

AIRM

*"Aligning ERM (Enterprise Risk Management) with MBS
(Modern Business Strategy)"*

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IQ verses EQ

Emotional Intelligence

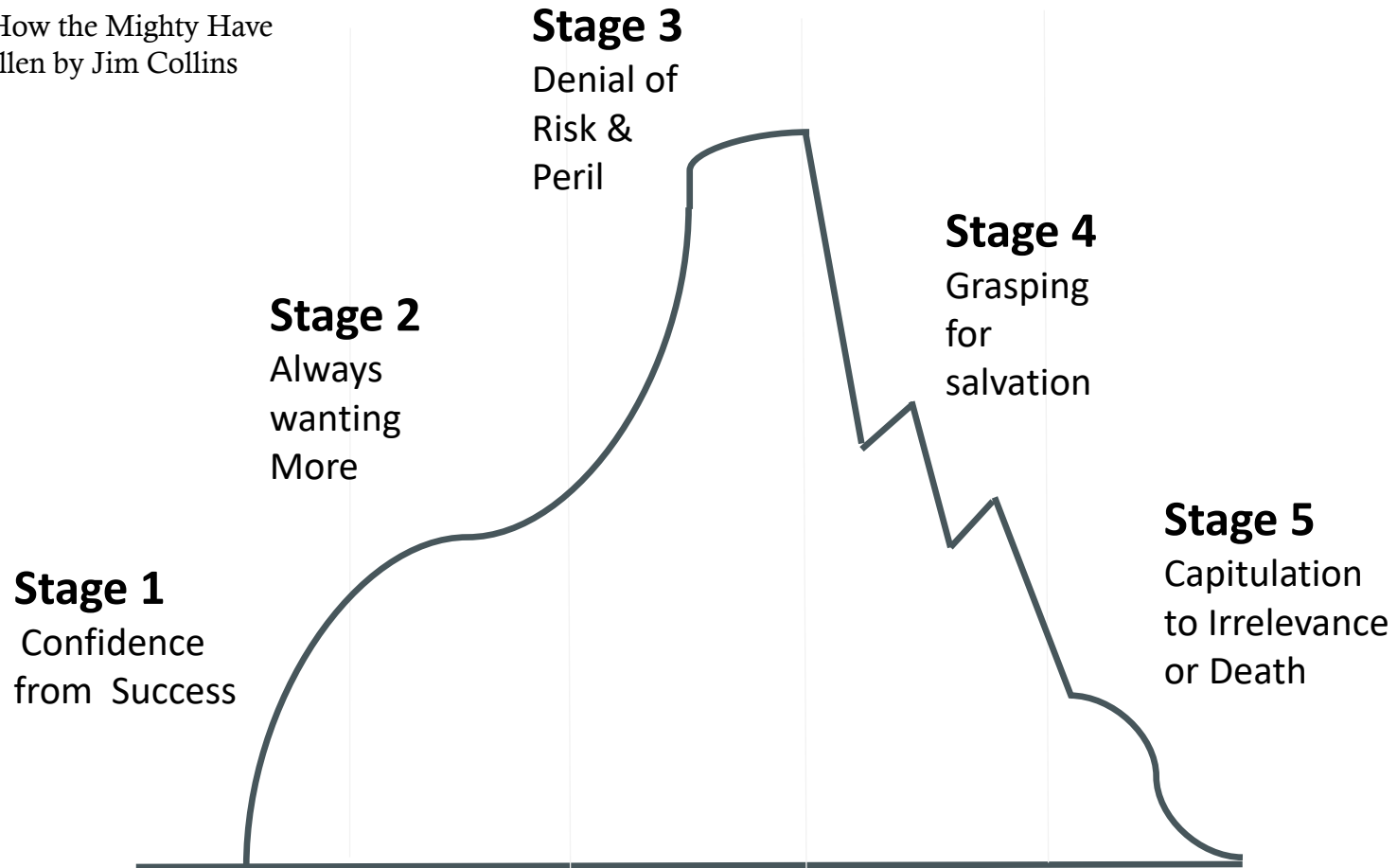


Intellectual Capital



Denial of Risk is Serious

* How the Mighty Have Fallen by Jim Collins



What is Risk?



