7

Designing success

Analysis

Designing success starts with designing a great framework. And I don't mean technically perfect, as technically perfect is almost certainly too heavy, overly complicated and insufficiently practical for all but the most process-minded organisations. I mean as simple and as practical as is needed to drive the behaviours you want.

> Designing success starts with designing a great framework.

In the RMIA ERM course, I run an activity where participants identify a behaviour they want to change or create in their organisation when it comes to managing risk. I then get them speed dating. They move from one fellow participant to another sharing the behaviour they want help with and receiving one idea in response. All to the sound of an appropriate music track — one I will not divulge here as it would spoil the surprise if you choose to attend the course!

After the activity is over I ask participants to share some of the behaviours they want help with and one of the good, hopefully great, ideas they received. The behaviours vary, but here are some examples:

- I want staff to stop thinking mechanically, to start thinking about risk.
- I want the board to engage with operational risk. All they are interested in is strategic risk — until something goes wrong and they are discussing operational risk!
- How to prevent managers' 'gaming risk' to receive attention or resources.
- How to prevent managers from shifting responsibility using risk — 'Now it's the Executive's problem!'
- I need to convince managers to share their risk assessments with other managers, both for transparency and to counter silo mentality.

And on it goes. Always they are very practical challenges. Unfortunately, we don't always take a practical approach to designing risk frameworks. I have seen it too many times. A risk professional heads off to a conference and comes back with 'best practice' and looks to implement it, maybe with the hope of winning an award someday, only to find that so-called best practice does not work in their organisation.

The reasons are nuanced. In a nutshell, however, either it is a poor cultural fit or the organisation is simply not primed for the introduction of risk management processes.

As explained in chapter 5, the risk management journey for organisations involves a change of state from vulnerable through exposed, adaptive, resilient and finally to agile. Each step allows a little more sophistication in the way the organisation manages risk, while maintaining 'horses for courses'. Meaning a smaller, less complex organisation will have a much simpler risk framework than a complex one such as a pharmaceutical company. Their framework would need to ensure coordination of the approach to risk across activities like R&D, clinical trials, regulator approval and patent protection. All, by their very nature, may have good risk management practices in place. However, enterprise risk management is about understanding them in the context of their potential combined effect on managing risk to the achievement of the organisation's objectives.

The risk management journey for organisations involves a change of state from vulnerable through exposed, adaptive, resilient and finally to agile.

To any framework designer, the message is clear. You need to understand your current level of organisational maturity and identify the next level of maturity you want to achieve in the next 12 to 24 months. Identify the very specific behaviours you wish to change or create, then design your

Every great framework design therefore starts with great analysis.

framework to create them. Every great framework design therefore starts with great analysis.

Whenever I begin working with a new organisation I start with a documentation review followed by some analysis using the tools below. It makes sense that as an external consultant I would conduct such an analysis, though it might not make as much sense to you as an internal risk adviser. Let me explain my approach, then you can decide how much value you would get from conducting a similar exercise.

Documentation review

As a minimum I look to review the organisation's website, strategic/corporate plan, annual reports, organisation chart, governance framework and, if separate, existing risk framework. I look at any existing systems for capturing risk from spreadsheets, use of risk software and incident databases. Then I dig a little deeper into operating plans and charters for board and management committees before moving on to business and risk reporting, including minutes of board and management committees, business cases, budgeting and forecasting. Lastly I ask about performance management. That includes key performance indicators (KPIs) and key risk indicators (KRIs), if they exist, and the extent to which KPIs drive decision making. That is, the extent to which managers are accountable for their KPIs.

Through the entire documentation review I am looking for evidence of how the organisation is run and, very specifically, how uncertainty is managed. What I often find is that risk is managed without anyone actually calling it risk management. The question then becomes, is the way risk is managed good enough and transparent enough, recognising that 'good enough' will vary based on the organisation? Remember the discussion I had with a Company Secretary about Red Teaming at the end of chapter 2?

Through the entire documentation review I am looking for evidence of how the organisation is run and, very specifically, how uncertainty is managed.

