

# INFLUENCING THE TONE AT THE TOP



# What we are covering?

📖 Basics on the tone at the top

📖 Key questions asked by RM about the tone

📖 How do we then influence the tone

📖 Checklist



# Types of tones

## **Compliance-**

We do it  
because we  
have to

## **No value from RM –**

We don't  
even know  
what RM  
dept is  
doing

## **Value adding RM-**

RM is a  
strategic  
enabler

# KEY QUESTION ASKED BY RISK MANAGERS

**I am the only resource- It is only me in the department**

**Leadership changes often – just when I have obtained the buy in, the leadership changes**

**I am not even able to get airtime with my executives / senior management**

**What do I need to do as a RM to influence and get the buy in from my executives and senior managers notwithstanding the following challenges?**



**I have just been given the responsibility of RM and I don't have a background of RM**

**I don't even know where I am reporting to**

**I highlight these risks to my executives / senior management, but they don't listen to me**

# INFLUENCERS OF THE TONE



This is where  
we are focused  
today

A green rectangular box with white text. The text reads: "This is where we are focused today".

# OUTWARDS – SENIOR MANAGEMENT’S BEHAVIOR

75% of managers are being asked to achieve broader objectives, while 54% have had **frequent shift in responsibilities**, likely reducing their attention to risk and control issues.

Increased Complexity

Managers are **not being held accountable** for effectively managing risks as part of their job. Currently, only 52% of line managers think about risks to the organization when making important decisions.

Lack of Accountability

Short-Termism

Myopic view focused on **quarterly targets takes precedence** over long-term strategic priorities for the organization.

Pressures on achievements of targets at all cost

Increased **stakeholder expectations and target achievement pressures** force managers to cut corners and promote risky behaviours. Sixty-five percent of managers suggest they’re being asked to deliver business results faster than before.

