Success:
Gaining Knowledge,
Experience and
Credibility In The
Enterprise Risk
Management Career Path**



Presenters



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What is ERM?

- Enterprise Risk Management (ERM) is risk-based decision making and strategy development through by actively identifying and assessing major risks and opportunities on a cross-functional basis.
- What does that mean to you?
 - Proactive forward looking risk strategies, not just reactive
 - Breaking down silos in communication
 - Looking across the entirety of the business to identify impacts, threats and opportunities

In Today's Turbulent Environment...



The Evolution of the Modern Risk Manager

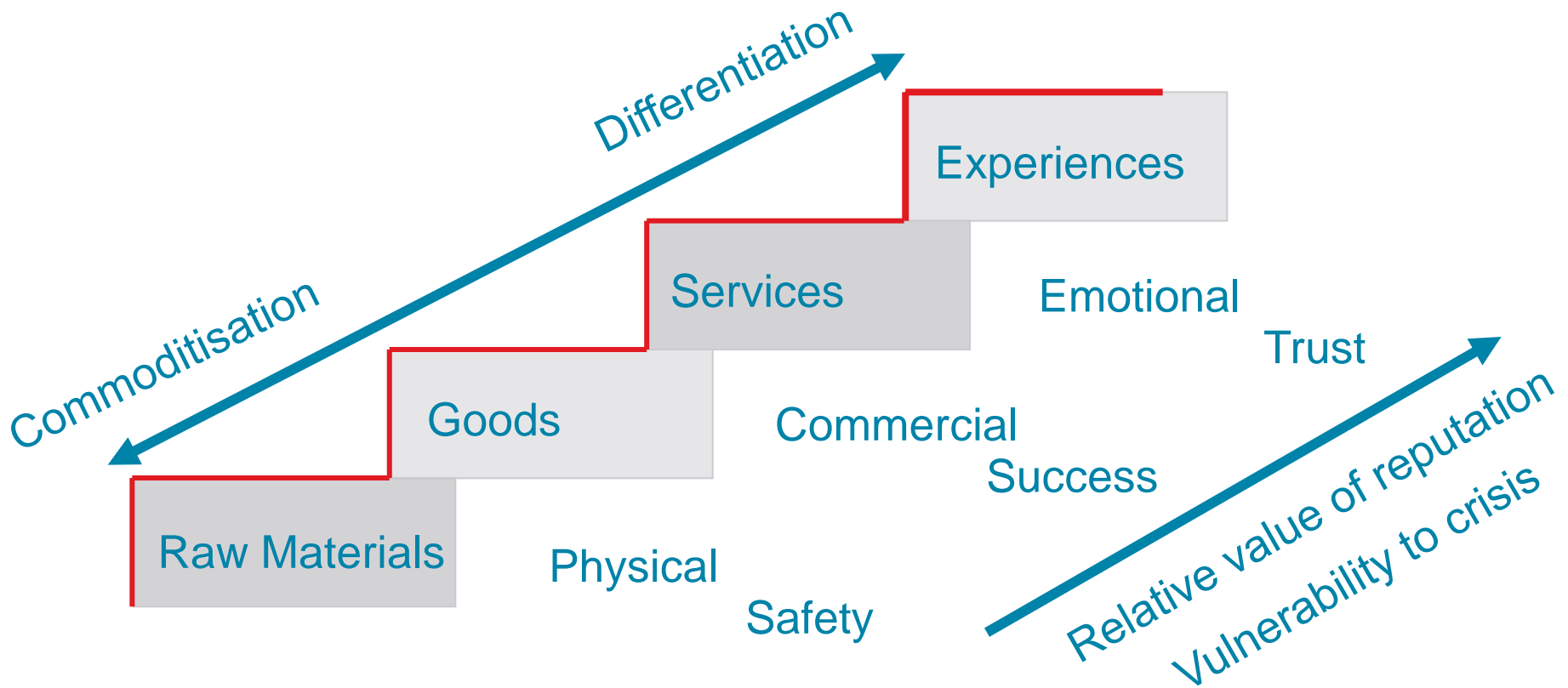
Traditional Risk Management	Enterprise Risk Manager
Identification of Risks	Identify threats and opportunities across the business/enterprise
Reliance of Insurance and Other Risk Finance Techniques, typically risk transfer	Develop risk handling strategies including mitigation, avoidance, & acceptance
Focus on Loss Control and Claims Analysis	Process driven with a emphasis on ongoing/evolving risks
Focus on tangible assets and contractual obligations	Focus on improving the overall business strategy and protecting intangible assets
Reactive	Proactive

Case Study – Facebook

- Facebook's Form 10-K Annual Report filed on February 1, 2013 lists the major risks to its business in Section 1A
- What are major risks for Facebook?
- The fine print...