Business analysis

The core analysis tools I use every time are:

- **Stakeholder analysis.** As a minimum it requires development of a list of stakeholders so the framework design does not omit anyone important, such as certain vulnerable customers!
- **PESTLE analysis.** This is a pretty standard external environment scanning tool requiring consideration of the politics, economics, social, technical, legal and environmental drivers of the business and of risk to the business.
- **Capability analysis.** This is a simple tool I designed to assess the internal capability of an organisation. The tool helps the user to consider how the organisation

is run across the five core building blocks of an organisation:

1. Strategy and Performance
2. People and Knowledge
3. Processes and Systems
4. Assets and Liability
5. Accountability and Culture

I also have a range of other tools I may use depending on the organisation and industry and their performance outlook. For understanding how their industry operates I often use Porter's Five Forces, which helps me to understand their business model. I may also use value chain analysis for organisations with large or complex supply chains, and I will use a Unique Selling Proposition (USP) tool to get an understanding of their competitive advantage and what is at stake.

You can find all of these tools, along with examples, in the learning resources section of my website bryanwhitefield.com.au/learningresources. Better still, you can learn in detail how to use some of these tools if you take the RMIA ERM course.

Behaviour analysis

Once I have conducted my research I start to discuss the behaviours sought. For example, has the organisation had a number of financial mishaps recently or has it sustained significant regulatory breaches? Or, at the other end of the spectrum, are they doing very nicely for all the right reasons, and simply seeking a slow and steady uplift in management of risk, for example through the use of more data and/or data analytics in decision making.

Whatever the case, the behaviours sought are noted. Next comes design.

Design

What ultimately determines the design of your framework is the risk management model that will best suit the organisation and its culture. When it comes to the type of risk management model you could implement in your organisation, there are two extremes. On the one hand, you could keep the risk function very small and put all the emphasis on the business to manage its own risk. On the other, you could create a much larger risk function where people with risk-related roles recognised in their title are operating within business units. The former describes what many people call the Risk Champions model; the latter is more like the Three Lines Model I referred to in the 'Influence of regulators' in chapter 4.

What ultimately determines the design of your framework is the risk management model that will best suit the organisation and its culture.

In the RMIA ERM course, I run an activity in which I split the group into two and ask one side to convince the other they should have a risk champions model and the other to argue for the Three Lines Model. Invariably both models will have their fans and by the end of the activity most participants will agree that some hybrid model of these approaches would work best for most organisations. Some remain wedded to the risk champions model because of the attitude of management that the back office should remain lean and the front office accountable for their decisions. Some remain wedded to the Three Lines Model because it is all they have known, or is more or less required by the regulator, or is preferred by their professional body (usually the Institute of Internal Auditors) and consequently preferred by the Audit and Risk Committee. Some will feel strongly that the business simply can't yet be trusted, so the Three Lines Model makes sense for them.

While I have been a strong critic of the Three Lines Model because of the harm it has done in creating perceptions of risk as a compliance function, I am actually a hybrid devotee.

While I have been a strong critic of the precursor to the Three Lines Model, the Three Lines of Defence model, because of the harm it has done in creating perceptions of risk as a compliance function, I am actually a hybrid devotee. I prefer what I call a Tripartite Model of Risk Management. Before I go on to explain it, rest assured that both a risk champions model and a Three Lines Model can work, in theory, but understand that they are hard to accomplish. And when they are accomplished you are most likely looking at a tripartite model — a model built on accountability, mutual respect and trust. And accountability, mutual respect and trust are established only at the highest levels of maturity of governance of an organisation.

Next I explain the tripartite model and then move on to helping you introduce it with a great first experience and to build ongoing engagement. If your organisation is not yet mature enough for this approach, I outline in chapter 11 how you can work towards it from your organisation's current level of maturity.

The Tripartite Model of Risk Management

It is inherently difficult to make fantastic decisions all the time without allowing our personal biases — not to mention time pressures, performance pressures and the fact that sh!t happens — to affect our judgement. In order to counteract our failings as decision makers, we introduce processes within a governance framework. Larger, more significant decisions are taken out of the hands of line managers and escalated to higher authorities, whether it be individuals, committees, executive teams or the board. However, even highly experienced executive teams don't get every decision right. And as you and I know, risk management is designed to help.

It is inherently difficult to make fantastic decisions all the time without allowing our personal biases — not to mention time pressures, performance pressures and the fact that sh!t happens — to affect our judgement.

A mature organisation recognises these challenges and is keen for a risk function that delivers true insight and value. If that is what your organisation wants and is ready for, then here is the path to better decision making.