# INWARDS ( BEHAVIOR AND TECHNICAL SIDE OF A RISK MANAGER

*Soft Skills  
(Behavioural  
competencies)*

*Hard skills  
(Technical side  
of things)*

SO, LET'S DO  
SOME  
INTROSPECTION



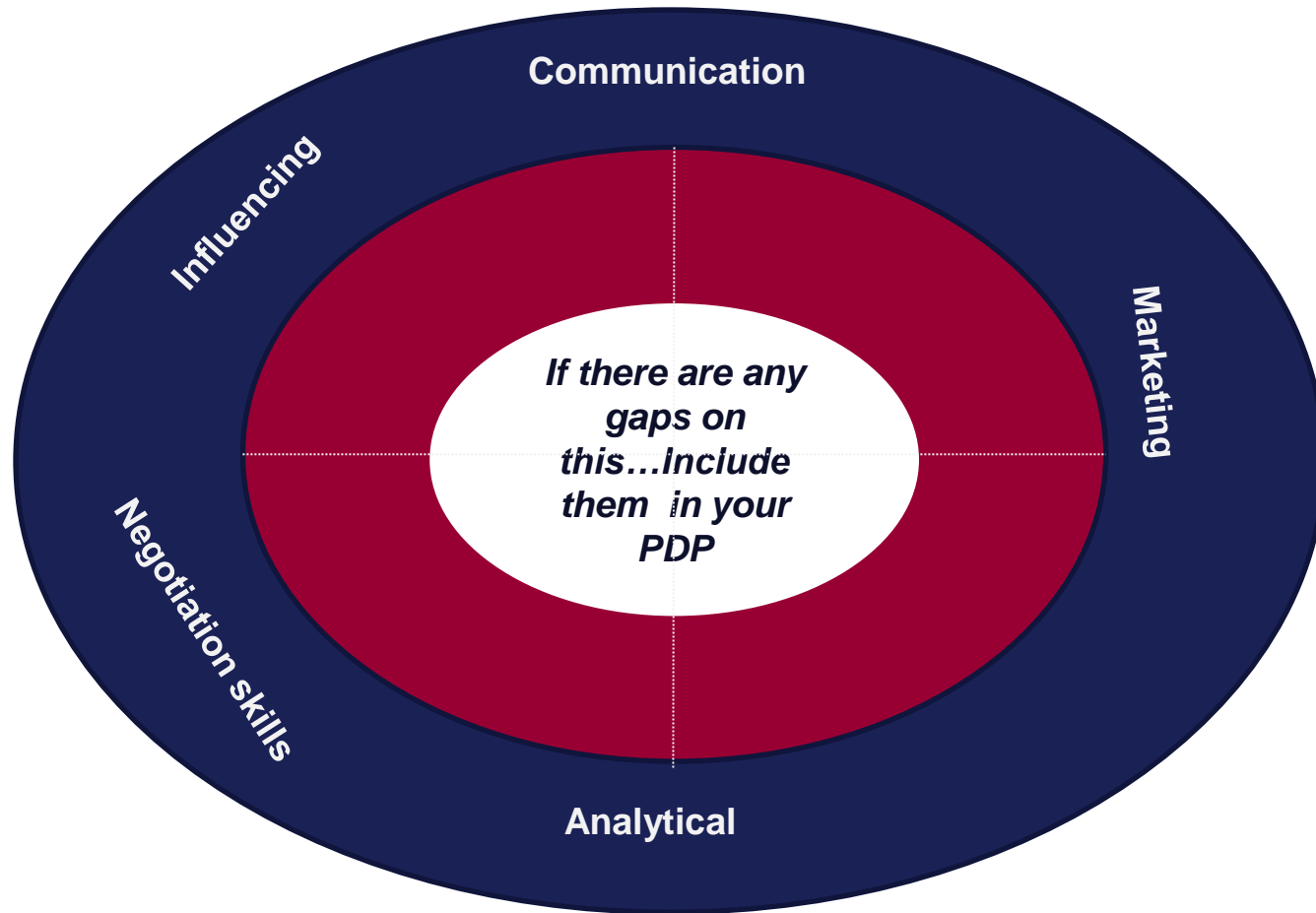
# 1. RM's BEHAVIORAL COMPETENCIES

The landscape has changed and Risk Managers need certain character and behavioural competencies