Certain factors may have a material adverse effect on our business, financial condition and results of operations. You should consider carefully the risks and uncertainties described below, in addition to other information contained in this Annual Report on Form 10-K, including our consolidated financial statements and related notes. The risks and uncertainties described below are not the only ones we face. Additional risks and uncertainties that we are unaware of, or that we currently believe are not material, may also become important factors that adversely affect our business. If any of the following risks actually occurs, our business, financial condition, results of operations, and future prospects could be materially and adversely affected. In that event, the trading price of our Class A common stock could decline, and you could lose part or all of your investment.

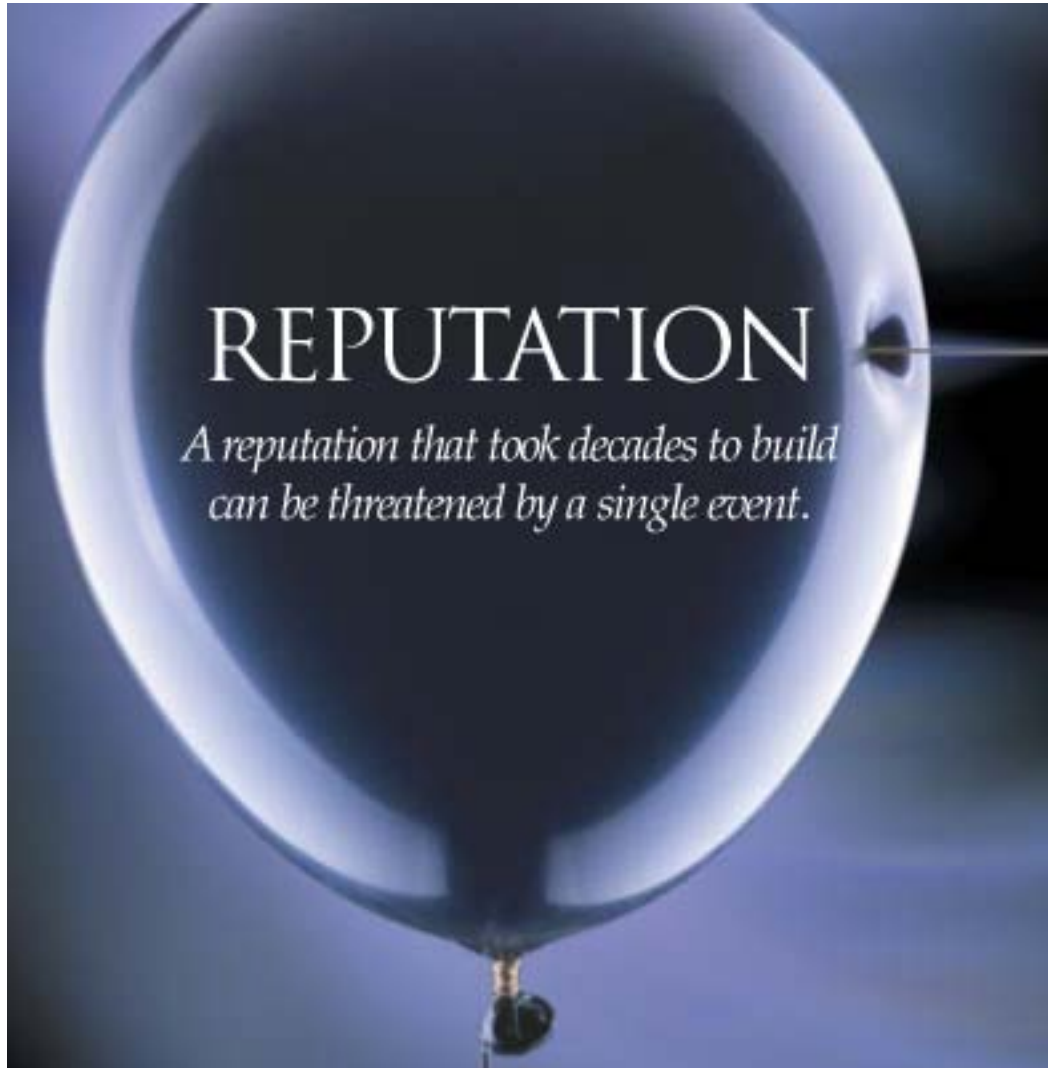
Business is changing... and so are the risks



Why Is Reputation Important?

