



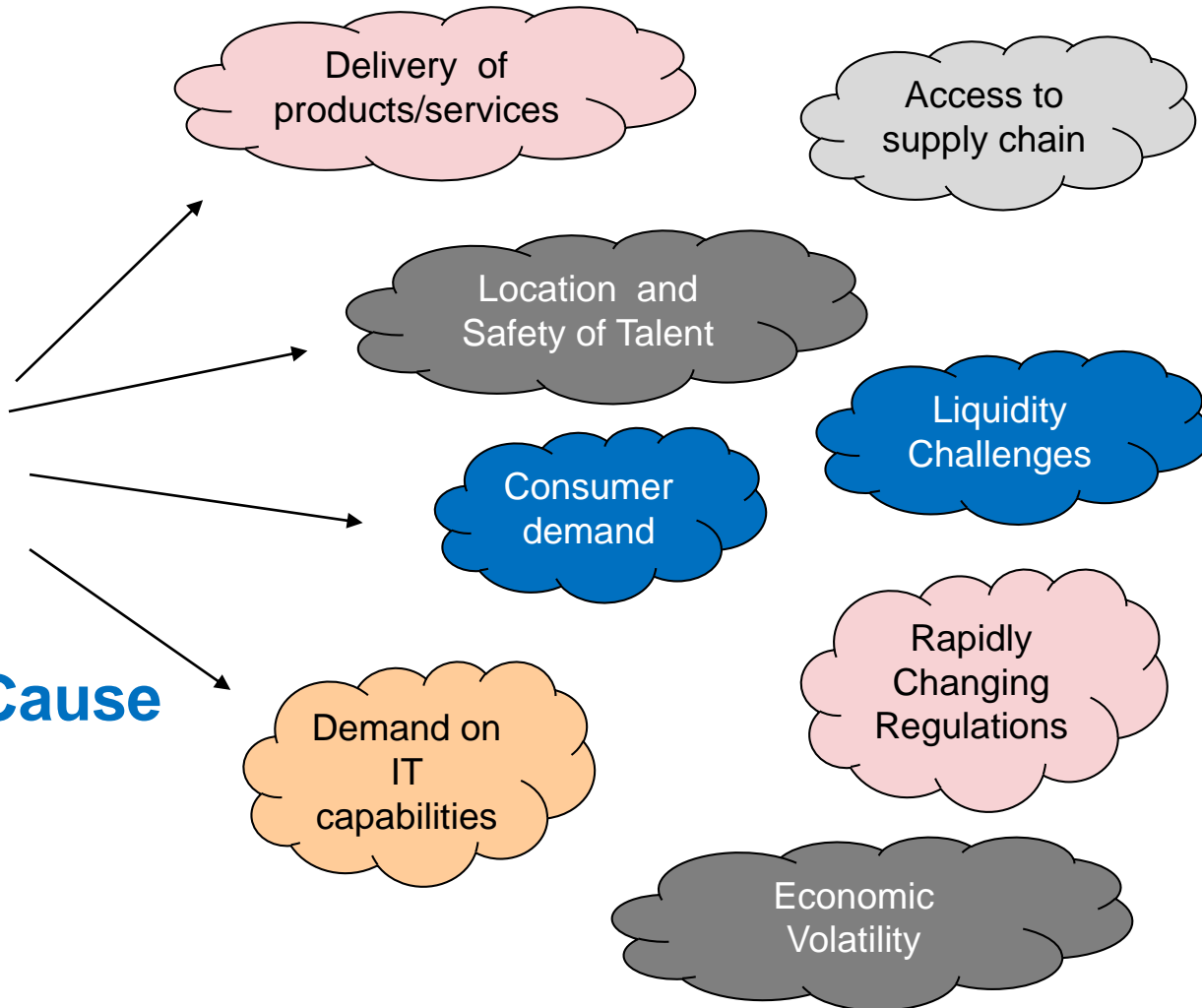
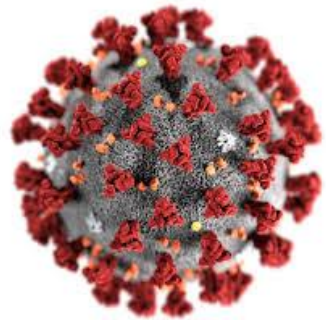
Integrating ERM and Strategy to Enhance Value:

