

# The Role of Risk Champions

“*Risk departments are traditionally under resourced. A strong, engaged, team of risk champions within the business grows your reach exponentially.*”

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# About the Paper

There are two types of organisations when it comes to risk. Ones that treat risk as a box-ticking compliance exercise and ones that use the risk process to improve decision-making and drive performance. Transitioning your organisation from one to the other requires both skill and resources. Unfortunately, if you are near the start of the transition, your organisation sees the risk department as an impost on business. You are often asked to do it all with very few resources.

Where do you start? First make sure you have a good risk framework designed for the business. A poorly designed risk framework will drive poor behaviour.

Once you have a strong framework, the next step is to give the business a good first experience. Don't just put the framework up on the internet with a policy signed by the CEO. Help each area of the business to work with the framework. Don't rely on your management and staff's assumptions and interpretations to be correct.

Now it is time to implement and that is through engagement, engagement and engagement. The more you can reinforce the good experience the easier the transition will be.

A common method to ensure a sound first experience and to keep a positive engagement happening is to create a team of Risk Champions in the business. A team to champion your cause as you can't be everywhere all the time.

If this story resonates with you, please read on.

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1. Risk is seen as compliance and therefore a handbrake on business.
  2. You lack the resources to engage with enough of the business to change these perceptions.
  3. You need to create a team of believers to champion your cause.
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# Risk as an Impost on Business

Although the risk industry has been making headway in changing the perceptions of business people who consider risk to be a compliance activity and an impost on business, this is still the prevailing perception. In some cases the Board and Senior Management get what good risk management looks like and the block in understanding is in middle management. Sometimes middle management understand and are blocked from doing great work because of the perceptions of senior management. Then there are staff closer to the front-line, at the extremities of the organisation when it comes to management's ability to influence decision-making, who are inundated with polices, processes and systems they feel are there to control them rather than to guide them.

Wherever the block, or blockages, are in your organisation there is usually an underlying cause and it is usually one of the following:

## 1. Poor Framework

Over the past decade or two keen and well-meaning risk managers have designed comprehensive, all-encompassing risk frameworks that meet every letter of the 'law' as decreed in their minds by a risk standard such as that has evolved into ISO 31000 or another framework such as the COSO risk framework. Too often the result has been either complexity or the introduction of a foreign language with no translator or both and the associated burden imposed on business.

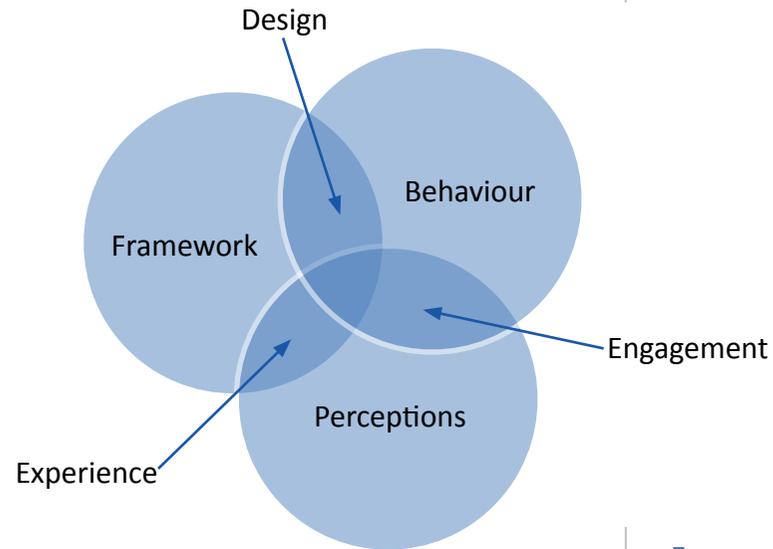
## 2. Bad Experience

Sometimes you can get by with a poor risk framework, however, you can't get by with a bad experience. Too often risk managers have utilised hours upon hours of valuable management time in workshops dreaming up, listing and rating scores and scores of 'risks'. For many staff, this may be all they have known.

