

**Enterprise Risk Management Special Interest Group
Meeting at IRM Offices, Lloyd's Avenue, London
30th January 2009**

1) Attendance: (In alphabetical order)

Participant	Organisation
Andrew Coates	Kennedys
Anita Punwani	Amap
Ayodele Kayode	National Offender Management Service
David Funnell	Guide Dogs for the Blind
Fiona Davidge	London Underground Ltd
Harri Spolander (Chairman)	Fortum Oyj Corporation
James Cole	Cognitix360
James Leow (Committee)	Aon Global Risk Consulting
Martin Kennett	Aon
Mark Turner	Selex Galileo
Mike Rodway	Department of Work & Pensions
Rafael Gomes	Exclusive Analysis
Richard Baker	Caerus Consulting
Roger Garrini	Selex Galileo
Susan Masters	Leicester City Council

2) Introduction

The Chairman introduced the meeting objectives and ran through the key outputs on the definition of Risk Culture discussed and brainstormed from the 3rd December 08 ERM SIG meeting held at Aon.

3) Break Out Discussion

Participants were split into 4 breakout groups to discuss “How” the top 5 prioritised Risk Culture components could be embedded more efficiently and effectively within an organisation. Leadership behaviour and Tolerance / Treat of people were combined as 1 topic due to its close relationship with each other. Each group was asked to appoint a spokesperson to provide feedback and summary notes for circulation after the SIG Meeting. The key summary points for the risk culture components completed and provided by 3 groups (Except Risk Communication component) are noted below.

1. Leadership behaviours & Tolerance / Treatment of people - The tone and commitment at the top and the supporting communication

Leadership Behaviours

- Making Risk part of everything we do.
- Trust
- Challenge
- Buy in from the top
- Leading by example (action louder than words)
- Leadership providing feedback (using your output)

- Ensure RM is embedded, language, attitude, appetite
- Inclusive not Exclusive (throughout organisation and key stakeholders)
- Valuing Risk Management
- Leadership through (empathy, filtering personalities)
- Part of Organisational Culture

People Factors

- Getting people involved & understanding purposes of RM (awareness training, roadshows, workshops).
- Fear of risk and risk management
- Biases, perceptions, risk compensation
- Risk Taking versus Risk Averse
- Bosses – risk managers need to be able to convey upside risks and sell the benefits of risk management
- Part of Team Culture
- Setting a balance between being completely open yet recognising we sometimes have to report on risks for external disclosure

How

- Set objectives for RM at the top
- Make sure that risk is considered throughout the organisation (regularly), team meetings, Board with CRO, 1-2-1's and include key stakeholders.
- Responsibility for RM set in Job descriptions (at appropriate level)
- Assess capability annually
- Reward appropriate behaviour
- Getting away from the perception that Risk Managers know all risks, should act as facilitators.
- Setting Risk Appetite

Tolerance & Treatment of People

- Inclusive, share & debate
- Everyone has a say and all views and ideas should be heard and considered.
- Past experience
- Perception
- Working together

2. Shared meaning / values (internally)

- Shared Meaning to establish a common view of the world
- Share Language to understand
- Context e.g you may want your development teams to take risks but not your aircraft servicing team
- National Cultures in multi-national organisations which vary in their approaches
- Sector Language - Within organisations different parts may have different understandings of the same words
- History of various people within the organisation brings them to differing understandings
- Direction where the people/organisation are headed
- This has to be distilled down into a common value set
- Then because of the diversity above:
- Tailored approach to training different route maps to achieve the common understanding and how each part of the organisation must contribute to the common goals defined. This must be locally tailored.

3. Accountability

- **Definition** - "Risk Management accountability is the clear allocation of individual or departmental responsibility to ensure decisions are made with due consideration of risk management process and practice".
- **What are the success factors?**
- Would expect to see evidence of accountability in a framework at all levels of the organisation (job specifications).
- The requirement acts to promote good behaviour/performance as well as sanction bad behaviour/performance and so there should be evidence that there is more good and less bad.
- This will include not only individual accountability (by every one for such things as Health & Safety) as well as group accountability (The Board and so on).
- Accountability is internal (accountability to the business, shareholders) and external (accountability to law, regulators and customers).
- Would expect to see evidence of high level support for the framework.
- Would expect to see records of checking/audit of this function and examples of incidents followed up or after-action reviews.
- Accountability is linked with reputation - both of individuals and the business.

4) 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 the next agreed risk topic at the next meeting or Webinar.

The next meeting is provisionally planned to be held on April 2009, probably in London. More details will follow in mid March 2009.