We need to shift from being data collectors to being influencers of the strategy

# What type of behavior competency do I need as a RM to influence the tone

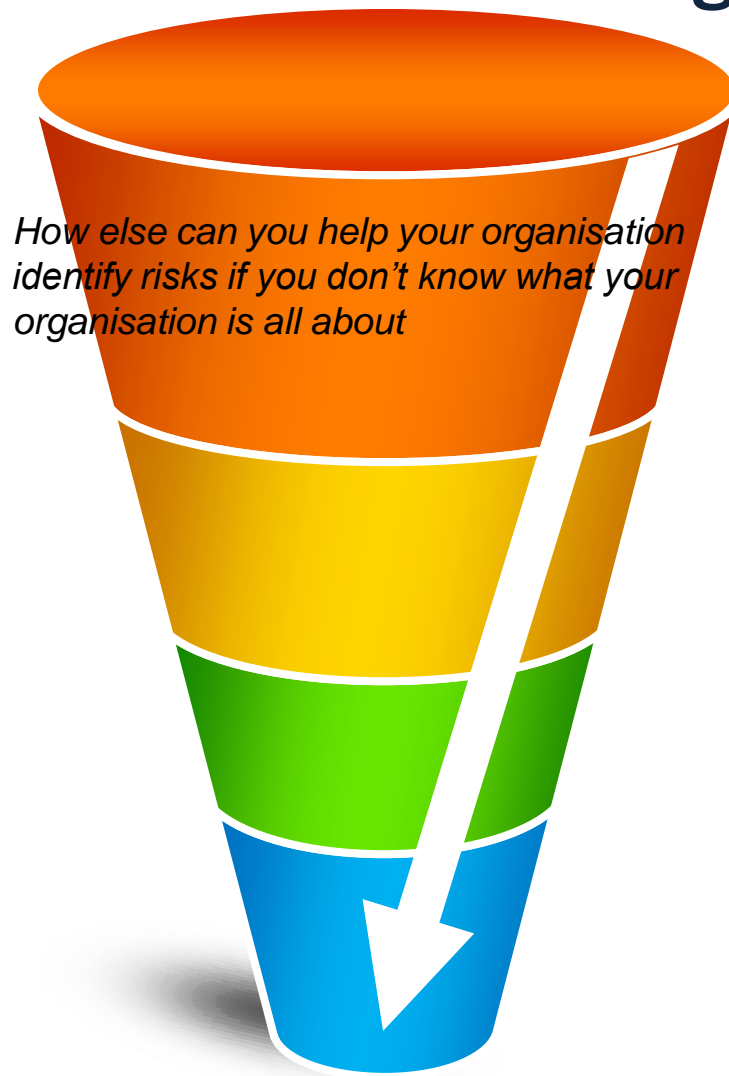


## 2. TECHNICAL SIDE OF THINGS

*It will be difficult to influence the tone and obtain the buy in if as a Risk Manager you are not able to establish credibility, understand your stakeholders and quantify RM's value add.*



# 2.1. Through thorough understanding of your organisation



*How else can you help your organisation identify risks if you don't know what your organisation is all about*

**Whether there is only one of you or not, you need to understand your organisation completely!!!**

## Understand the following:

- mandate,
- legislative framework,
- strategy, APP targets
- PESTEL, SWOT,
- governance framework,
- risk universe,
- financial position,
- critical pillars of the organisation,
- value drivers
- Risk Maturity level
- Organisational maturity level
- Culture

# Outcome – Risk Map

Risk Intelligence Map

Risk Intelligence Map															
Governance		Strategy and Planning				Operations/Infrastructure								Compliance	Reporting
Corporate Governance	Ethics	Corporate Responsibility & Sustainability	External Factors	Planning	Strategy	Corporate Assets	Finance	Human Resources	Information Technology	Legal	Product Development	Sales, Marketing & Communication	Supply Chain	Compliance	Reporting
Board Effectiveness/ Knowledge Management	Addressing Allegations	Biodiversity	Competition	Business Continuity Management	Alliances	Facilities and Equipment	Accounting	Corporate Culture	Architecture	Bankruptcy	Discontinuance and Divestures	Branding and Reputation	Planning	Communication and Training	Compliance with Accounting Standards
Board Structure and Leadership	Communication	Climate Change	Credit Rating	Capital Planning	Business Concentration	Intangible Assets	Audit Quality	Health and Welfare Benefits	Asset Management	Competition	Innovation, Research, and Development	Communication	Sourcing	Compliance Culture	Financial Disclosure
Compensation / Performance Incentives/ Alignment	Corrective Actions and Discipline	Community Investment	Customer Demands	Knowledge Management	Business Model	Personal Safety	Capital Management	Human Resources Policies and Procedures	Business Continuity Management	Contract Management	Launch	Customer Relations/ Customer Support	Production	Compliance Information Management	Financial Information Availability
Corporate Responsibility and Sustainability	Ethical Culture/ Tone at the top	Energy Management & Alternative Sourcing	Economic Conditions/ Industry Trends	Operational Planning	Customers	Physical Security	Credit	Implications of Significant Events	Change Management	Corporate Investigations	Liability	Distribution	Delivery	Compliance Organization	Financial Statement Fraud
Reputation / Stakeholder Relations	Ethics Reporting	Fair Trade Certification	External Fraud	Performance Management	Extended Enterprise	Process Management	Financial Asset Investment	Labour Relations	Contracting and Outsourcing	Environmental, Health & Safety	Product Design/ Quality	E-Commerce/ Internet Strategy	Returns	Compliance Reporting	Management Reporting
Risk Oversight	Investigation	Natural Resource Utilization and Accounting	Geo-political	Scenario Planning	Growth	Taxation	Insurance and Hedging	Organization Structure	Information Security	Finance & Accounting	Production	Investor Relations		Controls and Monitoring	Regulatory Reporting
Transparency and Financial Integrity	Monitoring and Auditing	Philanthropy	Hazards/ Catastrophic Loss		Innovation	Utilization	Liquidity	Payroll	Operations	Government Investigations	Substitution	Marketing Programs		Policies and Procedures	Reporting Quality
	Policies and Procedures	Project Financing	Laws and Regulations		Markets		Pensions	Performance/ Talent Management & Compensation	Physical and Environmental	Intellectual Property (IP)	Technology Obsolescence	Market Research		Risk Assessment	Statutory Reporting
	Program Assessment and Evaluation	Resource Scarcity	Markets		Mergers/ Acquisitions/ Divestures		Planning/ Budgeting/ Forecasting	Retirement Programs	Privacy and Data Protection	Labor and Employment Issues	Testing	Marketing Strategy		Supervision	Sustainability Reporting
	Structure and Oversight	Sustainability Strategy	Third Party/ Joint Venture Requirements		Outsourcing		Taxation	Talent Pipeline/ Recruitment	Problem Management	Legal and Regulatory Compliance	Timing	Public Relations			Tax Reporting
	Training	Sustainable Water Quality	Exchange Rate		Policy			Training and Development	Project Management	Legal Entity Planning		Sales Strategy			
		Waste Reduction and Closed Loop Production			Pricing				Records Management	Litigation and Dispute Resolution					
					Technology				Technology Licensing	Records and Information Management					
					Vision, Mission and Values					Privacy and Security Laws					