## 3. Sporadic Engagement

Even when management and staff have been given a good experience, too often their next experience is only brought on because of a 'compliance' requirement. For example the Audit Committee asks for an update. Annual reviews of the 'strategic' risks for the organisation when management and staff are making key decisions on a regular basis does not bring much value from an organisation's investment in risk.

## The Problem with Frameworks



If you have any of these problems, then they need repair to reduce the impost on the business and to allow true value to be created through the risk process.

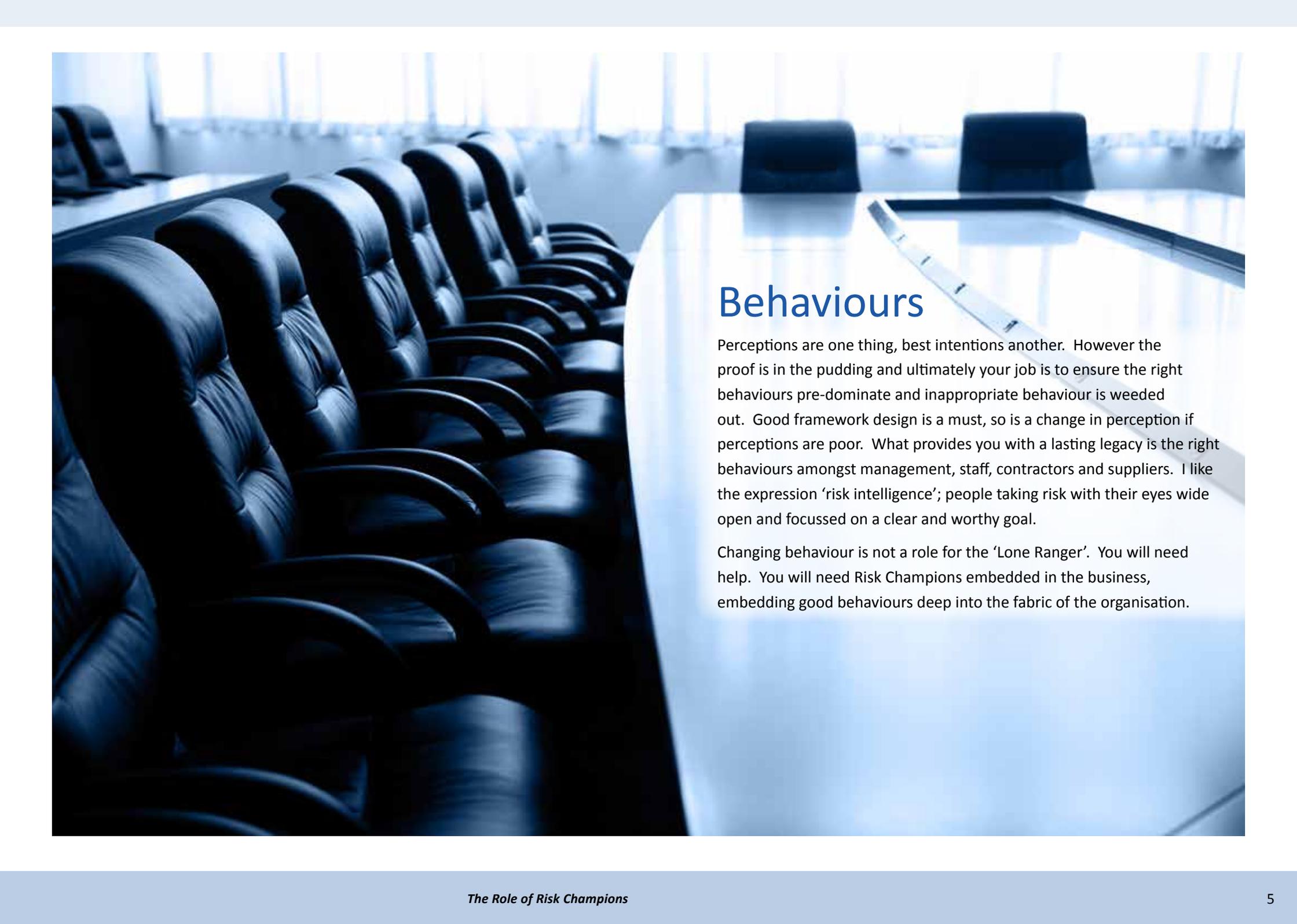
The importance of these three activities: framework design, experiential learning and ongoing engagement are placed into context in an organisational model for risk that links frameworks, perceptions and behaviour.

