



“Keeping Out of the Wall Street Journal:
The Board’s Expanded Role in Risk Management”

May 16, 2017
Minneapolis Club

NACD Minnesota Chapter members and guests explored the board's expanded role in risk management. With prudent risk-taking being critical to the execution of strategy and transparency and resilience being indicators of a positive risk culture, directors are challenged to look carefully at oversight of their risk culture so that they don't end up on the cover of the Wall Street Journal.

“The decision to install defeat devices was not, however, made by ‘a couple of software engineers.’ . . . Rather, it was the result of a willful and systematic scheme of cheating by dozens of employees at all levels of the company.” ...

—FROM THE NEW YORK STATE OFFICE OF THE ATTORNEY GENERAL’S
COMPLAINT AGAINST VOLKSWAGEN

Key topics covered:

- Differing Board Perspectives around their Role in Understanding and Evaluating Risk
- Driving a Value Proposition Around the Organizational Benefits of Strong Risk Management
- Leading Practices in Risk Reporting
- Comparison of Alternative Risk Reporting Structures (Chief Risk Officer, Risk Committee, etc.)

Guest Speaker Panel:

- ❖ Dolores Atallo, Managing Director, Risk & Compliance, Protiviti
- ❖ Christopher O’Connell, Senior Manager, Risk & Compliance, Protiviti
- ❖ David Koenig, Founding Principal, The Governance Fund
- ❖ Sal Mondelli, CEO Advisor, The Bailey Group
- ❖ Miron Marcotte, Managing Director, Protiviti Minneapolis will serve as moderator.

Thank you to our chapter sponsor, Protiviti, for hosting this timely program.



A MUST ATTEND – [The NACD Global Board Leader's Summit](#)
October 1-4, 2017

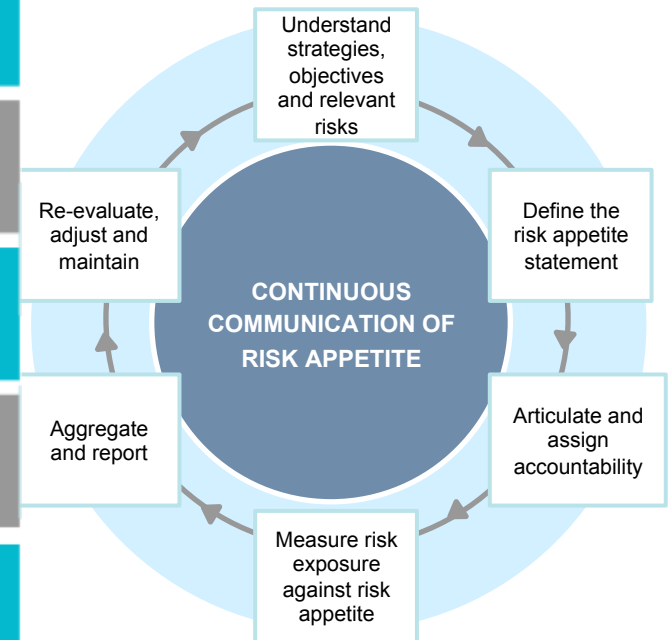
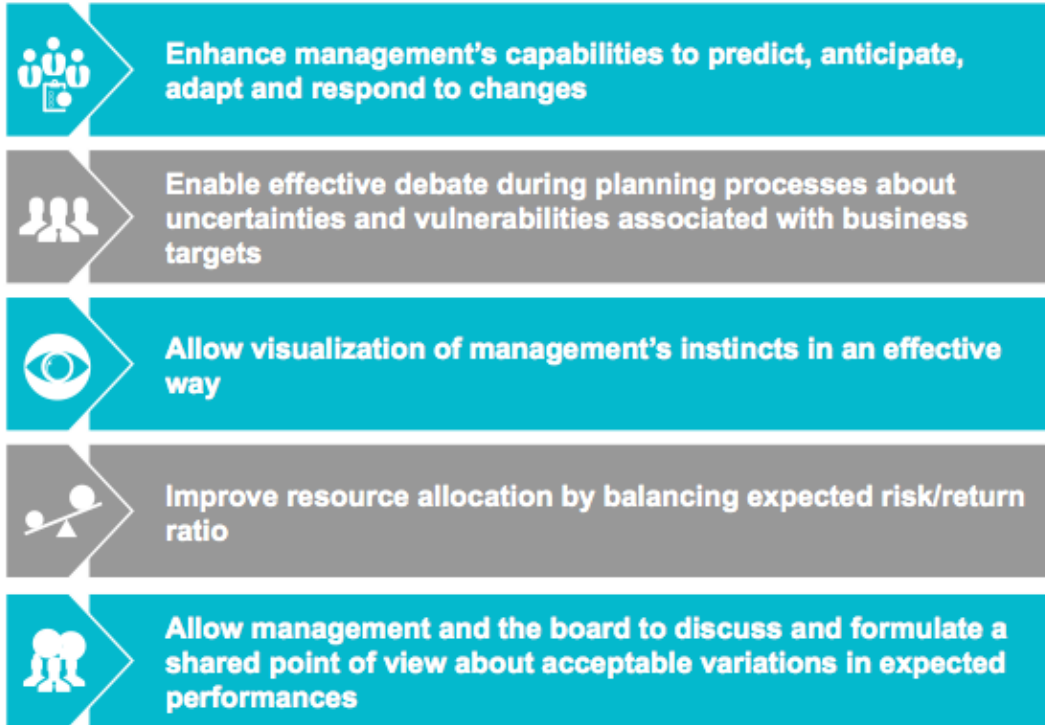
Advancing Exemplary Board Leadership[®] for 40 years