- Risks groupings identified exclusively by ABC
- Risks groupings identified by all companies in the peer group
- Risks groupings identified by ABC peers but not identified by ABC

## 2.2 Through Knowing your stakeholders

- Diagnose your stakeholder's style, what motivates and excites them
- Tailor your communication / engagements according to the individual stakeholders, this will help minimise objections to RM

Did you know  
that:

**Boards / Audit  
Committees** focus their  
discussion on prioritizing  
risks and deep dives into  
specific risk areas.

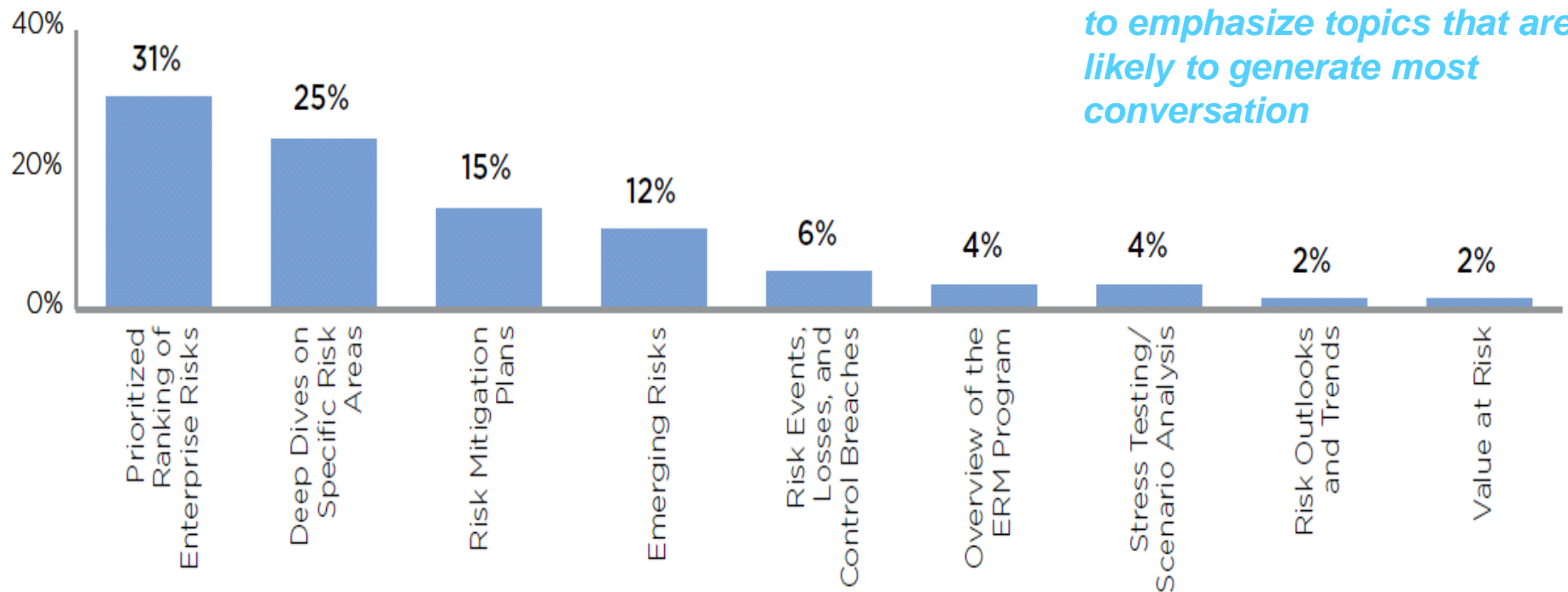
**Discussions of risk  
mitigation plans and risk  
prioritization** generate the  
most interest from executive-  
level risk committees.

