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RISKONNECT CONFERENCE 2022

STRENGTH

• project risk mgmt • bcr • health & safety • rmis • claims admin • esg • tprm • compliance • policy mgmt • internal audit • erm •

AMPLIFY

RISK UNDER ONE ROOF

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2022 State of the GRC Market

A Future of Agility, Resiliency & Integrity

Michael Rasmussen, J.D.

The GRC Pundit & OCEG Fellow

RISK UNDER ONE ROOF

Confidential

A Tale of Two Futures, is Our Future a . . .

- ❑ **Blade Runner Future?**
- ❑ **Star Trek Future?**

Navigating Chaos

> The more we study the major problems of our time, the more we come to realise that they cannot be understood in isolation. They are systemic problems, which means that they are interconnected and interdependent.
>
> - Physicist Fritjof Capra

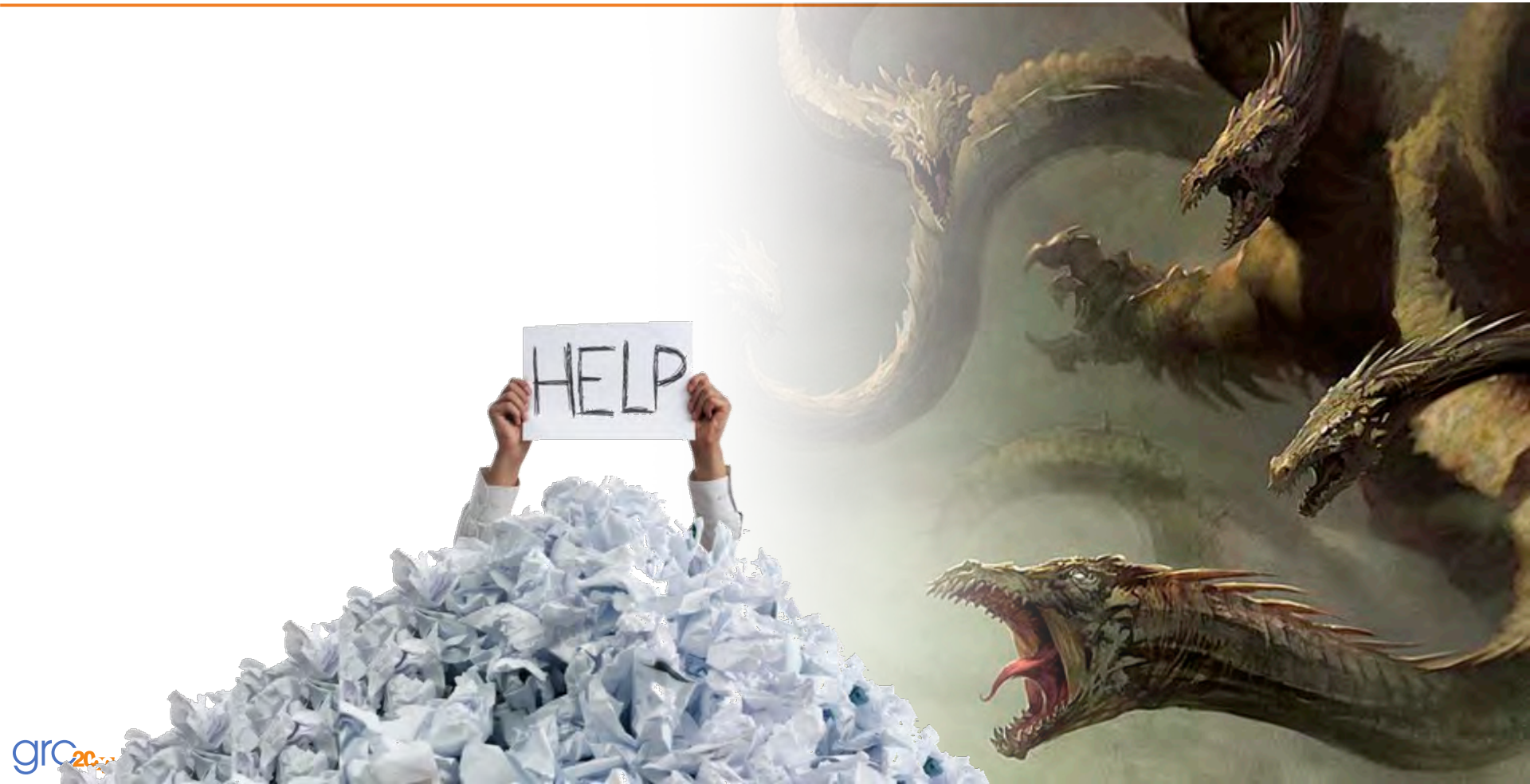
Success Requires Risk Taking, But Risk Must Be Managed

> *Risk is like fire: If controlled it will help you; if uncontrolled it will rise up and destroy you.*
>
> Theodore Roosevelt

The Organization Has to be Able to See . . .

- ❑ **The Tree.** The individual risk
- ❑ **The Forest.** The interconnectedness of risks and objectives

Inevitability of Failure: Manual Processes



Evolving Focus on GRC

The questions organizations need to ask:

- ✓ Does the organization have enough information to make decisions about the future of the company, when they don't have a clear view of risk that impact critical business operations and processes?
- ✓ Does the organization know its risk exposure at the enterprise, business process, and technology levels and how they interrelate?
- ✓ How does the organization know it is managing and mitigating risk effectively in the context of the business to achieve business goals?
- ✓ Can the organization accurately gauge the impact of risk on business strategy, objectives and operations?
- ✓ Does the organization get the information it needs to take timely action to risk exposure to avoid or mitigate loss and situations of non-compliance?
- ✓ Does the organization monitor key risk indicators across key objectives, systems, processes and information?
- ✓ Does the organization optimally measure and model risk in a business context?

GRC Accountability is Different than Responsibility

The Official Definition of GRC . . .

GRC is a capability that enables an organization to:

G) reliably achieve objectives

R) address uncertainty and

C) act with integrity.

SOURCE: OCEG GRC Capability Model

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Governance, Risk Management & Compliance in Context

GOVERNANCE

Governance sets direction and strategy for the organization to reliably achieve objectives. Governance sets the context for risk management, without context risk management fails.

