



The Risk Management Landscape

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The demand for senior risk talent

- Is risk out of the recession?
- Tentative steps towards recovery but still cautious
- Predominately job led market – budget sign off remains a challenge
- **F.S.** – 10 Operational Risk mandates over £100k since Jan 2010
- **Non F.S.** – 1 Risk mandate over £100k (or equivalent in regions) since Jan 2010
- Rise in hiring at Middle Management level

The role of the CRO

- Dependent on unique elements of each organisation
- On the boardroom agenda
- Build solid risk structures from the top down – there is appetite for the CRO
- However not a role that is actively recruited for externally
- Internally created role – the risk professional stepping up

The 'in demand' Risk skill sets

- What are employers looking for in their senior risk talent?
- More strategically focused and less operational and compliance
 - Business partnering
 - Excellent communication skills
 - Commercial and strategic acumen
- Lessons learnt from banking?
- The role of the Enterprise Risk Manager is increasing and in demand – candidate led

Upgrading not enlargement

- Role profiles are flexing to accommodate 'in demand' skill sets
- Anticipating an upgrading of risk structures
- Key deliverables:
 - Promote and embed a robust risk culture
 - Align risk management to, and be responsive to, business strategy
 - Have an oversight of the entire business
- The time of the large risk function coming to an end?
- Examples:
 - £2bill business: team of 3
 - £100mill business: team of 4
 - £1.5mill business: team of 3

Salaries

Role	Salary IQ	Salary MED	Salary UQ	Incentive/ Bonus LQ	Incentive/ Bonus MED	Incentive/ Bonus UQ
Director/ Head of Risk	70k	90k	130k	10%	20%	40%
Group Risk Manager	70k	90k	110k	10%	20%	30%
Enterprise Risk Manager	60k	70k	80k	10%	20%	30%
Risk Manager	50k	60k	70k	0%	10%	25%
Risk Analyst	35k	40k	50k			

The secrets of success

- **Managing the board** - stepping up and being comfortable in saying the unsayable to a potentially unwelcoming audience
- **Strong communication** - An internal and external PR Manager. Communicating complex technical issues to different audiences
- **Making yourself known within the business** – being politically savvy in often complex matrix environments and differing audiences
- **Responsive to business culture and adapting to your environment**
- **Strategic and commercial acumen** - Able to juggle the demands of the bigger picture with the minutiae
- **Inspirational leadership** - Inspiring a team to adopt a culture of risk management (both risk specialists and the wider business)

Conclusion

- Non F.S. not in the spotlight like banking so no need for wholesale changes
- However more specialised, value adding role
 - business will need to look to **external** talent
- Expect much more fluidity in the market place in the second half of 2010

Questions for discussion

What have you witnessed on the ground:

- Have you seen a change in your risk team – either quantity or skill set? What are your predictions for the next 12 months?
- Is there a role for a CRO to play within your business? How far away are you from this?
- What is your risk team's priority in the coming year?