# BOARD DISCUSSIONS FOCUSED ON PRIORITISING RISK

Topics That Generate the Most Conversation in Board Committee Meetings

*Percentage of Respondents*

*Design your board reports to emphasize topics that are likely to generate most conversation*

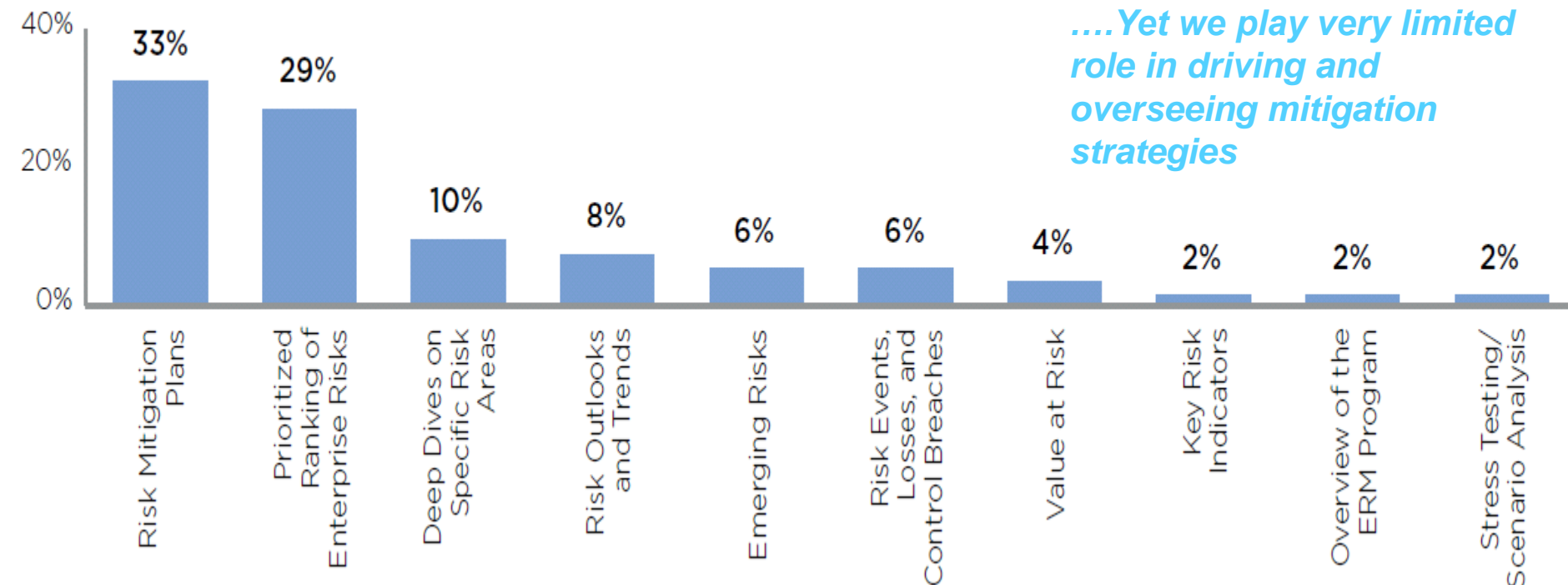


Source: CEB 2014 Risk Management Oversight Survey.

# EXECUTIVE DISCUSSIONS FOCUS ON RISK MITIGATION PLANS

Topics That Generate the Most Conversation in Executive Committee Meetings

*Percentage of Respondents*



Source: CEB 2014 Risk Management Oversight Survey.



