

# Designing & Selling a Killer Risk Qualification

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# Future competencies for the risk professional

- What skills and knowledge does a great CRO need to have?
- What existing qualifications are there? Eg: NYU Stern Business School: MSc in Risk Management for Executives
- How many of you have academic qualifications in risk analysis or management? If not, would you want one?
- Can training improve ERM implementation?



# Designing/Selling

- It is not too difficult to design a course that takes a holistic approach
- Selling is more difficult
- WHY?
- We need to develop a clearer understanding what risk professionals want or need



# Design parameters

- Insights into how to move forward
  - Formal tick-box approach is of little value
  - Lack of recognition of existing risk management undermines attempts to integrate with normal practices
  - The holistic approach needs to incorporate behavioural aspects of risk assessment



# Proposed Design for MSc Risk Management

- Risk specific modules
- Selected MSc Management modules
- Flexibility through choice of additional electives
- Focus on holistic approach



# Term 1

- Risk & Uncertainty
- Risk Identification & Assessment
- Organisational Behaviour (MSc)
- Operations Management (MSc)

Each module is worth 15 credits



## Term 2

- Risk Management & Control Systems
- Risk Regulation
- Two elective modules (MSc)



## Term 3

- Balancing the Management of Risks
- Decision Management (MSc)
- Strategic Risk Management
- One elective (MSc)



# Risk & Uncertainty

- Risk definitions
  - Confusion with H&S
- Unknowability
- Risk aversion
  - Desire for uncertainty reduction
- Unintended outcomes



# Risk Identification

- Organisational sub-goals
- Role Boundaries
- Heuristics eg: Wellcome Trust video – laughing in the face of reality
- Risk Communication



# Risk Assessment

- Soft risks
  - Reputation, personnel change, external changes
- Hard risks
  - H&S, financial measures (IRR, VAR)
- Use of severity/frequency grid for opportunity risk



# Risk Management & Control Systems

- Control model nature of RM models
- Acceptable risk
  - Control system function of risk appetite
  - Residual risk
  - Degree of control
  - System conditioning
  - External views
- Mitigation to acceptable level



# Risk Regulation

- Regulatory Approaches
  - Command & Control regulation
    - H&S at Work Act, Environment
  - Self-regulation:
    - Combined Code
    - Sarbanes-Oxley/Basel II
  - Enforced self-regulation
    - HEFCE, NHS Integrated Governance Handbook
- Transparency & surveillance



# Balancing Management of Risks

- Holistic approach requires system integration
- Competing & conflicting aims (the 'double bind')
- Problematic nature of integration of risk silos
- Interdependencies
- Integration with existing practice
  - Recognise that many current review processes form crucial elements of risk management



# Strategic Risk Management

- Opportunity risk
- Participation - who assesses risk?
- Roles:
  - CRO
    - Impact of role boundaries when risk specialists are seen to be responsible
  - Board
  - Other members of the organisation
    - Strategy as practice
- Risk taking or risk avoidance?



# What do risk professionals think?

- Should the CRO have specialised risk analysis skills or is a broader generalised overview more appropriate?
- Could a more holistic approach to risk management training help to improve ERM implementation?
- Who would want the qualification?



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Thank you

Any Questions?