What's the *Greatest* Risk?

Matthew 22:36



A Journey towards defining the greatest Risk



IT's & GG's (Low IQ or EQ?)



Standards, Audits, Checks...

- ‘Somebody is selling rogue product, and somebody knows about it’ – Simon Coveney
- ‘Bad management’ ... has let down the Irish food industry...
- “If you put a label on my back that says ‘Taoiseach’, it doesn’t make me the Taoiseach,” Senator Susan O’Keeffe...

1. Read Me First

Introduction

The Business Continuity Plan

This Business Continuity Plan (BCP) provides overall guidance to (CLIENT) in responding to any significant incident that threatens to interrupt normal operations. It works at the **worst loss** level. For less severe incidents, only the relevant sections of the plan would be selected.

The full plan is set out in three time-phased categories and is focused on assisting the management team with the handling of the issues that will arise after an incident has occurred. This is illustrated as follows:



To some extent the planning process also addresses the adequacy of current risk controls and may have identified improvements. Such improvements, if implemented, will form an integral part of this document. The central feature of the plan is a suite of colour coded sections, covering the entire response from the initial emergency through to the resumption of normal or near-normal operations.

Alpha Delta Ltd - Impact & Strategy Matrix – 03 Assembly & Tool Room

	Business Function/Main Activities	Resource requirements	Risk/Impact	Recovery actions
03 Assembly & Tool Room (refer BIA dated January 2013 for further details)	<p><u>Assembly</u></p> <ol style="list-style-type: none"> 1. Assembly of components to a finished product 2. Soldering, cementing and painting using paint, adhesives, solvents and liquid rubber sealing compounds. 3. Pressure testing, electrical testing and curing by oven and UV <p><u>Tool Room</u></p> <ol style="list-style-type: none"> 1. Manufacturing of coating and optical tooling from aluminum, stainless steel and some plastics 2. Assists maintenance in the manufacturing of spare parts for the coating plant 3. Making bespoke assembly jigs 	<p><u>For All Work (detail refer BIA)</u></p> <ol style="list-style-type: none"> 1. Skilled workers 2. Polished and coated optics for assembly 3. For tool room need raw materials (alumin etc.) 4. Computers/IT software 5. Selection of adhesives, paints, tooling and measuring equipment 6. Water, electricity, solvents 	<p><u>Our Key Risks</u></p> <ol style="list-style-type: none"> 1. Fire destroying our place of work & machinery etc. 2. Loss of key machinery such as CNC lathes, turning machines 3. Flood damage 4. Loss of key personnel & skills 5. IT needs for process management 6. Loss of power supply 	<p><u>Assembly</u></p> <ol style="list-style-type: none"> 1. Minimum of 1 skilled person who could function off site 2. Buy the off shelf equipment (e.g. oven, electrical testing & UV lighting) 3. Manufacture bespoke equipment 4. Buy paint, adhesives etc. – refer to critical suppliers in section 5 <p><u>Tool Room</u></p> <ol style="list-style-type: none"> 1. Identify sub contractor from list section 5 2. If brought back in-house, one skilled person needed, CNC turning machines, lathes and raw materials needed 3. Identify key machinery and purchase locally

Barriers to ERM

- Lack of tangible benefits
- Senior management sponsorship
- Skills to embed ERM
- A clear implementation plan & communication strategy

Journey towards ERM

- Board-level commitment with a documented practice similar to finance.
- Dedicated risk executive in a senior level position who reports to the board.
- A culture that encourages full engagement and accountability at all levels (suggest a pilot).
- Include dialogue at all levels (refer to RAG).

Can the Insurance Industry assist in aligning ERM with MBS?

- Standards
- Costing
- Tangible benefits

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