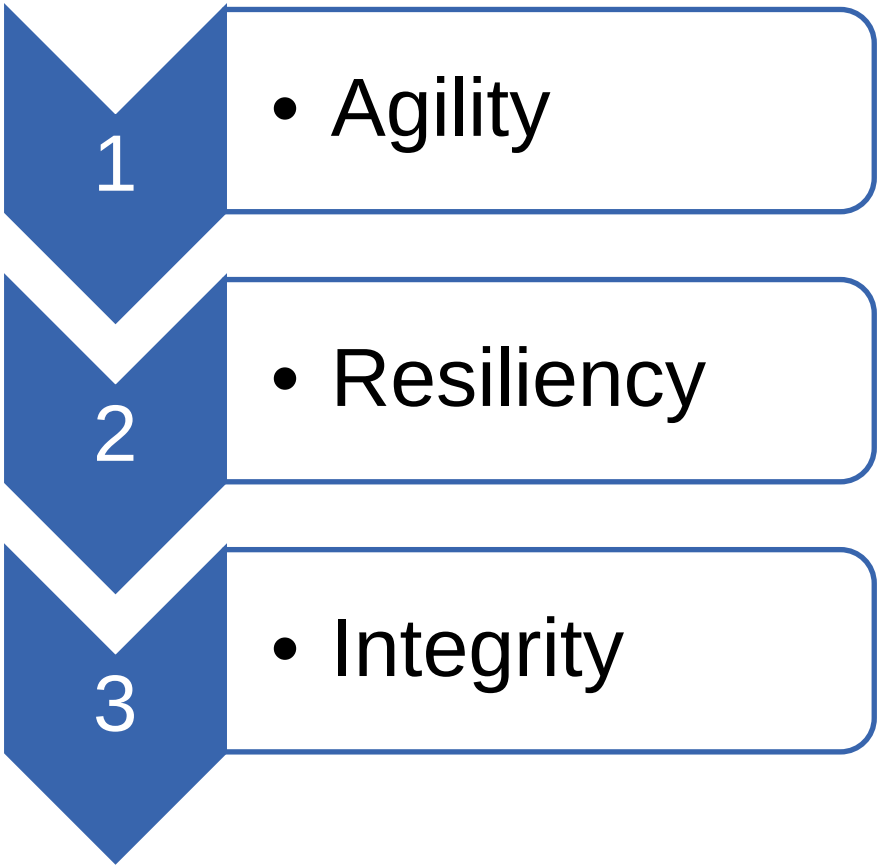
RISK MANAGEMENT

Risk management seeks to manage and understand uncertainty by identification, assessment, and monitoring of risk within context to act on risk through acceptance, avoidance, mitigation, or transfer.

COMPLIANCE

Compliance aims to see that the organization acts with integrity in fulfilling its regulatory, contractual, and self-imposed obligations and values. Compliance follows through on risk treatment plans to assure that risk is being managed within limits and controls are in place and functioning.

Three Strategic Trends in GRC in 2022



Agility: Navigate and Leverage Your Environment

Resiliency: Ability to Recover from Events and Get Back in the Game

GRC Management: The Agile & Resilient Organization

a·gil·i·ty

/əˈjilədē/
noun: **agility**
1. ability to move quickly and easily.
2. ability to think and understand quickly.

re·sil·ience

/rəˈzilyəns/
noun: **resiliency**
1. capacity to recover quickly from difficulties; toughness.
2. ability of a substance or object to spring back into shape; elasticity.

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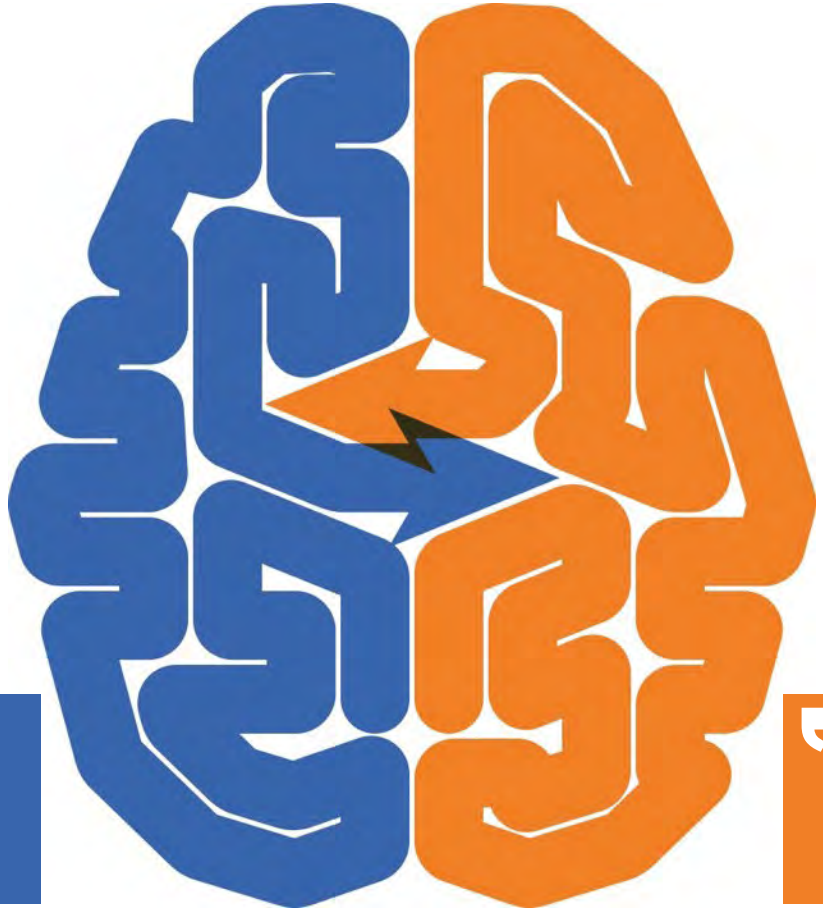
Creative Risk Thinking: Looking at Risk Structurally and Creatively

Left-Brain

Logical and structured thinking about risk management

It is a capital mistake to theorize before one has data. Insensibly one begins to twist facts to suit theories, instead of theories to suit facts.

Sir Arthur Conan Doyle
(British Physician and Writer)



Right-Brain

Creative and imaginative thinking about risk management

You can use all the quantitative data you can get, but you still have to distrust it and use your own intelligence and judgment.

Alvin Toffler
(American Author and Futurist)

Integrity: Does the Organization Pretend It is Something Else?

ESG
ENVIRONMENT
SOCIAL
GOVERNANCE

Pervasive **Throughout** Business

German Act on Corporate Due Diligence in Supply Chains

WHO Calls Climate Change the Single Biggest Health Threat Facing Humanity

CEOs are trusted more than NGO's, gov'ts and the media
Edelman Trust Barometer 2022.

