



# Evolving Risk Management: Risk-Enabled Performance Management

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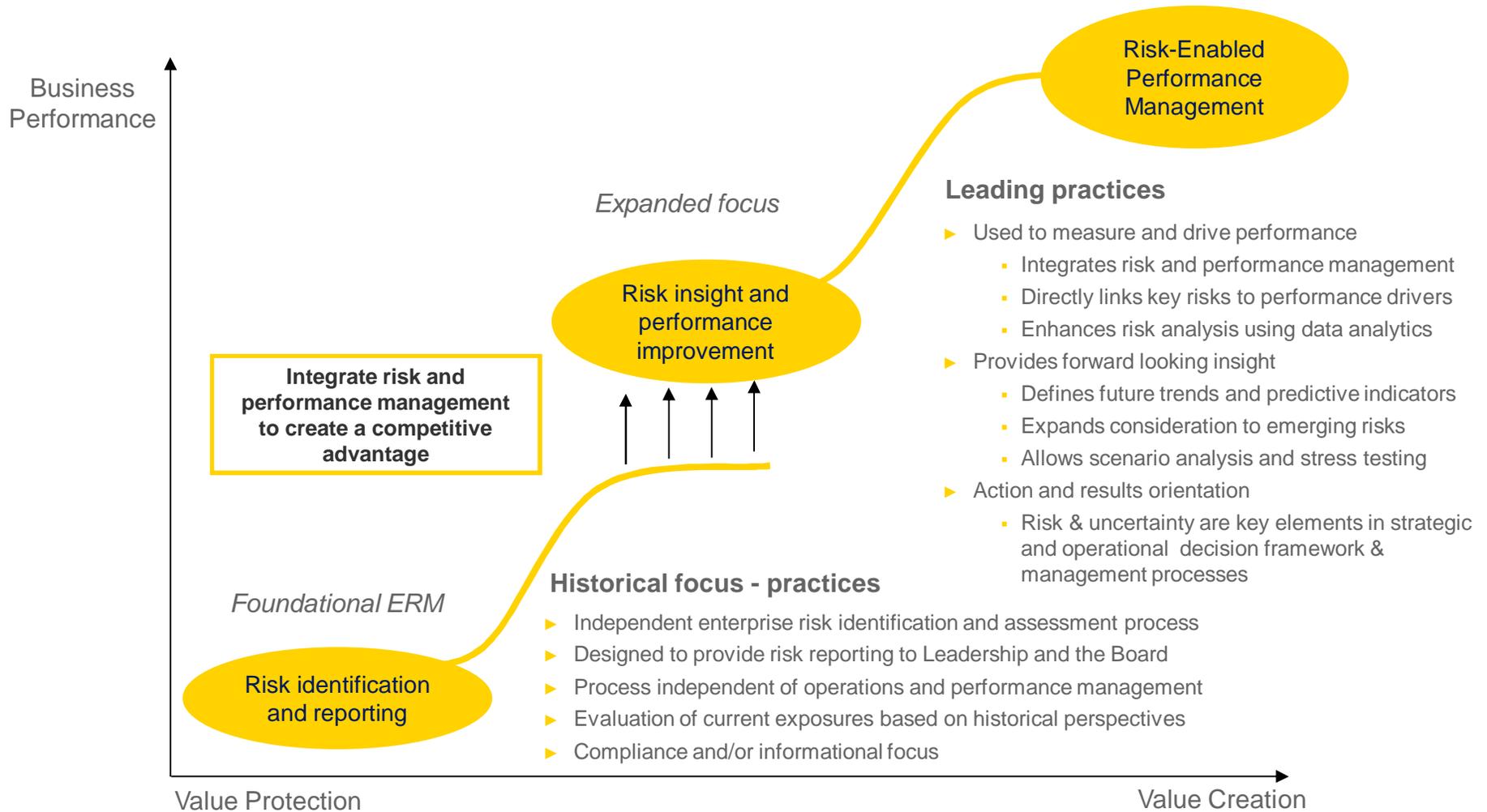


