

Enterprise Risk Management: What the BCP Professional Needs to Know

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Outline

- Why Enterprise Risk?
- ERM and BCP compared
- Implications for Practitioners
- Exercise
- Resources

What's Happening

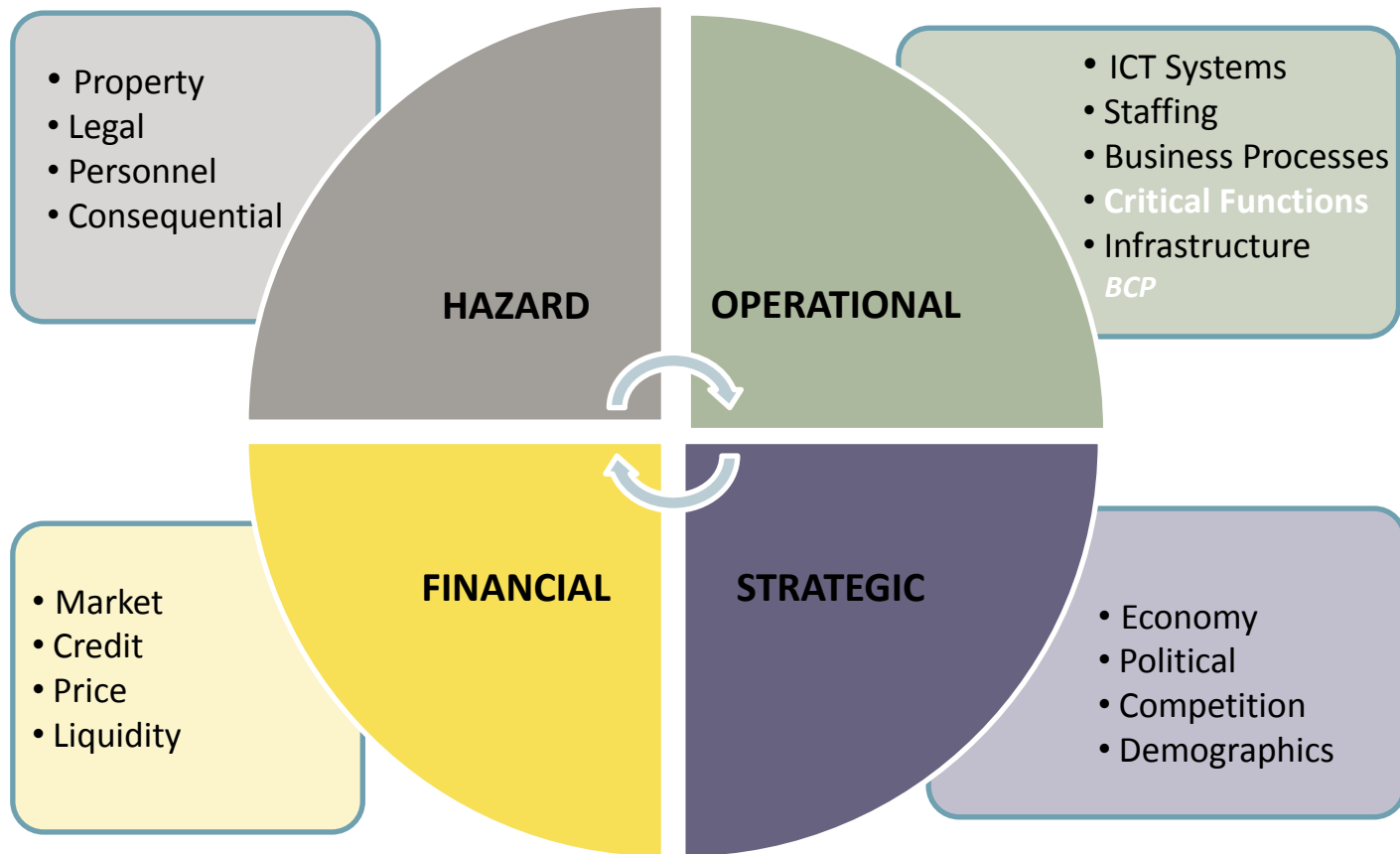
- Newer regulations, frameworks and standards reflect a strong theme of the management of all facets of risk
- In turn, Risk Management as a discipline has become fine-tuned, offering greater numbers and variety of RM tools
- Risk Management has evolved into Enterprise Risk Management (1990's) offering a more holistic and proactive view of risk – including risk as opportunity
- There is a marked increase in academic articles, subject matter expert and consultant reports denoting the evolving convergence between BCP and ERM
- Decision-makers are gravitating toward using ERM, making BCP a subset (Operational Risk)
- In the context of BCM, BCP is experimenting with newer multi-dimensional Maturity Models - risk is foundational at the root of these models