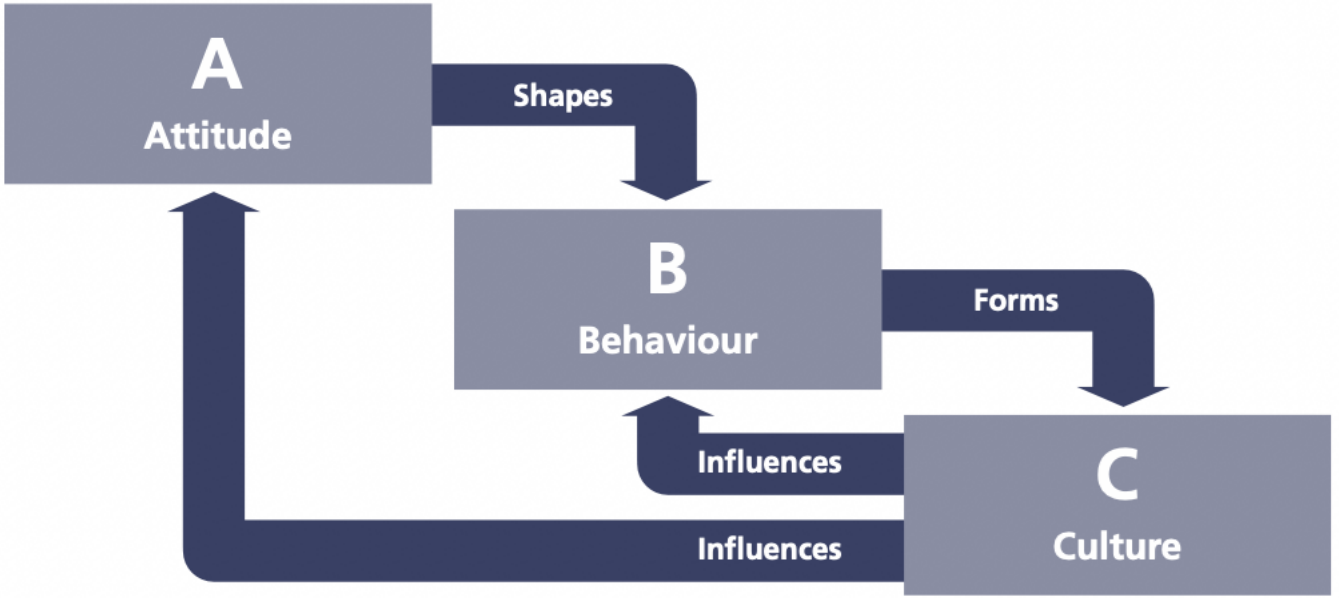
Employees seek purpose-driven work - 90% of Gen Zers believe companies must act to help social and environmental issues.

Two-thirds of millennials take a company's social and environmental commitments into account when deciding where to work.
Chief Executives for Corporate Purpose (CECP) Investing in Society

U.S. Securities and Exchange Commission (SEC) Proposes to Enhance Disclosures About ESG Investment Practices

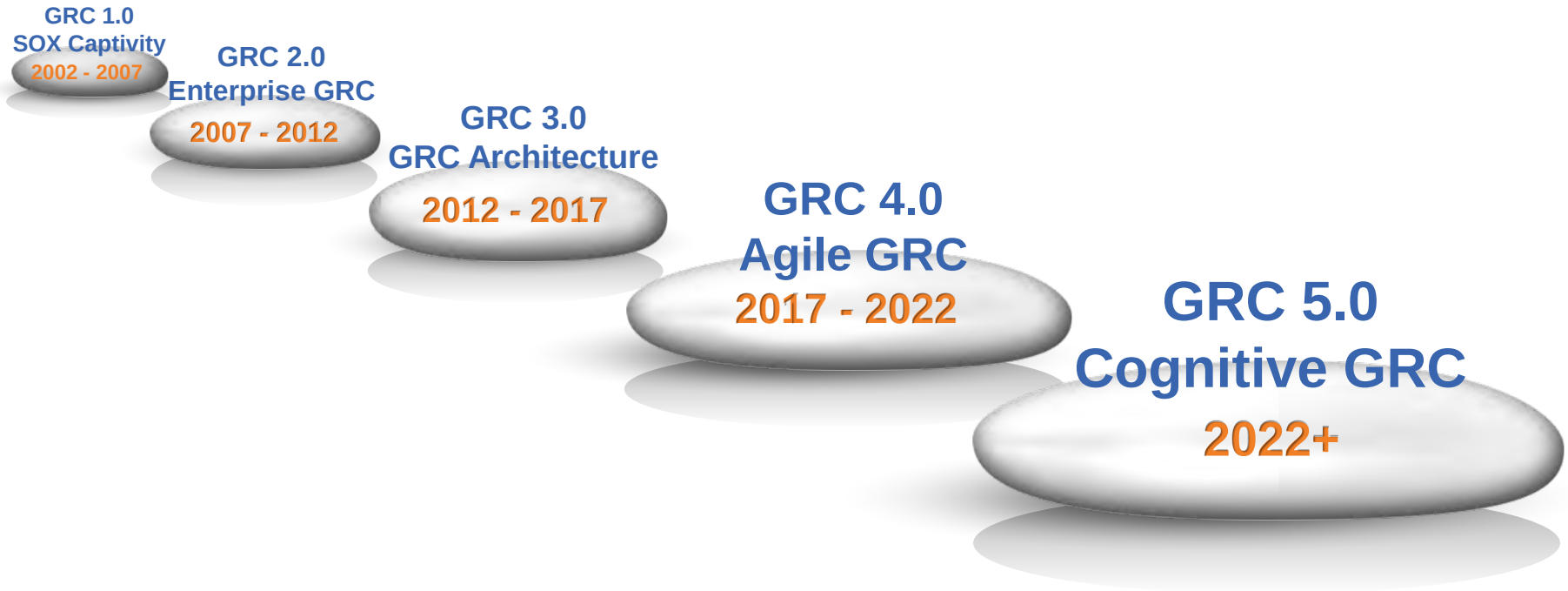
"Ultimately, purpose is the engine of long-term profitability"
Larry Fink CEO Blackrock, Letters to CEOs '20, '21 letter to CEOs