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# The key to the future is linking risk and performance management

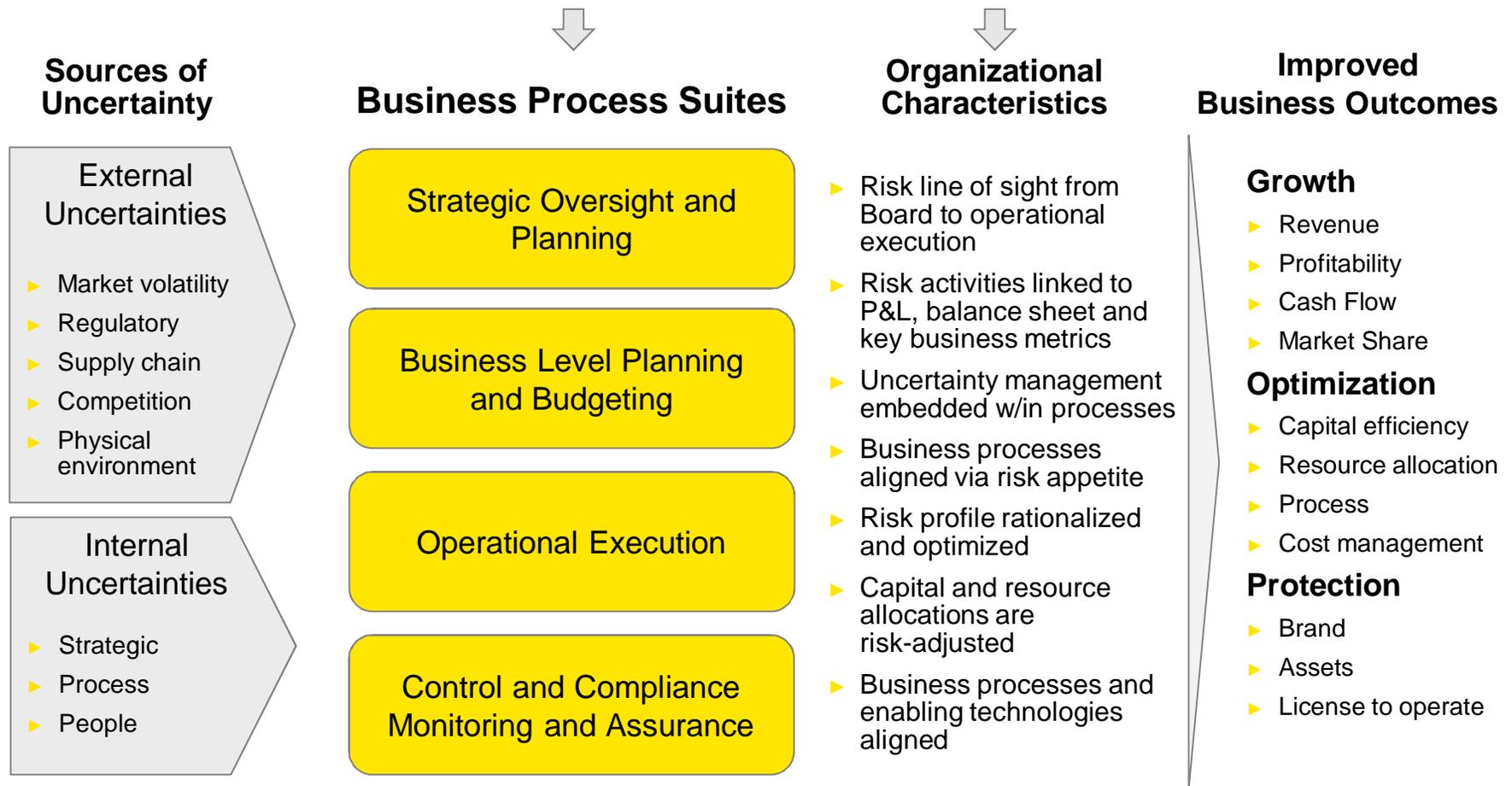
A shift from enterprise risk monitoring to risk-enabled performance management is underway