PLAN ON A JOURNEY



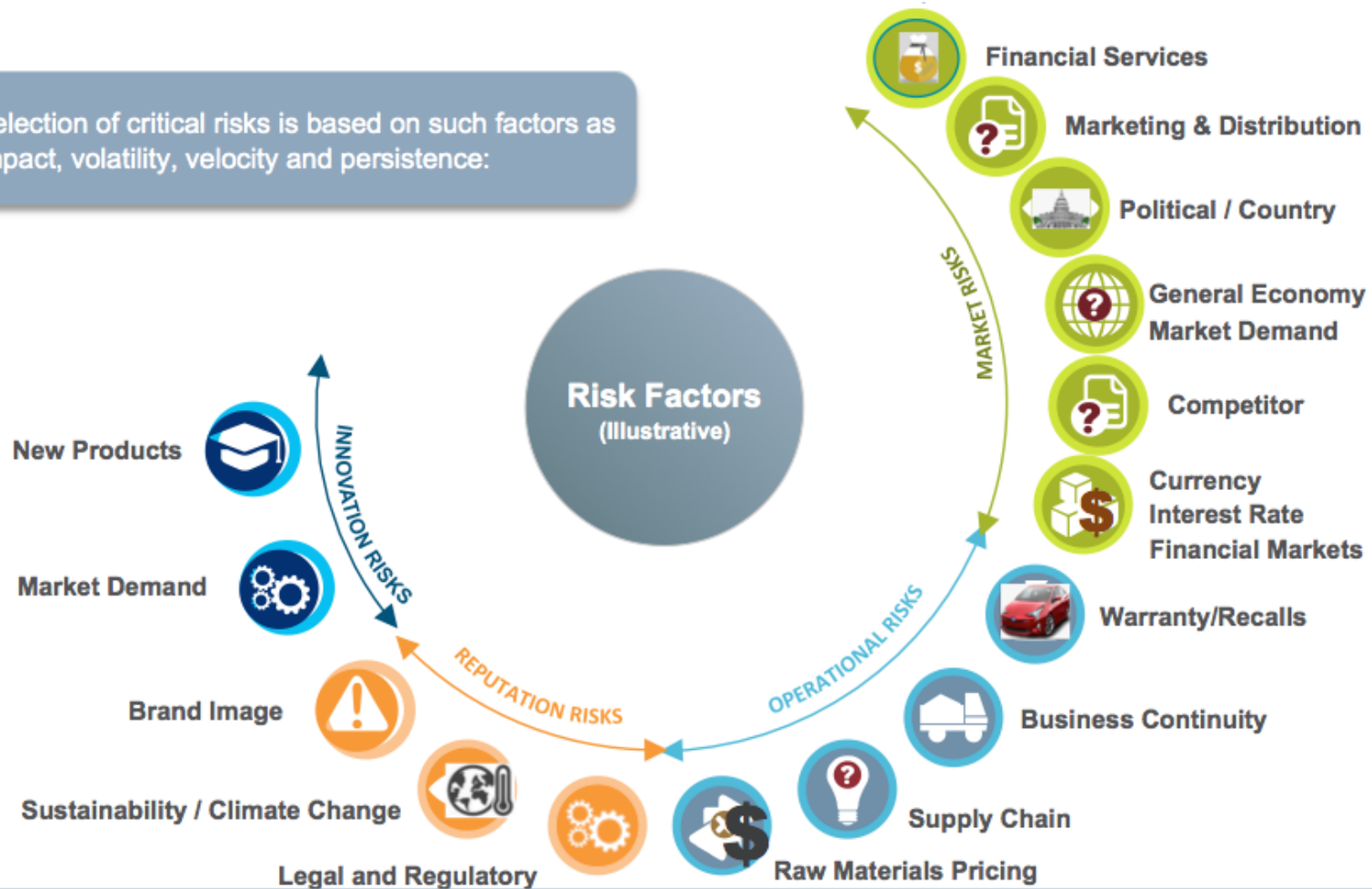
RISK APPETITE VALUE PROPOSITION

Implementation of a Robust Risk Appetite Framework



SELECT THE CRITICAL RISK FOR QUANTIFICATION

Selection of critical risks is based on such factors as impact, volatility, velocity and persistence:

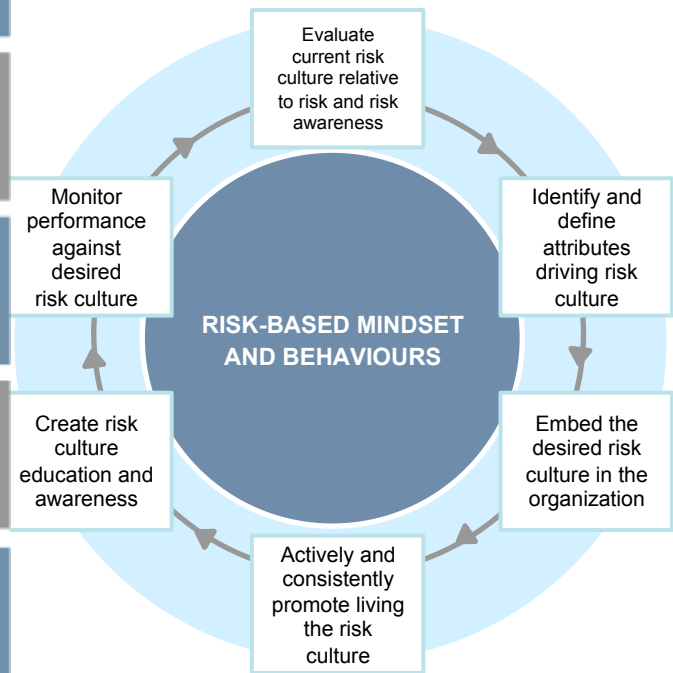


Once selected critical risks have been managed to an acceptable level, management should consider the integration of opportunity and risk analysis into **planning processes** to more effectively evaluate, select, refine and set strategies and business objectives.

FOCUS ON RISK CULTURE

- Reflect and articulate the risk management philosophy**
- Represent a guide for decision-making and resource allocation**
- Facilitate risk escalation to top management and/or the board in case of limits overriding**
- Influence the entity's culture and operating style**
- Ensure more clarity and transparency**

Importance of a Strong Risk Culture



RAPID SPEED OF DISRUPTIVE INNOVATION

63% of Board Members and Executives indicated that the risk of **new technologies emerging to outpace the ability to remain competitive** had a significant impact on their organization.

As a result, the current business environment features:



Advancements in Digital Technologies



Rapidly Changing Business Models

Organization and Risk Function must be agile, flexible and nimble in order to be effective and efficient in responding to the changing environment. In addition, they must respond to sudden developments that alter customer expectations and change their code business model.



REPORTING CHALLENGES

Institutions and risk functions must embrace the digital revolution – by leveraging data and technology-enabled risk platforms to proactively manage risk, while remaining agile to changing business environments.

Solving Reporting Challenges

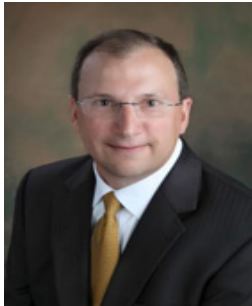


TRANSFORMING RISK REPORTING

Organizations are relying on tools to capture, calculate and evaluate a large volume of complex risk data and reduce it to a manageable data set. Reporting should provide risk metrics in a simple, scalable, and comprehensible format – allowing for effective management of all business risks.