### Framework

Check your framework drives the right behaviour. Is it too complex and time consuming so that it drives a tick-box mindset? Are the 'penalties' so onerous for risks rated above a certain threshold it encourages under rating of risks to avoid the pain? Is it separated from business as usual such that it creates the perception of 'another process', one that staff have to 'comply' with?

### Perceptions

Do you know enough about how the business perceives the risk process and your framework? Do you know if it is because of a bad experience or lack of any experience with the process? Not knowing is a problem and each problem needs a different approach to resolve it. A bad experience needs much more effort to overcome than a lack of any experience with the risk process. For those who have not been burnt, they understand risk needs to be managed, they know they are doing it anyway and they are usually open to an interesting and non-complicated approach to formalising it.

A photograph of a conference room with a long, light-colored table and several black leather chairs. The room is brightly lit, likely by large windows in the background. The chairs are arranged in a row, and the table is in the foreground. The overall tone is professional and clean.

## Behaviours

Perceptions are one thing, best intentions another. However the proof is in the pudding and ultimately your job is to ensure the right behaviours pre-dominate and inappropriate behaviour is weeded out. Good framework design is a must, so is a change in perception if perceptions are poor. What provides you with a lasting legacy is the right behaviours amongst management, staff, contractors and suppliers. I like the expression 'risk intelligence'; people taking risk with their eyes wide open and focussed on a clear and worthy goal.

Changing behaviour is not a role for the 'Lone Ranger'. You will need help. You will need Risk Champions embedded in the business, embedding good behaviours deep into the fabric of the organisation.

## Your Resources

There are two main models for a risk department to transform a business from box-ticking for risk management to utilising risk for improved decision-making and to drive performance. One is an 'in-sourced' model where you have a considerable team of risk advisors. The other is an 'outsourced' model where you rely on Risk Champions in the business.

One of the greatest benefits of a team of Risk Champions is they will already have a view on the existing framework. They are a source of direct and frank feedback on what you have designed.

If you have designed a great risk framework and it is not rolled out yet, the tendency is to delve straight into broad implementation. The problem with a broad implementation is that you can't easily control the first experience the business has with the framework. And their first experience is key. You win them or lose them for an extended period if you don't get it right. Risk Champions can help you control the experience and keep a finger on the pulse of the roll out.

Once you have given the business a good first experience, it is now time for full implementation. The more you can make their journey as easy and comfortable as possible and continue to show them the value proposition for risk, the keener they will be to embrace the process. Your team of Risk Champions will know best how to embed systems and processes to help ensure risk is part of business as usual. They will be aware of the impact of a lack of engagement and a lack of reinforcement of the value of risk for the business and they will want to avoid a wasted investment.

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Over 70% of respondents have risk management department staff of less than five employees – Aon Global Risk Management Survey 2013

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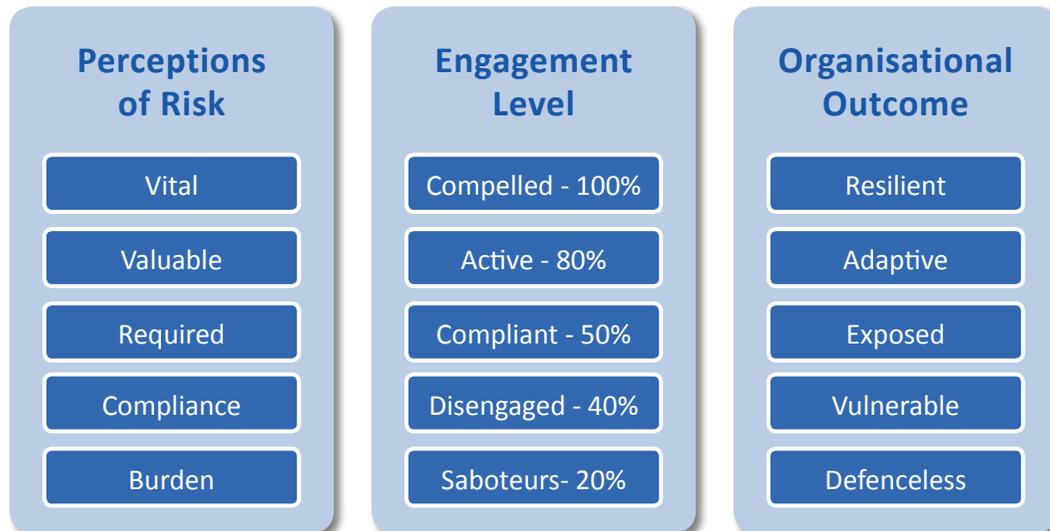
# The Role of Risk Champions