- Understanding impacts to the business beyond financial
- The consumers level of trust and confidence can directly impact a company's bottom line
- 24 hour media cycle and the impact of social media
- Most common threats to reputation include:
 - Operational hazards
 - Lawsuits and regulatory actions
 - Service disruption and cyber attacks
 - Allegations of business practices
 - Product recalls
 - Leadership and governance issues

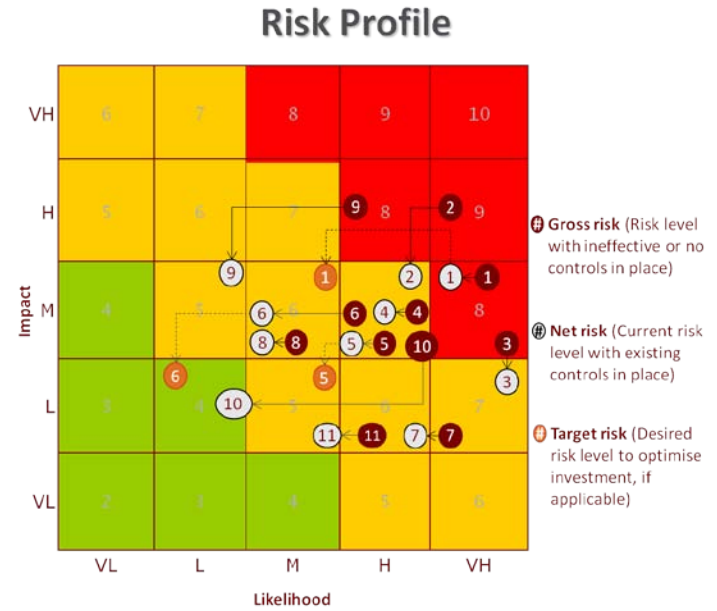
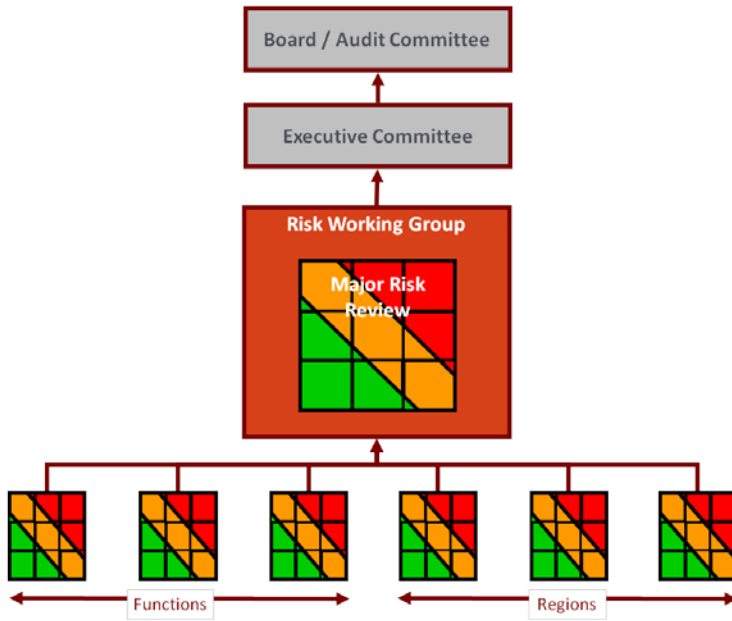
Reputation is a Vulnerable Asset



Brand Reputation Can Change in an Instant



ERM Tools



#	Tr	Risk Title	Owner	Risk Assessment	Controls	Actions	Status Update
1	↑	Crisis management and response to natural catastrophes		2 3 4 5 6 1 9 10	Marginal	On Track	<ul style="list-style-type: none"> Crisis centre set up in Japan On-going crisis management training and communication
2	-	Significant loss of credit card or other personal data		2 3 4 2 2 9 10	Marginal	Minor Delays	<ul style="list-style-type: none"> PCI compliance achieved in core systems Managed estate will be assessed and corrected by Q4
3	↑	Preparation and response to political instability in the Middle East		2 3 4 5 3 9 10	Marginal	On Track	<ul style="list-style-type: none"> Crisis in Cairo - dealing with operational issues Political risk report completed for region
4	-	Significant loss of service to revenue systems		2 3 4 4 6 4 10	Strong	No Actions	<ul style="list-style-type: none"> Holiday and Revenue systems are being tracked and managed to 99.9% and 99.7% availability respectively

	EMEA	North America	Asia Pacific	Central & S. America
Fraud, theft, bribery and corruption	Medium	Medium	High	High
Management staff recruitment and retention	Low	Medium	High	Low
Data privacy breach, PCI compliance	Medium	High	Low	High
Physical security, terrorism and political risks	High	Low	Medium	High

Q & A

Any Questions?