GRC/ESG Culture: A-B-C Model

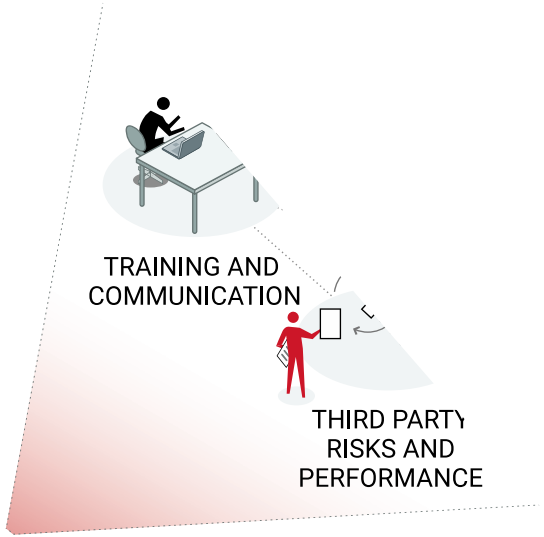


Source: The Institute of Risk Management; ***Risk Culture: Resources for Practitioners***

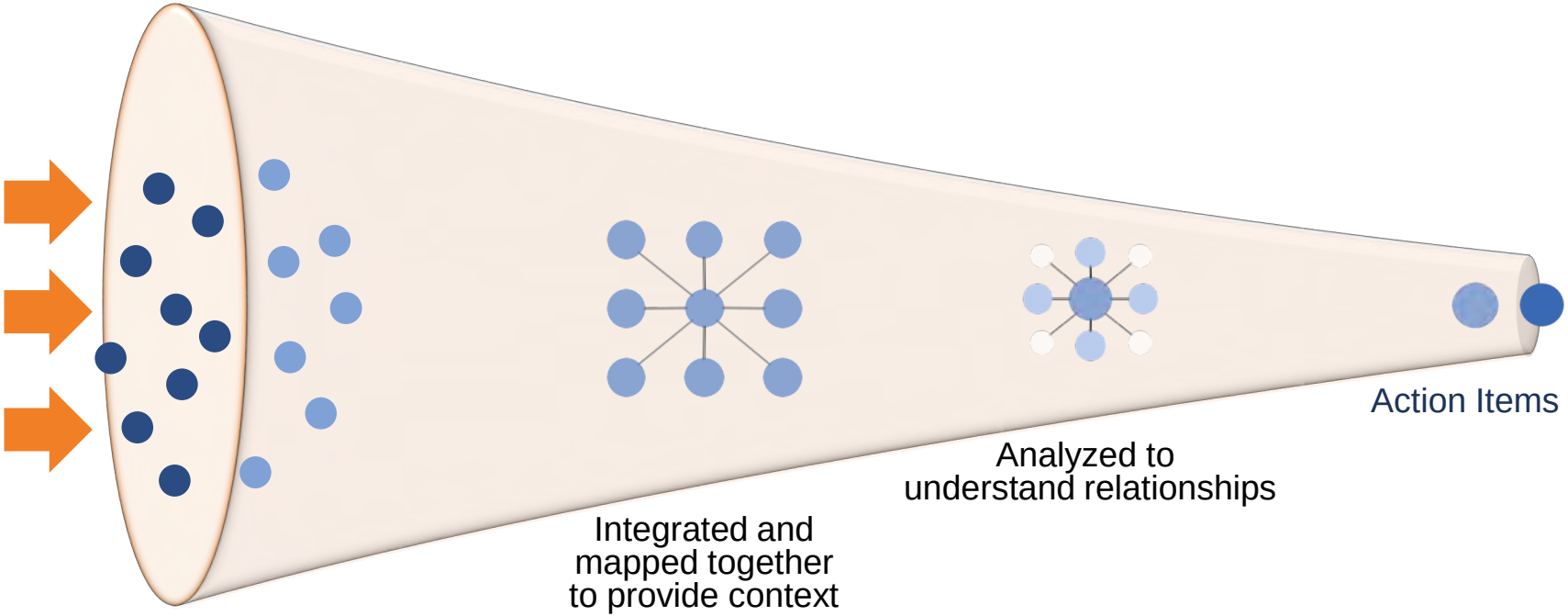
From GRC 1.0 to GRC 5.0: A History of Technology for GRC



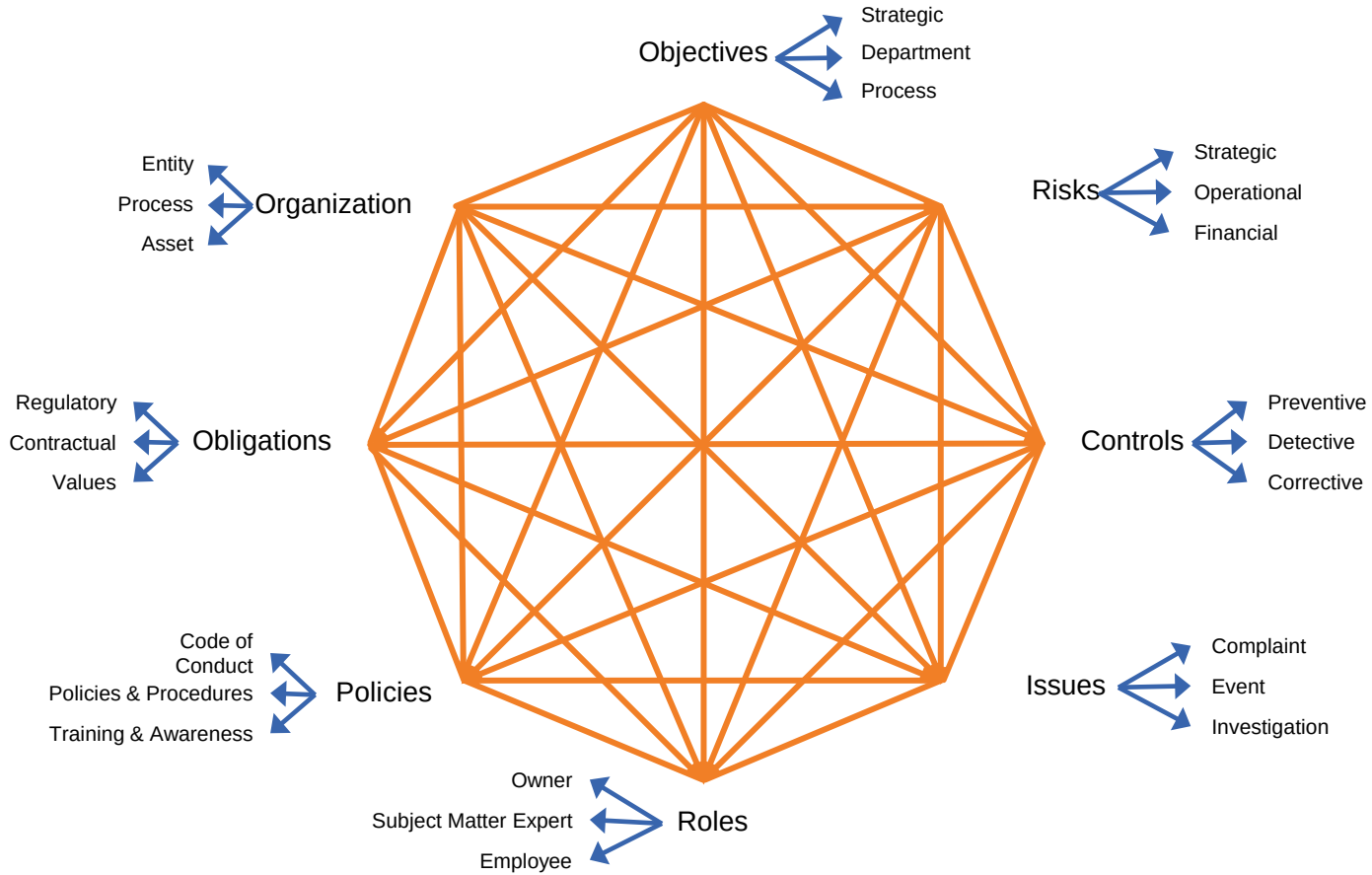
Monitoring for Context Changes that Impact GRC