Lessons from the Pandemic

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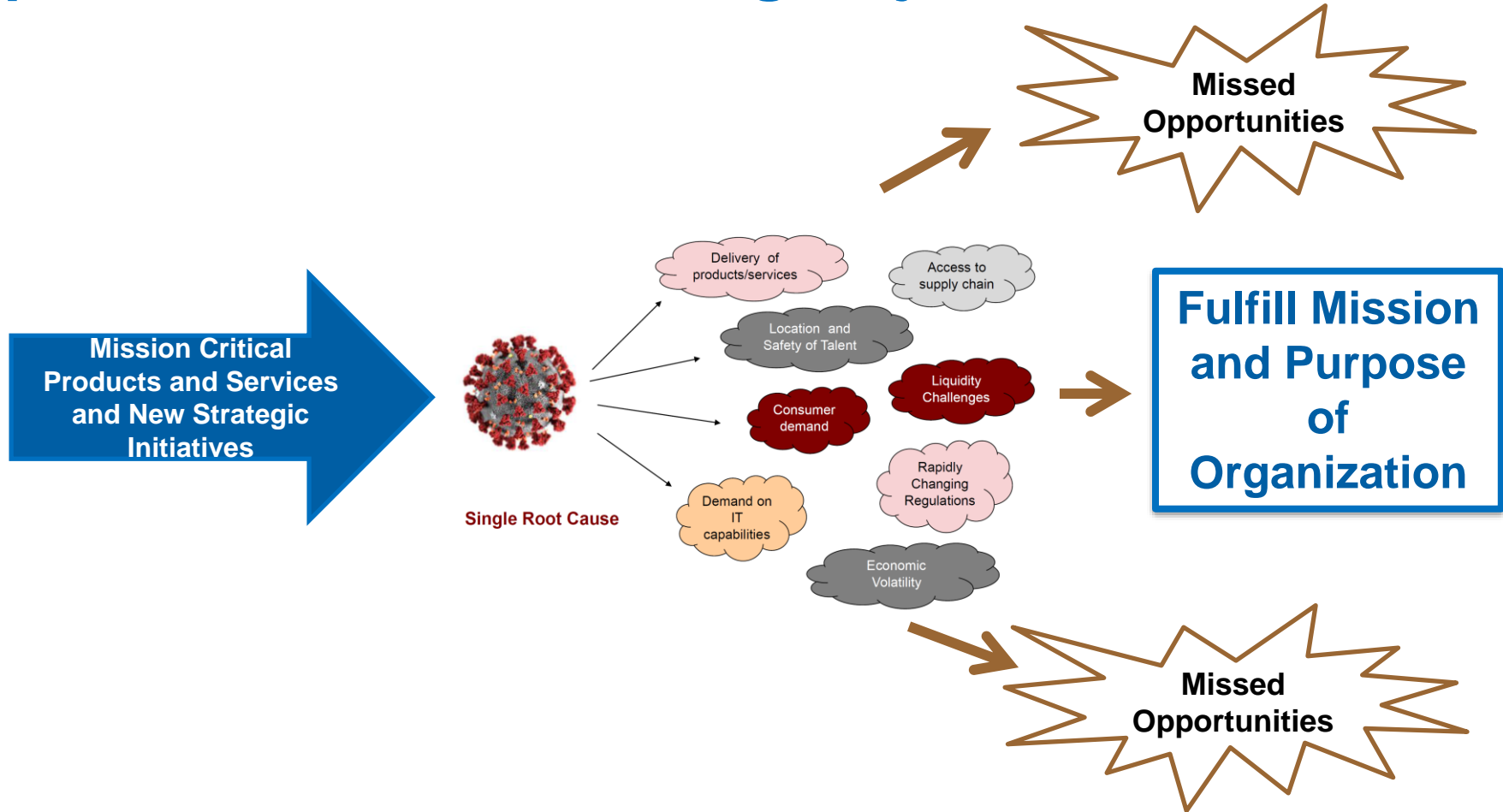
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Explosion of Risks



Single Root Cause

Explosion of Risks Derailing Objectives



In addition to COVID....



