

# Empower Your Organization

*Enable your organization to understand, measure, and manage operational risk with confidence—and turn risk into an opportunity for growth.*

Prepared by

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*This white paper is intended for informational purposes.*

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## Executive Summary

Risk is a four-letter word that prompts passionate discussion among business professionals when simply trying to define its meaning. When the topic extends to risk management, the conversation expands exponentially. Significant frameworks have been defined to address risk management in several dimensions. These include:

- ERM: Enterprise Risk Management
- ORM: Operational Risk Management
- IRM: Integrated Risk Management
- TPRM: Third Party Risk Management
- SRM: Supplier Risk Management
- GRC: Governance, Risk and Compliance
- Basel Accords: (By early 2000, central bankers in the financial industry recognized three main types of risk: market, credit, and operational risk. This whitepaper focuses on operational risk.)

A notable risk pundit asked in a recent article: “Do all of these acronyms make you want to run and hide?” Save your breath: don’t run and hide. This whitepaper will offer for consideration fundamentals which can serve as the basis for an entity to adopt regardless of the core purpose or size. (Pause, deep breath.)

### Key Takeaway

*Organizations that build risk management as a core competency are better positioned to sustain operations, reduce costs, and accelerate strategic growth.*

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## Demystify Risk to Sustain Healthy Operations

Risk is a reality every business faces. For organizations without the scale to staff dedicated risk management teams, it can feel overwhelming. But it doesn't have to be.

**Empower** is a risk management approach from CE3 Solutions that prepares you to proactively identify, evaluate, and mitigate the risks that matter to your organization. Just as importantly, it guides you in identifying risks that may limit your ability to innovate and grow.

CE3 Solutions will train teams across your organization to prevent and detect operational failures by understanding the associated causes and effects. Through **Empower**, your people will develop the skills and frameworks needed to address risk at every level of the organization.

### Through Empower, your people will:

- Understand the broad range of risks your organization faces.
- Assess each threat by scoring key risk measures.
- Develop tailored strategies to address key risk priorities.

## Turning Risk Management into a Core Competency

Effectively managing risks strengthens your organization against threats such as human error, technology failures, natural disasters, and supply chain disruptions.

With **Empower**, you can proactively turn managing risk into a core competency. By applying our methodology, your organization achieves measurable resilience across every layer of operations.

### By applying our methodology, your organization can:

- Strengthen operating resilience.
- Achieve cost reductions by avoiding expensive errors.
- Accelerate growth by taking informed risks.

Simply put, risk is the chance that an event will cause failure and hinder successfully achieving business objectives.

With a simple definition of risk in mind, what are the key fundamentals?

- Taxonomy
- Assessment
- Action
- Integration
- Culture
- Governance

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This simple list will establish a solid core of principles that will align and promote risk management throughout the organization.

## Fundamentals and Principles of Risk Management Demystified

Taxonomy: Everyone in the organization should understand and share common definitions of the terms associated with risk management. This capability is imperative for individuals to be able to participate constructively in risk conversations. The core of a risk taxonomy should be simple, business oriented, straightforward, and not extensive. No fancy degree required!

Assessment: A common process for assessing risk that is shared across the organization will promote alignment and common understanding. With just a few basics, participants in risk assessments can be immediately productive and engaged. The assessment process can be conducted without expensive technology or a burdened administrative processes.

Action: Once an assessment has been completed, what action should be taken to address the notable risks? What risks need to be watched for changes in condition? Which are well managed and don't require immediate attention or investment? A simple action model can facilitate leveraging assessment data to identify action steps and establish priorities.

Integration: While many organizations create new roles and jobs to handle risk, consider the benefits of integrating risk management into the business. By integrating risk management as a discipline, the business will be more efficient and effective in managing risk and will be better positioned to take risks that result in innovation and optimized business performance.

Culture: As successful integration evolves, risk management becomes a part of the business culture. Risk management is recognized across the organization as a discipline that drives success in achieving business objectives. Customers, suppliers, and third parties come to recognize and reward the business for embracing risk management. In addition, employees will feel empowered.

Governance: How does the business govern key business decisions? Who is authorized to accept identified risk? And who approves investment decisions to mitigate risks that could imperil the business? While many organizations have well thought out policies and guidelines for budget and expenditure approvals, they may not have integrated risk management into the model. Integrating risk governance into the rhythm of the business will further strengthen the culture.

As you consider these fundamentals, *Taxonomy, Assessment, and Action* are mechanics of risk management. The remaining three, *Integration, Culture, and Governance*, serve to sustain a balanced focus on risk management across the organization.

### Why It Matters

*Organizations that proactively manage operational risk outperform peers in stability, cost efficiency, and the ability to seize growth opportunities with confidence.*



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## Learn More

Empower your organization to make smarter decisions with confidence. Build a risk management culture that drives outstanding results. The team from CE3 Solutions can show you the way.

### Contact Us

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### About CE3 Solutions

CE3 Solutions, LLC is a risk management consulting firm dedicated to helping organizations of all sizes understand and navigate operational risk. We partner with executive teams to build sustainable risk management programs that protect operations and enable growth. Learn more at [www.ce3solutions.net](http://www.ce3solutions.net).

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