

# RIMS: Instil a business mindset in risk managers

A RIMS conference in Australia stressed the need for risk managers to think strategically and collaboratively.

By **Ridwan Abbas**

**R**isk managers need to think more like business leaders in order to better align their message to boards and senior management.

Ms Karen Sherry, Director (non-Independent), Vector Limited, offered this advice during the RIMS (Risk Management Society) Risk Forum Australasia 2015, held in Melbourne recently.

“Be a business leader first and a risk manager second. My advice would be to really understand the business strategy so you can add value to the business and help drive the business towards its objective,” said Ms Sherry.

She added it was important that risk management is viewed as something that enables rather than obstructs, and provided an analogy to illustrate the point. “Having brakes in your car actually helps you to go faster, because anytime you need to stop you are able to do so. Hence for risk management, I think it’s good to take it from that perspective.”

She also advocated the importance of having a good whistle blower policy, especially for more junior employees who cannot get access to senior management.

“We need to make sure our framework has an opportunity aspect, not just a risk aspect.”

“There needs to be an open-door policy and a culture of openness and honesty. If they have a worry, they know they can go to someone,” she said.

## Collaborations vital

Mr Rick Roberts, President of RIMS, spoke about how crucial it was for risk managers to build collaborative relationships with key constituents of an organisation, especially with internal audit where there exists potentially overlapping functions. He said it was important to define the specific roles and forge a collaborative alliance.

For instance, if both parties perform risk assessments, they should collaborate on the results lest they present two different types of risk to the board.

He added risk managers should always be curious, and ensure that crucial lines of communication remain open within an organisation.

## Cyber vulnerability

In assessing some of the key global risks, cyber security in-

variably gets a mention. Mr Costa Zakis, Managing Director, Marsh Risk Consulting (Pacific), quoted annual business loss arising from cyber to be at US\$400 billion.

He said risk managers should ask themselves some basic questions when it comes to their cyber risk, including if they understand the full implications of a cyber event on their brand; if the impact of a short and sustained cyber event has been assessed; and whether “crown jewel” information assets have been identified and are actively monitored?

## New trends arising from technology

Various speakers at the event spoke about how technology is transforming their industries and the potential risks associated with it.

Mr Harry Rosenthal, General Manager, Risk Management Services at Regis Mutual Management – a mutual body for Australian universities, said higher education is being transformed with digital technology as students no longer need to be physically present in order to learn.

For instance, universities have to rethink their existing infrastructure as the changing nature of student engagement means that facilities may be under-utilised as interaction moves online.

He also added that universities have had to compete more with one another for both students and also funding, leading to institutions crafting niche areas for themselves and cutting down on courses and reducing manpower.

Mr Roland Teo, Head of Enterprise Risk Management at Eastern Health Alliance in Singapore, touched upon managing risks in relation to social media and called on risk managers to adopt a pre-emptive mindset in order to safeguard their organisation’s reputation.

It includes having guidelines to interact with complaints in the online space, as well as installing a robust framework to monitor and manage reputation risk.

He also advocated having a plan to deal with reputation-risk events, including having clear roles and responsibilities as well as the tools to monitor and respond.

RIMS is a global not-for-profit entity that provides networking and professional development to its membership of more than 11,000 risk management professionals in more than 60 countries.▲