Social unrest



Out of control wildfires



Global Trade Tensions



National elections



High unemployment



Nervous markets



Almost zero
interest rates

Yet...



Only 16%

Of non-profit organizations describe the maturity of risk oversight as

“Mature” or “Robust”



Lesson #1

*Thus...Strengthening Risk Management
makes good business sense.*



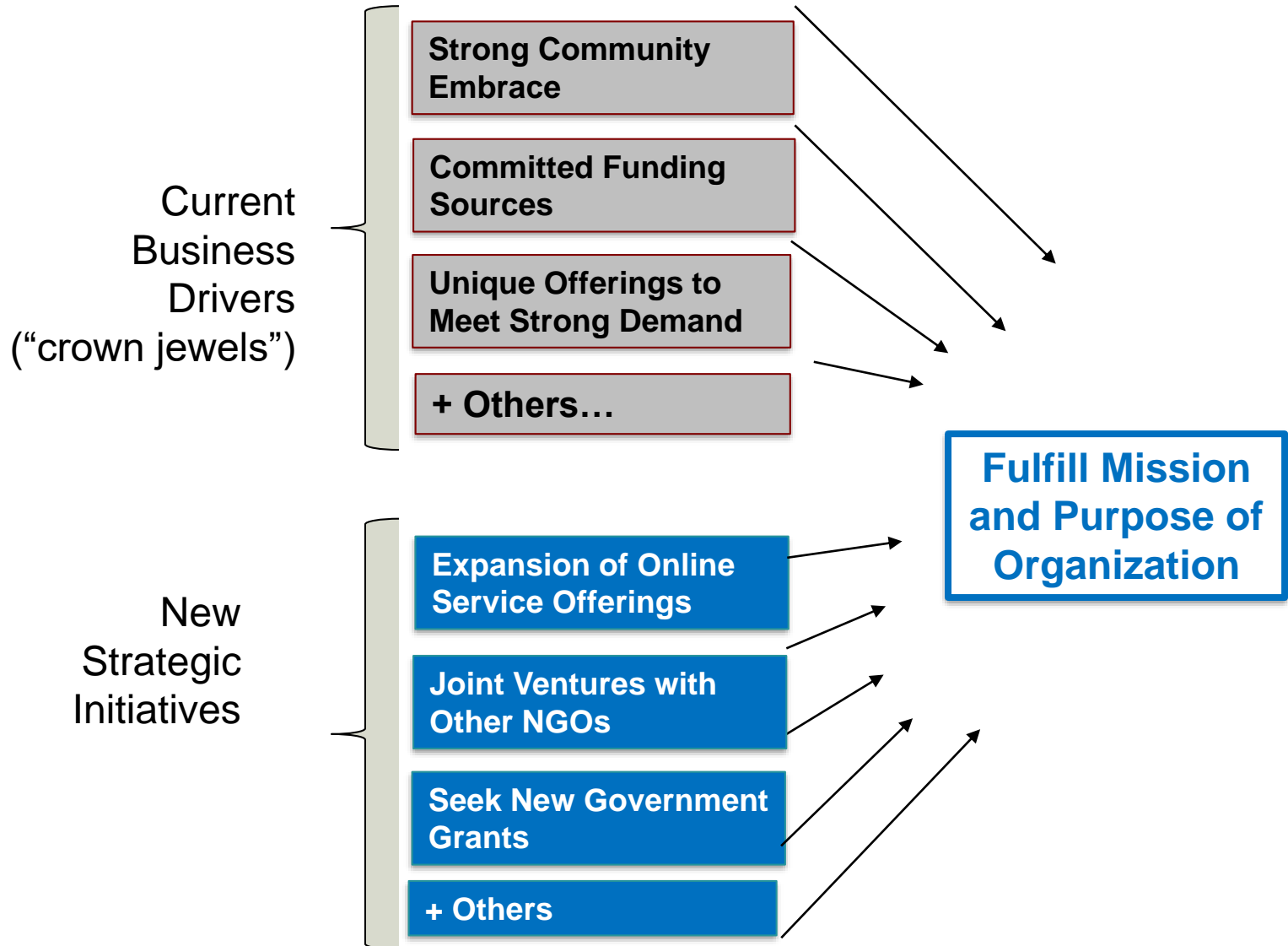


Lesson #2

Use Strategic Lens to Assess Impact of Ongoing Uncertainty.