360° GRC Contextual Analytics & Intelligence Capabilities



GRC Information Architecture Provides 360° Contextual Intelligence

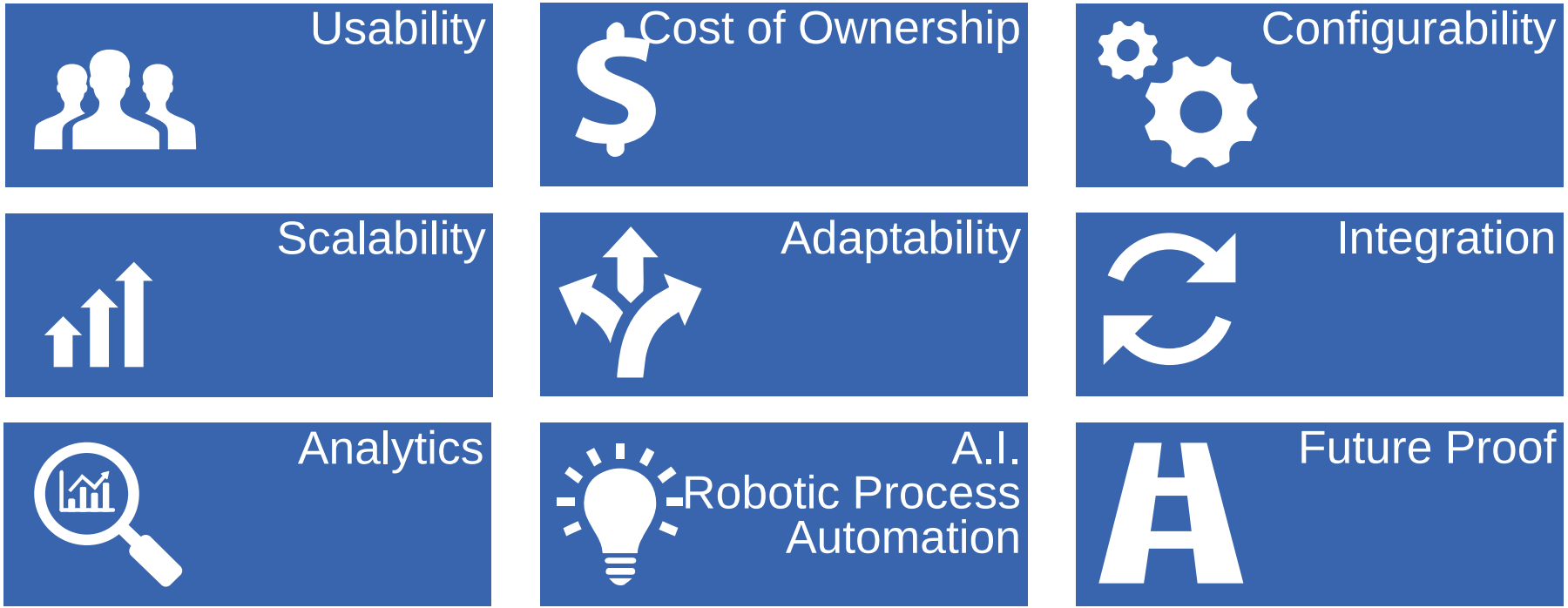


process optimization
All non-value-added activities are eliminated and value-added activities are streamlined to reduce lag time and undesirable variation.

better capital allocation
Identifying areas where there are redundancies or inefficiencies allows financial and human capital to be allocated more effectively.

uced costs help to improve return on investments made in GRC activities.

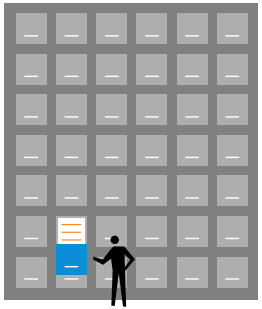
Components of Agile GRC Technology



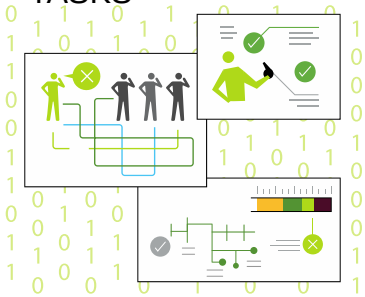
GRC technology provides automation and tracking