What do Risk Champions do? They are your conduit to engage the business, to take care of some of the less sexy parts of the risk management process on behalf of the business and to ensure the business sees and gains the value risk brings to driving success.

Risk Champions help you find out which blockers are operating in different parts of the organisation. Where the risk framework does not suit a particular part of the business and the goals for the program should be achieved a different way. They are there to identify and defeat poor perceptions and they are in the business whenever the business is making the big decisions, engaging with the business to drive excellence in decision-making.

If you can develop a strong team of Risk Champions you can swiftly change the minds of management and staff to think of risk as vital rather than a compliance burden. You end up with staff, not just engaged with your risk program, they feel compelled to live in it. Ultimately they help build a resilient organisation.

## The Role of Risk Champions



# The Way Forward

Creating your team of Risk Champions is a project in itself. It requires planning and a bit of guile.

First you need to get the backing of the Executive, otherwise staff will be hesitant to give of their time. Staff are under no illusion that spending time on something that is not important to the boss is career limiting. The Executive needs to both be saying that improving the management of risk is critical to the business and that they need to be seen engaging with the risk process. If you have not yet won over the Executive you may well have your hands full, so please have a read of my paper *'How to be Heard'* to garner the support you will need.

You also need to find the right people. The ones that are in the right position to champion your cause and have the capability to grasp the value of risk management and to influence the business. Of course you will need to guide them on how best to do this. Just as you need to win over the Executive with clear messages communicating the value of risk management, so will they.

Finally you need to create a support framework for them. An opportunity for them to share their challenges and successes and, more importantly, for them to provide feedback to senior management on the strengths and weaknesses of the management of uncertainty across the organisation. To help identify where the business is capable to take on more risk and where it should pull back.

This last bridge crossed leads to real business value the C-Suite and Board will appreciate. It will ensure you have built something that will last.



## About the Author

Bryan Whitefield has been preaching the risk message since the mid-1980s and has become well-known for his practical approach to creating great value for organisations from their investment in risk. He cut his teeth on risk in the insurance industry as a risk engineer and learned first-hand the benefits risk management brings to complex environments in his role as a chemical engineer. As he began to bring his expertise into the broader business world he grew to appreciate that although chemical engineers dealt with complex environments, that complexity was nothing compared to the complexity of decision-making in most business contexts. At least in a chemical plant there are the finite boundaries of physics and chemistry!

Bryan has been focussed on making the seemingly difficult and complex parts of risk management entirely 'doable' for all involved from board members, to management teams, to staff in general and to those responsible for assuring there are few if any surprises for the governors of the organisation and its key stakeholders. Because he has focussed on simplicity he has worked out how to get his message across so effectively, even the most battle-hardened managers who have learnt to fight and scrap their way to success have been pleasantly surprised that there is an easier way.

## About RMP

RMP is a specialist Enterprise Risk Management consulting firm operating since 2001 with Bryan Whitefield as its Principal Consultant. Our project list extends to the design and implementation of risk management programs for more than 150 organisations across the public, private and not-for-profit sectors.

Our training and engagement programs for risk professionals and their teams of Risk Champions are each tailored for the unique circumstances of your organisation. Our programs each have 90-day implementation plans that may be supported by ongoing coaching to ensure the difficult challenge of ensuring lasting organisational change is achieved and maximises the value of the training investment.

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