# Risk-enabled performance management fundamental concept

REPM considers how uncertainties affect processes and outcomes

## Risk Enabled Organization – Applied Risk Insights w/in Business Processes



# Risk-enabled performance management characteristics

## What is different compared to today's risk management

<b>Board and board committee meeting</b>	<ul style="list-style-type: none"><li>▶ Articulated risk appetite integrated into strategic considerations</li><li>▶ Major investment recommendations include robust qualitative and quantitative risk analysis</li><li>▶ Board oversight establishes tone from the top relative to risk management expectations</li></ul>
<b>Executive-level strategic planning</b>	<ul style="list-style-type: none"><li>▶ Portfolio risk exposures levels monitored and integrated into decision processes</li><li>▶ Emerging risk analysis and indicators linked to strategic plan 'pivot points'</li><li>▶ Risk/reward ambitions and tolerance ranges defined</li><li>▶ Enhanced analytical risk identification processes applied to remove inherent biases</li><li>▶ Risk 'line-of-sight' extends from strategic plan through execution and monitoring and results</li></ul>
<b>Operational and business-level planning</b>	<ul style="list-style-type: none"><li>▶ Multi-year and annual operating plans 'tie' financially on a risk adjusted basis with strategic plan</li><li>▶ Operational planning templates include risk sensitivities and stress testing</li><li>▶ Capital allocation is 'risk adjusted'</li><li>▶ Robust operational processes in place, i.e., disproportional or potential cascading exposures</li><li>▶ Driver analysis and predictive analytics integrated into risk management planning insights</li></ul>
<b>Monthly/quarterly performance reviews</b>	<ul style="list-style-type: none"><li>▶ Risk tolerance metrics integrated into operational reviews and performance actions</li><li>▶ Ongoing operational performance feedback incorporated into risk trend and indicator analysis</li><li>▶ Risk management activities and expectations closely monitored to assess relevance and impact</li></ul>
<b>Continuous performance management and reporting</b>	<ul style="list-style-type: none"><li>▶ Effective technology enabled reporting</li><li>▶ Continuous monitoring to track and forecast emerging risk areas</li><li>▶ Consistent reporting templates and approaches</li></ul>
<b>Continuous compliance and risk assurance activities</b>	<ul style="list-style-type: none"><li>▶ Monitoring functions aligned in an integrated risk operating model</li><li>▶ Monitoring activities linked to clear governance and early warning indicators/system/processes</li><li>▶ Continuous and aligned risk and controls framework</li></ul>

# Questions



## Presenter Bio – Craig Faris



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Craig Faris is a Principal in the Firm and is the Americas Risk Advisory Leader for the Oil & Gas/ Chemicals Sectors. He was previously the Global Lead for Emerging Risk Services and was responsible for developing EY's Risk-Enabled Performance Management approach. He has more than 20 years experience in risk management across a broad spectrum of industries, which he brings to bear in helping clients achieve top tier business results through effective risk management.

Craig has worked with numerous global corporations in creating top to bottom risk management programs and supporting capabilities, linking Board governance and oversight of risk with executive leadership and operational execution to enhance business performance.

Previously, Craig was a risk leadership Partner with both Accenture and Oliver Wyman, and was a leading force in integration of risk management with strategy development, analytics and operational practices. Prior to his consulting career, he was the Global Director of Enterprise Risk Management for Wal-Mart, and also held numerous positions at Amoco Corporation, such as Global Exploration Coordinator, Director of Strategy, Director of Process Improvement, Geotechnical Operations Lead and Exploration Geologist.

Craig holds an MBA from the Kellogg School of Management, an MS from Virginia Tech and a BS from the University of Missouri.