MANAGEMENT REPORTING

AUDIT TRAIL



WORKFLOW & TASKS



COLLABORATION

ENFORCEMENT

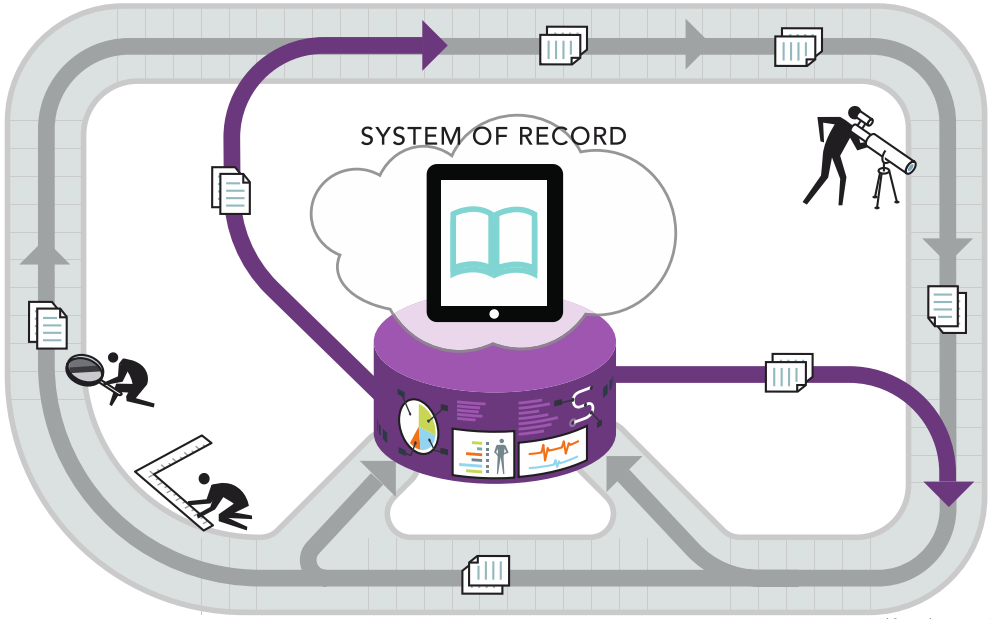
Accountability

Automation

Repository

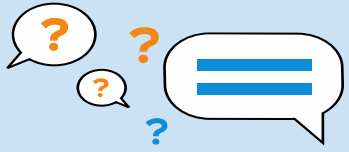
Consistency

Defensible GRC

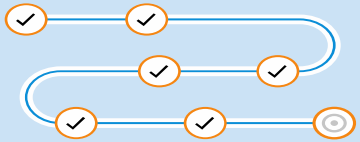


VERSION (DATE/TIME)

ASK & RESOLVE QUESTIONS



UNDERSTAND CONTEXT

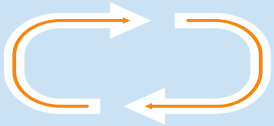


PROVIDE AUDITABLE RECORDS

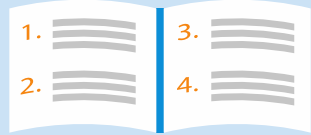
MEET REQUIREMENTS

MANAGE EXCEPTIONS

REPEATABLE CYCLE



DEMONSTRATE SEQUENCE



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Benefits of Automation of Risk Agility & Resiliency

Efficiency

- ✓ Time saved from manual processes
- ✓ Simplified and streamlined processes
- ✓ Reduction in reporting time
- ✓ Reduced staff to manage risk and resiliency

Effectiveness

- ✓ Less things slipping through cracks
- ✓ Audit trail of everything that happens for a complete and defensible system of record
- ✓ Allows for easier risk conversations with executives, stakeholders, and employees

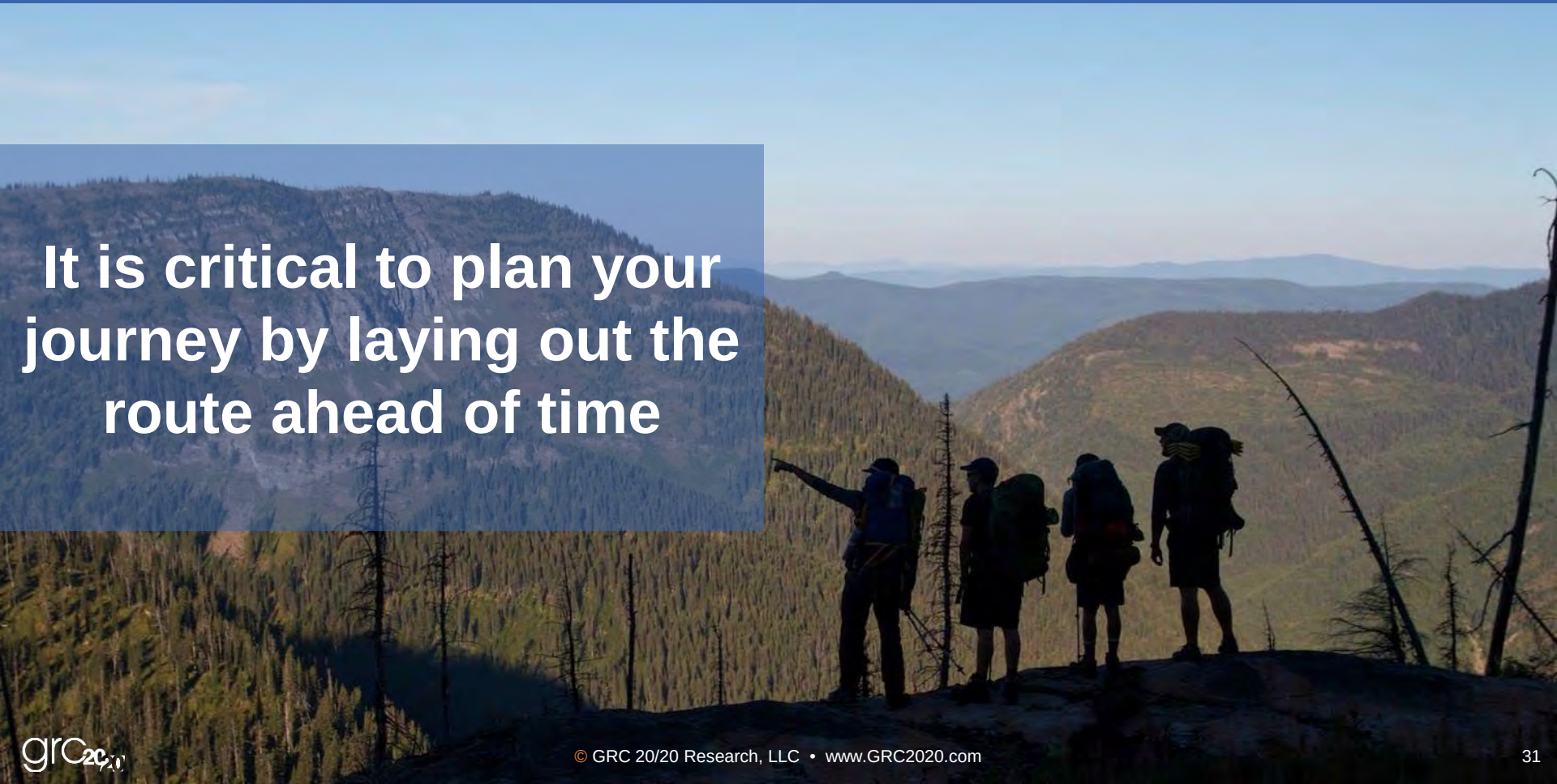
Agility

- ✓ Ease of configuration to adapt to a changing risk and business environment
- ✓ Risk managed as business, processes, and roles change and evolve
- ✓ Streamlined agility in business change
- ✓ Quickly identify needs with new obligations, roles, responsibilities, tasks

Mature GRC Capabilities Achieve the Following 10 Objectives. . .