## 2.3 Through Partnering...Don't do it alone



## 2.4 Through RM Report – the face of RM

1

A Risk report is one of the critical tool to use for influencing the tone, its one of the tools that tell a story about RM

2

Understand common questions of stakeholders

3

Risk reports must address most likely questions of any audience

4

Know what to report and to who

5

Write in the language understood by your audience and minimise use of jargon

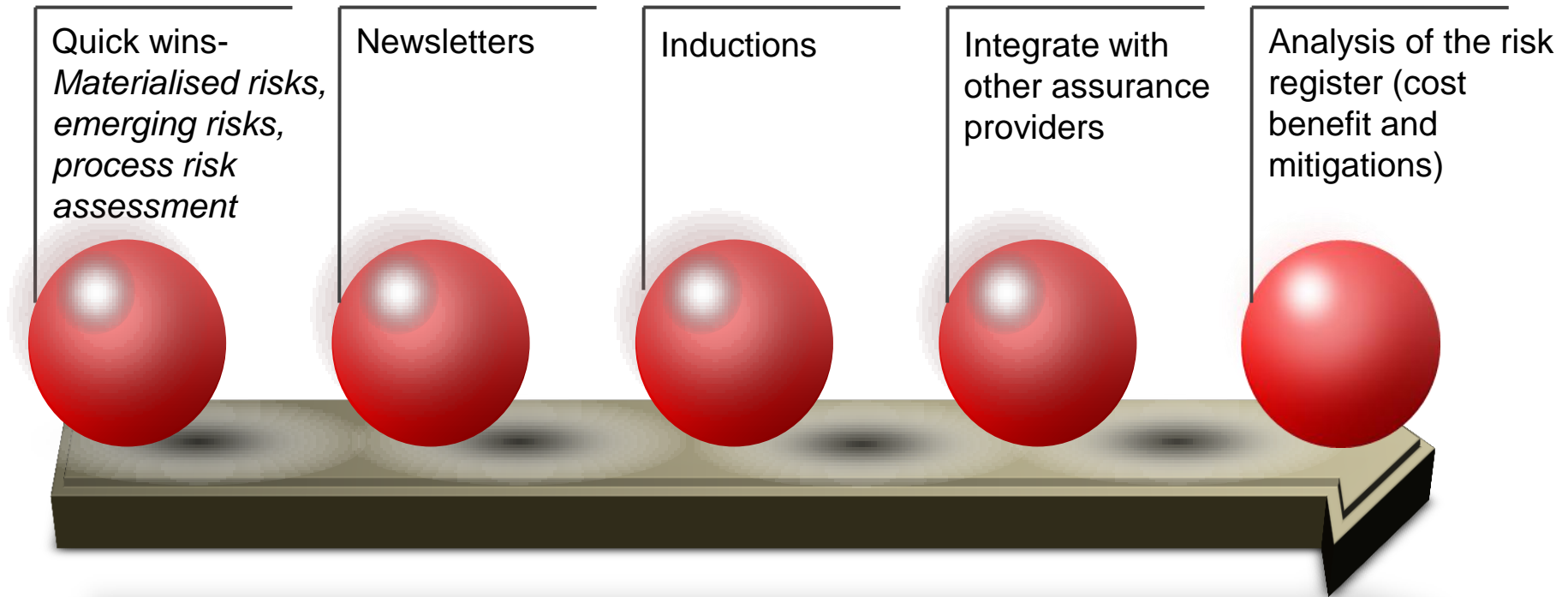
6

Use more graphics in reports to frame critical issues and explain the degree of exposure to top risks

7

Map the top enterprise risks to their corresponding value drivers and targets to identify the processes, assets, and capabilities most at risk.