Risk Mgt Starts with “What Drives Value?”



Pinpoint What Makes Each Successful

1. What must go right for “crown jewel” or new initiative to drive value?

- Key people needed?
- Key processes involved?
- Key systems required?
- Chokepoints along way?

2. What big assumptions are we having to make?

- How determine valid?
- What might cause it to change?
- What happens if opposite is reality?

Strong Community Embrace

Committed Funding Sources

Unique Offerings to Meet Strong Demand

+ Others...

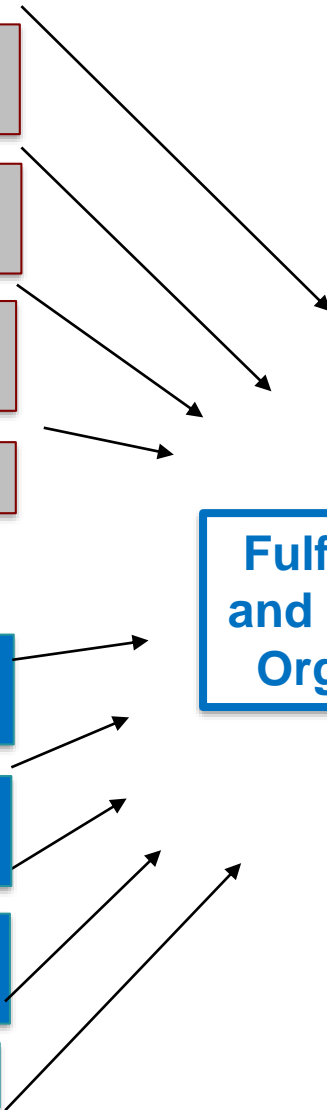
Expansion of Online Service Offerings

Joint Ventures with Other NGOs

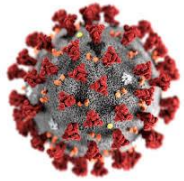
Seek New Government Grants

+ Others

Fulfill Mission and Purpose of Organization



How Are Risk Events Impacting “Crown Jewels” and New Initiatives?