1	Achieve Business Objectives	6	Prevent, Detect, and Reduce Adversity and Weaknesses
2	Ensure Risk Aware Setting of Objectives and Strategic Planning	7	Motiviate & Inspire Desired Conduct
3	Enhance Organizational Culture	8	Stay Ahead of the Game
4	Increase Stakeholder Confidence	9	Improve Responsiveness & Efficiency
5	Prepare & Protect the Organization	10	Optimize Economic Return & Value

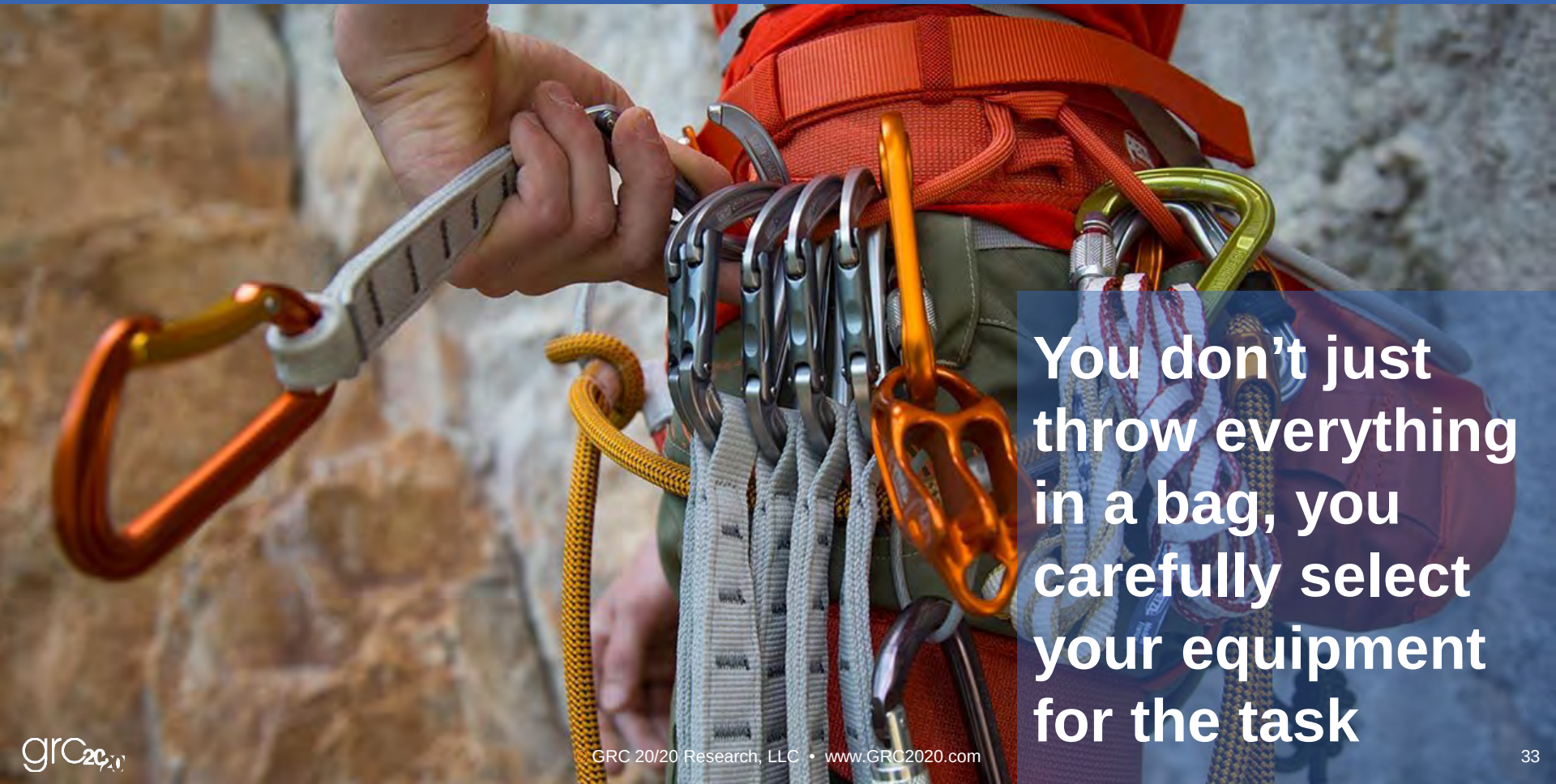
Careful planning is the key to a GRC management strategy