Why this is Happening

- ERM offers more defined value
- The “Risk Lens” is more broadly applied in organizations
- Organizational power resides, as usual, with senior risk-related positions
- Newer RM tools offer wider applicability
- Strength of ISO and COSO frameworks
- ERM and BCP are evolving at different rates
- Increased numbers of training opportunities

Enterprise Risk Management

ORGANIZATION & RISK QUADRANTS



ERM & BCP

- The link between the management of an organization's risks and its key objectives is central to ERM
- Whether the source of the risk is financial, hazardous, operational or strategic – risks managed separately are not the same as risks managed together – ERM taps into correlations, interdependencies, portfolios, etc.
- When compared to BCP (and BCM), ERM is more proactive in its treatment of risk
- ERM offers value to everyday decision-making; BCP does not

ERM & BCM

- Organizations that integrate ERM into their strategic planning also realize that BCP enhances their value creation and protection objectives
- Identifying and appropriately addressing interruption risks create confidence that enables organizations to more boldly execute strategic plans
- Synergies between BCP and ERM are plentiful
- Integration challenges are also plentiful, but are not insurmountable

ERM & BCM Delivery Models

- Central governance structure is created and encompasses both ERM and BCM disciplines
- BCM is a shared responsibility across the organization and is integrated into a larger ERM framework
- Separate BCM and ERM programs are created and maintained, with little to no integration
- Ad hoc ERM and BCM structures and processes
- ERM and BCM efforts are imported and copied
- ERM and BCM delivery models are “purchased”

Implications for Practitioners

- Working knowledge and application of BCP professional practices
- Competence in the use of BCP tools and BCM as a governance and accountability framework
- A broadening of skill sets in;
 - Strategic viewpoints
 - Holistic and Integrative Thinking
 - Inter-disciplinary Practice
 - Discipline Comparators
 - Financial Acumen and the Creation of Value

Exercise

Discussion Questions

- Does your organization employ an Enterprise Risk Management approach? If so, how is it structured and delivered?
- If not, should your organization use an ERM approach?
- If yes, then what would be your role?

30 minutes

Resources

- Bird (2016) “Improving Organizational Resilience: The Real Justification for Business Continuity”
- Enisa (2016) “BC/ RM Interfaces”
- IRM (2010) “A Structured Approach to ERM and the Requirements of ISO 31000
- Kleffner (2012) “Business, Resiliency, and Effective Disaster Recovery”
- Klein (2012) “Is BCM a Misnomer?”
- Peterborough City Council (2009) “Risk Management and Business Continuity Policy”
- Phelps (2010) “BCP and ERM”
- Protiviti (2013) “Guide to Business Continuity Management FAQ”
- PWC (2011) “What’s the Difference between ERM and BCM?”
- PWC (2016) “ERM and BCM: Together at Last”
- Ronez (2014) “BCM vs. ERM: The Reasons for the Separation and the Business Case for the Integration”
- Strategic BCP (2012) “Preparing for the Convergence of Risk Management and Business Continuity”