COVID-19



High unemployment



Social unrest



Nervous markets



Local & National elections



Global Trade Tensions



Out of control wildfires



Almost zero interest rates



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RESPONSE

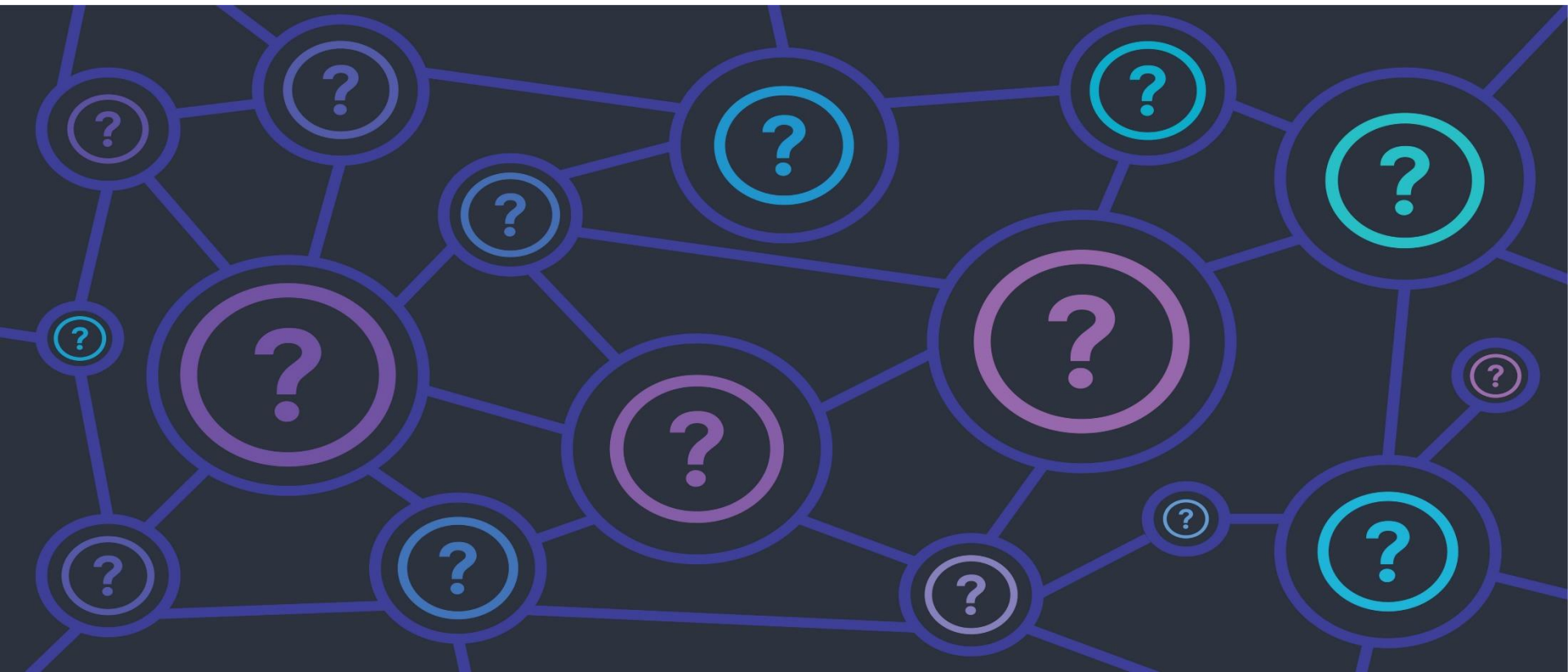
Assess How Risks are Managed

- What can we do to address “root cause” of risk?
 - Can we do anything to prevent the cause?
- What is our response if risk begins to escalate?
 - How will we detect risk is occurring?
 - What is our triage response?
 - What is our longer-term response?
- Where might there be significant gaps in process?
 - Where are the key “chokepoints”?
- Is a sufficient emergency response team in place?
 - Who owns this risk?



Lesson #3

There is value in scenario planning after all.



Forecasting and Scenario Planning

- Engage in more discussions about low probability, high impact events
 - Black swans worth thinking about
- Focused on Cash Flow Analyses
 - Start with Sources of Cash
 - What are core sources of cash for organization?
 - How is current environment affecting each source?
 - Dissect Cash Outflows
 - Which are most significant?
 - Which are fixed vs. variable?
 - How is current environment affecting each outflow?
 - What amount of discretion is available?



Run combinations of scenarios:

“Worst case”

“OK-but-not-great case”

“Reasonable, hopeful best case”



Lesson #4

Don't forget to capture risk opportunities.



Capturing Risk Opportunities

- What new “Needs” are emerging that fit Mission?
 - How might current events be triggering new needs that organization is poised to address?
- Being creative in identifying new opportunities
 - 55% say pandemic is “not at all” or “minimally” delaying key decisions about business model
- Accelerating business transformation
 - Rapidly embracing innovations mandated by COVID response
 - Finding areas where customers are embracing new delivery innovations – new normal?
- Making new technology investments
 - How might new embrace of IT allow new delivery of services?



Lesson #5

There are Silver Linings to retain.



Retain Benefits of Pandemic

- Increased transparency of communications
 - Breaking down of silos
 - Team building has enhanced “Trust”
- Enhanced understanding of linkage of risks and strategy
 - Recognition of different views of risks on strategy is critical
 - Risk appetite and risk tolerance better understood
- Better “Thinking Outside the Box”



Recap of 5 Lessons

1. *Strengthening Risk Management makes good business sense.*
2. *Use strategic lens to assess impact of ongoing uncertainty.*
3. *There is value in scenario planning after all.*
4. *Don't forget to capture risk opportunities.*
5. *There are Silver Linings to retain.*

Risk Management is not becoming easier

But it is becoming
More Critical!



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