PANEL DISCUSSION



Miron Marcotte
Moderator



David Koenig
Panelist



Dolores Atallo
Presenter & Panelist



Sal Mondelli
Panelist

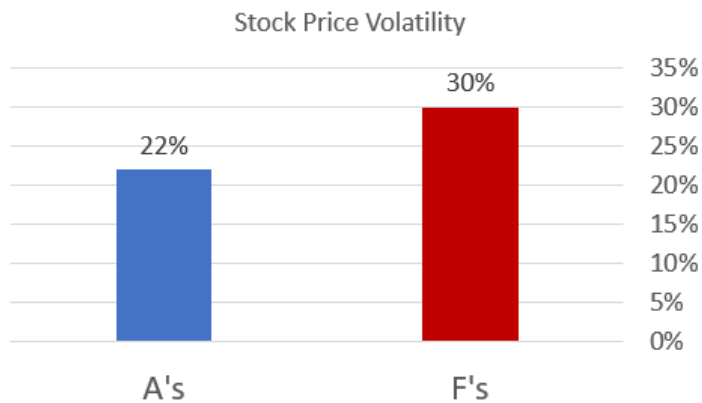


Chris O'Connell
Presenter & Panelist

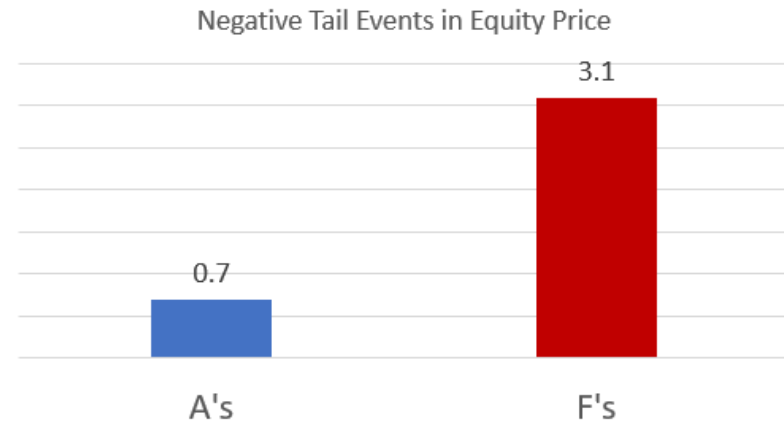


Impact of Risk Governance

Comparing Publicly Traded Companies with “A” Ratings and those with “F” Ratings



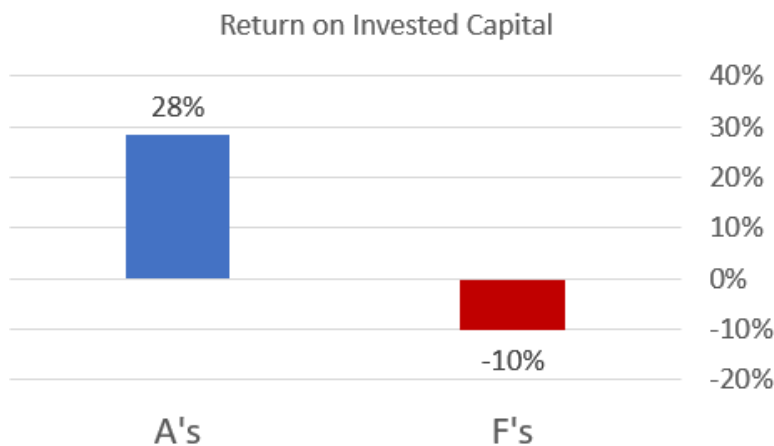
Source: The Governance Fund



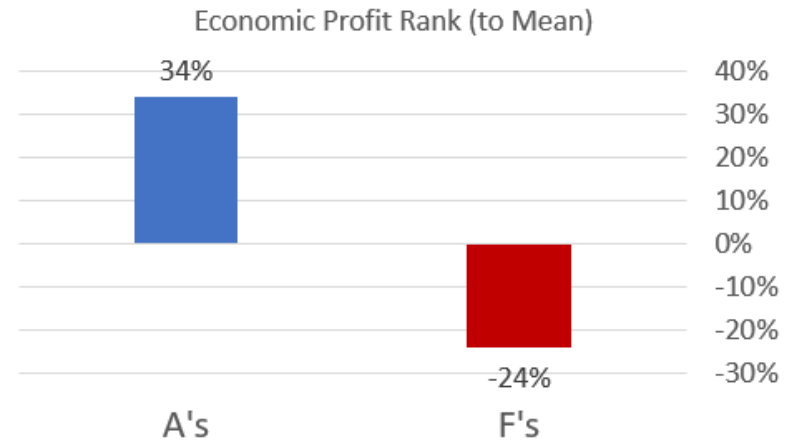
Source: The Governance Fund

Impact of Risk Governance

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Source: The Governance Fund



Source: The Governance Fund

THANK YOU!

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Face the Future with Confidence

