

**Enterprise Risk Management Special Interest Group
Meeting at Aon Offices, Devonshire Square, London
3rd December 2008**

1) Attendance:

Participant	Organisation
Harri Spolander (Chairman)	Fortum Oyj Corporation
Alex Hindson (Co-Chairman)	Aon Global Risk Consulting
Anthony Kingston (Secretary)	Telenor ASA
James Leow	Aon Global Risk Consulting
Richard Archer	DNV
Bill Aujla	BT Group plc
Pauline Bird	BDO Stoy Hayward LLP
William Bowen	EDF Energy
Peter Collinson	BP International Ltd
Lucia Cordeschi	Control Risks Group
James Cole	Cognitix360
Fiona Davidge	London Underground Ltd
Malcolm Elwell	Jaguar Land Rover
David Funnell	Guide Dogs for the Blind
Rafael Gomes	Exclusive Analysis
Sanjay Gondalia	Rolls Royce
David Hillson	Risk Doctor Ltd
Jonathan Jewell	Royal College of Nursing
Jeff Jolliffe	Aon Limited
Scott Kerr	Lovells LLP
Michael Killeen	Betfair
Ross McGee	Whittington Capital Management Ltd
Nadine McLaughlin	Sun Gard
Johann Meeke	Willis plc
Andrew Nord	Avantage Capita
Carol Pym	National Church Institutions
Anita Punwani	Amap
Amrita Reddy	AAA Risk Management
Matt Rumble	Zurich Global Corporate
Lisa Sawyer	Jardine Lloyd Thompson
Bob Sehmi	BG Group
Jake Storey	Gearbulk
Jason Sullivan	AXA
Mark Turner	Selex Galileo

2) Apologies

Apologies were received from John Ludlow (Intercontinental Hotels), Adrian Clements (Arcelor Mittal), Ian Churchill (VT Nuclear Services), Mike Rodway (Dept of Work & Pensions), David Millman (Rolls Royce), Mick Michael (Severn Trent), Jai Mahadeshwar (Rio Tinto), Roger Garrini (Selex Galileo) and Anna Rusted.

3) Introduction

The Chairman thanked everyone for their continued support, highlighted the focus of the meeting was the topic of Risk Culture and introduced the first speaker.

4) Presentation by Dr David Hillson: 'Risk in UK Society: The Big Picture'

Dr Hillson discussed risk culture in the context of GB society. If one defines risk as uncertainty that matters, then our perspectives on risk are affected by our risk attitude. Risk attitude is a response to a specific situation and exists on a continuous spectrum from risk averse through risk tolerant to risk seeking. It is not fixed, but chosen and has the potential to be modified. Additionally, it is influenced by perception. So, risk attitude can be defined as a chosen response to uncertainty that matters, influenced by perception. Risk attitudes exist at many levels – eg individual, group, company etc. Attitudes are important because they shape behaviour which in turn shapes culture.

The answer to 'Where is UK society on the risk attitude spectrum?' is 'It depends on the specific internal and external environment', and the answer to the question 'Where should UK society be?' is 'It depends on the relevant objectives'.

There have been a number of formal Governmental and non Governmental initiatives covering different aspects of the UK risk culture arena.

In conclusion, David highlighted that culture is a set of shared beliefs, value and knowledge of people with a common purpose, and that rather than talk about whether the UK is risk averse, it is better to focus on risk awareness, and encouraging a risk attitude that befits the specific challenge.

Dr Hillson's slides are lodged on the ERM SIG webpage (on the Institute of Risk Management website) as a pdf link.

5) Presentation by Alex Hindson: 'Managing culture change within an ERM context'

Alex Hindson discuss risk culture, what it is and how you might know when you had one. The purpose of the presentation was to position the break out sessions and draw in the findings of the Risk Culture survey.

So there was a discussion about what risk culture is and how you can define and evaluate it. This linked back to David's presentation by highlighting that culture can be evidenced through behaviours and actions of people and systems and processes which the organisation uses. The attitudes, beliefs and myths that underpin this are not tangible or measurable at organisational level, but they are what make up a culture.

The presentation closed by discussion how a culture might be defined by reference to the degree of classification (extent to which people have common meanings) and the degree of control or independence allowed.

Alex Hindson's slides are lodged on the ERM SIG webpage (on the Institute of Risk Management website) as a pdf link.

5) Risk Culture survey

The Chairman summarised the highlights from the recent SIG survey on risk culture.

6) Break Out Discussion

Participants were split into 2 breakout groups based on their industry affiliation and tasked to discuss their views on what makes up a risk culture.

Aspects noted across both Groups included:

1. Leadership behaviours - The tone and commitment at the top and the supporting communication
2. Shared Objectives (That risk management supports the delivery of strategic objectives)
3. Communication about risks
4. Human versus Technology (False perception about what financial modellers do)
5. Process support for people
6. Knowledge Management (Capture lessons learnt)
7. Ownership of risks
8. Shared meaning / values (internally)
9. Language / Terminology used
10. Transparency
11. People (Having the passion , moral courage, motivated and trust)
12. Results oriented / outcome
13. Tolerance / Treatment of people
14. Seamless Integration
15. Accountability
16. Threat versus Opportunity (Striking a good balance)
17. Linking risks to performance rewards.
18. An attitude that risk management is part of business as usual conscious decision making across an organisation, not divorced from existing business processes
19. Part and parcel of the corporarte culture itself.
20. A mindset that policies and procedures should be followed up

The results of the 2 groups were then taken forward to a meeting wide plenary discussion which raised some healthy debate amongst participants.

The group voted unanimously that the top 5 key components of a risk culture are component 1, 3, 8, 13 and 15 noted above.

7) Way Forward

The SIG leadership team will develop some ideas about how to take forward the debate around risk culture with a view to focusing further on this topic at the next meeting.

The next meeting is provisionally planned to be held on Friday 30th January 2009 am, probably in London. More details will follow in early January 2009.