## 2.5 Through Being innovative



## 2.6 Through Empowering yourself

e.g. IRMSA



- Public Sector Specific Training
- Board Exams
- Such Networks & Conferences

# CONCLUSION

## Character + Content = Credibility

### Soft Skills (Behavioural competencies)

📖 Communication

📖 Influential

📖 Negotiations

📖 Marketing

📖 Analytical

### Hard skills (Technical side of things)

📖 Understanding of your organisation

📖 Know your stakeholders

📖 Partner...Don't do it alone

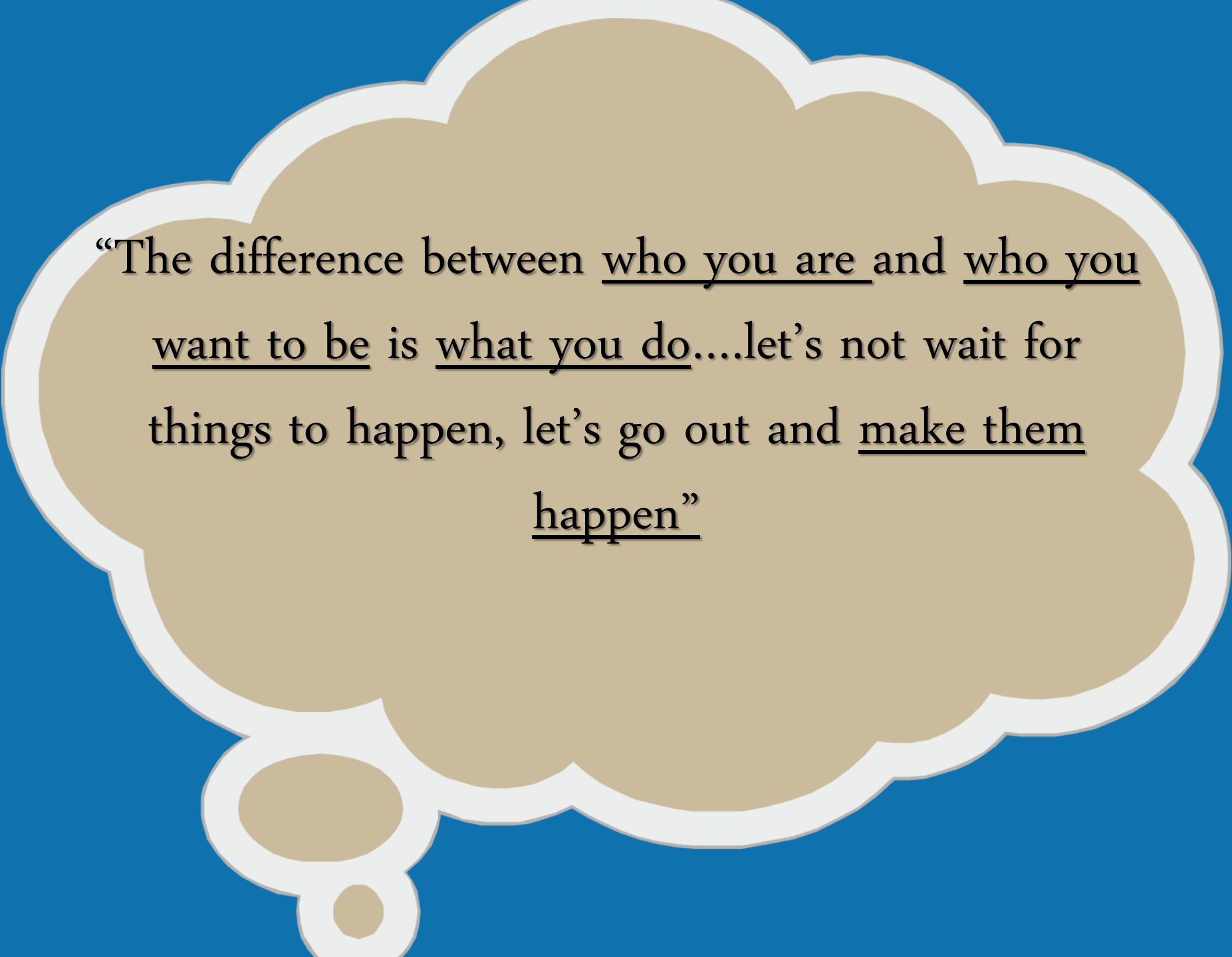
📖 Relevant RM Reports – the face of RM

📖 Be innovative

📖 Empower yourself academically

# CHECKLIST – DO YOU?





“The difference between who you are and who you want to be is what you do....let's not wait for things to happen, let's go out and make them happen”