It is critical to plan your journey by laying out the route ahead of time

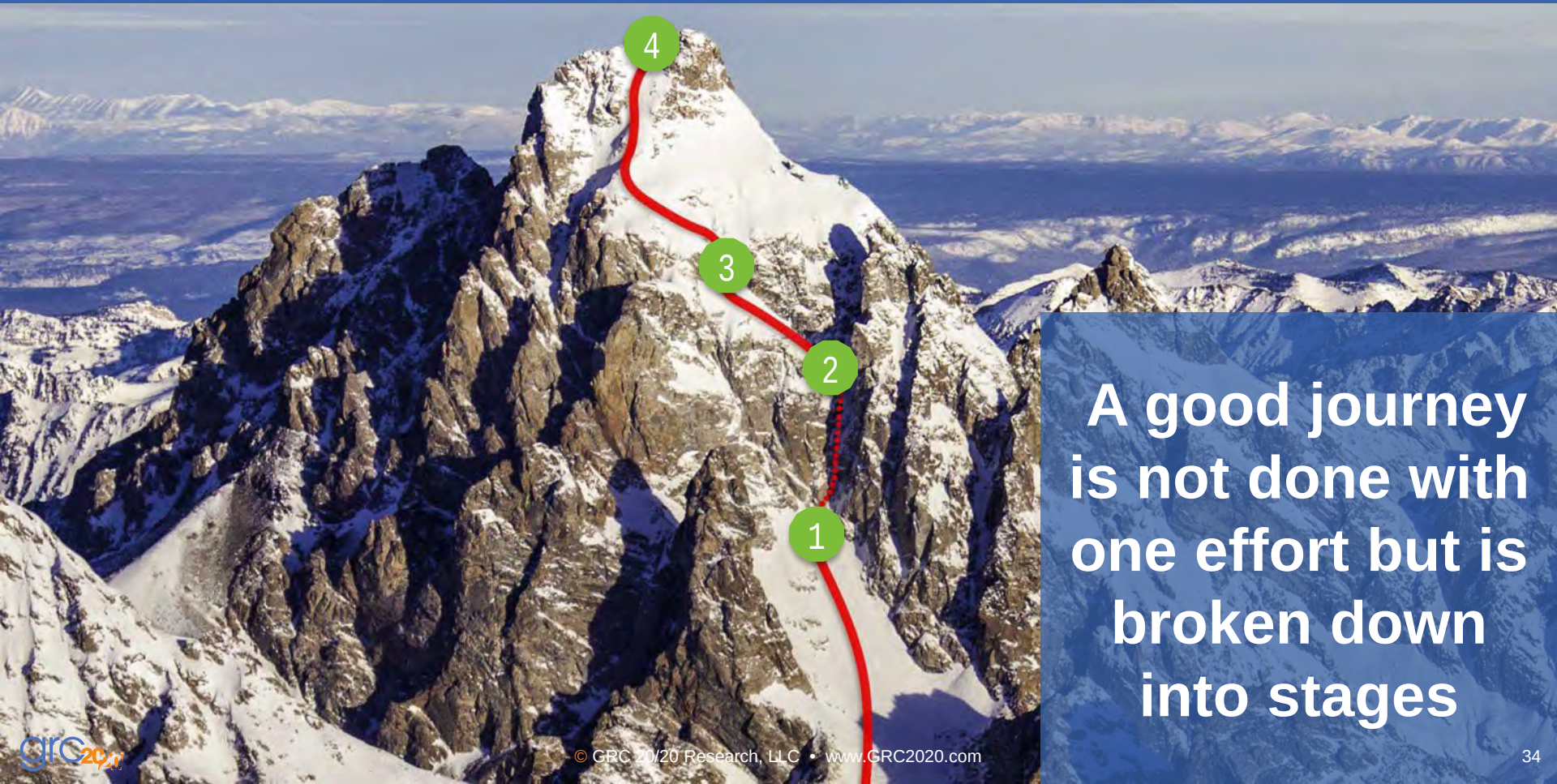
Conditioning is critical, make sure your team is ready

Select the right equipment for the GRC management journey



You don't just throw everything in a bag, you carefully select your equipment for the task

Tackle your GRC management strategy in stages

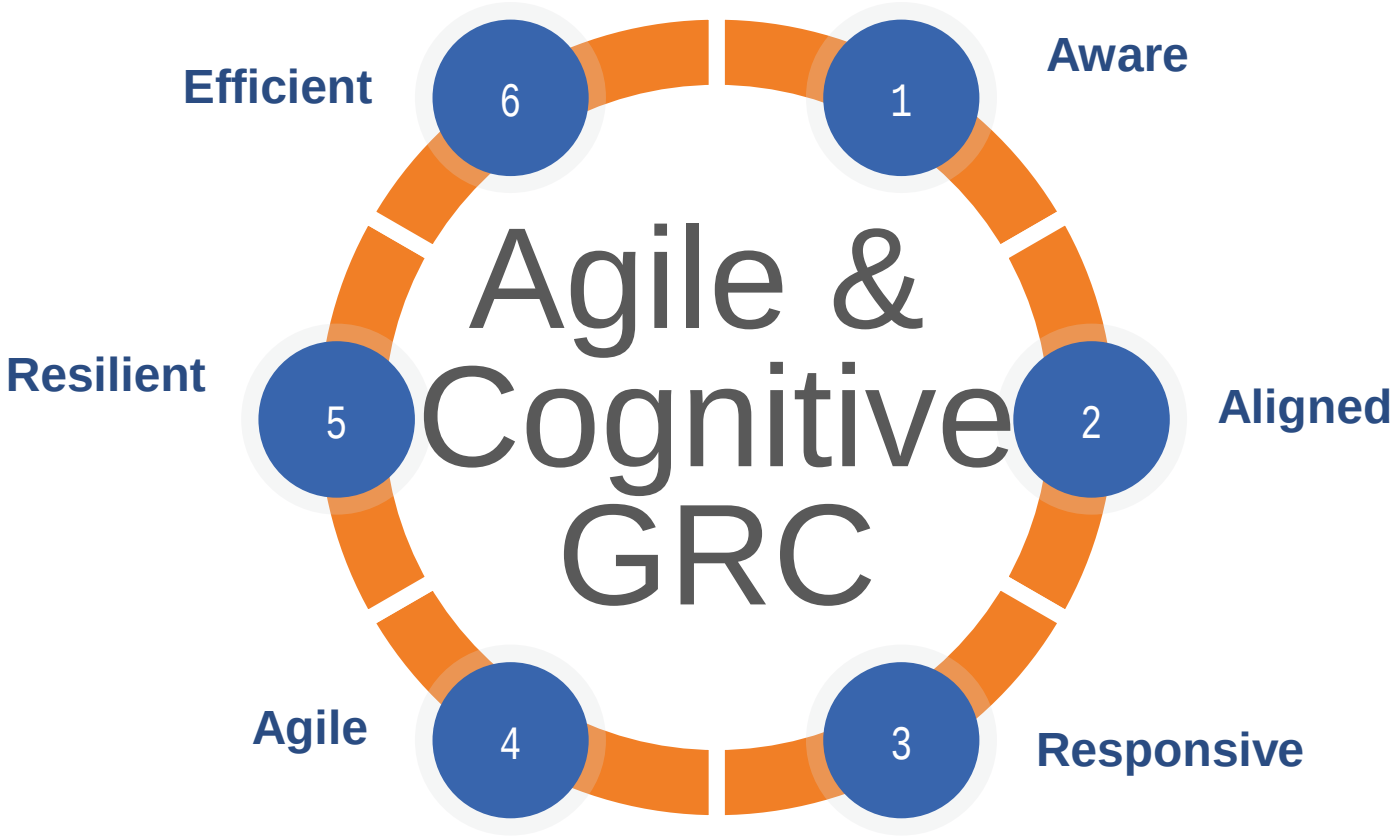


A good journey is not done with one effort but is broken down into stages

Preparing for the next journey

Once complete it is not over, you begin preparing for the next change

Benefits of 360° Contextual Awareness of GRC



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Questions?

DISCOVER

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