Form a tight partnership between business, risk and internal audit with the intent of managing the complexities of the business together, not as one layer checking on another, and not using part-time risk advisers with a bigger day job to fulfil, but as a truly integrated tripartite partnering relationship.

Figure 7.1 shows the key elements of tripartite risk management. The business is responsible for decisions. The risk function is responsible for providing business decision makers with insight into decisions and providing the internal audit function with insight into the key controls on which the organisation relies. The internal audit function is responsible for ongoing assessment of both the quality of decisions and the reliability of the controls to provide assurance to the most senior leaders that it is all working, that the business is making decisions within their risk appetite and that the risk function is providing good support through the insights delivered.

The risk function is responsible for providing business decision makers with insight into decisions and providing the internal audit function with insight into the key controls on which the organisation relies.

Below I look at each function in more depth.

Figure 7.1: Tripartite Model of Risk Management

Business

> The role of business is risk-taking. You need to take risks to create value.

The role of business is risk-taking. You need to take risks to create value. As I have noted, however, you need to take risks with 'eyes wide open', meaning you are aware of the risk you are taking, and why, and are as comfortable or uncomfortable as you want to be. Or you have the permission of stakeholders to take risks you would not normally take because you have little choice. Sometimes the largest drivers of risk are outside our control and we just need to push on regardless.

> In the tripartite model, the business is accountable for the decisions made. There's no risk committee to get approval from.

In the tripartite model, the business is accountable for the decisions made. There's no risk committee to get approval from. While the business may have a steering committee that performs a similar role, it is not a risk committee saying yes or no. It is business leaders gaining an appreciation of the risk involved and making a call.

In your framework you need to clearly articulate their responsibility for assessing and managing uncertainty in their decision making. That means they will need to:

- Agree on their appetite for taking risks to achieve business objectives (risk appetite).
- Establish guidelines for ensuring risk is considered in key decisions and that the guidelines are within the organisation's appetite for risk or are escalated accordingly, typically in business and project planning, in governance committees and in response to significant events, such as issues escalated to the executive or board for decision.
- Ensure their policies, processes and systems guide staff business-as-usual (BAU) decision making so decisions are within the organisation's appetite for risk or escalated appropriately.

- Review and allocate resources to provide assurance within business units that controls can be relied on.
- Share risk information across the business where appropriate and in a timely manner to facilitate risk-based decision making.
- Ensure performance and risk reporting are inextricably linked and reported on simultaneously.

You can find a simplified example of integrated performance and risk reporting in the learning resources section of my website bryanwhitefield.com.au/learningresources. You will see that each objective has a risk rating. I explain how the risk levels are derived in 'The start of good risk assessment' in chapter 10.

I cover integrated performance and risk reporting in more depth in the RMIA ERM course.

The role of the risk function is to help the business and internal auditors with risk thinking. The risk management process is the best tool known to humankind for managing uncertainty.

Risk

The role of the risk function is to help the business and internal auditors with risk thinking. The risk management process is the best tool known to humankind for managing uncertainty. As experts in the process, risk professionals' role is to help others to develop and adopt risk-based thinking.

In the tripartite model, the risk team is small relative to the size of the whole organisation and is all about decision support. There is no outsourcing of risk-related work from the business. If it needs more resources, then the business hires the resources required and ensures they understand and apply the risk process that is appropriate for their role.

The small risk team is there to provide advice through regular conversations with business leaders about the decisions they are making and the processes they are employing to manage the complexity that makes their decisions uncertain. The team facilitates workshops on request, not because the risk framework demands it. The reason they are requested is because they provide insights. They add value.

Through the design of the risk framework, the risk team provides benchmark standards for business leaders to meet and/or aspire to.

Through the design of the risk framework, the risk team provides benchmark standards for business leaders to meet and/or aspire to. Standards for managing risk in BAU decision making, in programs and projects, and in business planning and execution. There will also be standards of transparency — what is visible to whom and when, whether through formal reporting or not. And those standards will be blue ribbon, not red tape for the comfort of someone else. They will be created through a business outcomes lens, not a traditional risk lens.

In summary, your framework will need to clearly articulate the risk function's responsibility for:

- Analysing and providing insights to the business to assist them to identify and understand risk.
- Providing benchmark standards for the business to work towards, including reporting and sharing risk information.
- Providing the tools, templates and techniques that will allow the business to understand risk.
- Communicating to the audit function the controls the business is most dependent on.
- Working with the business to rectify deficiencies identified in audits and to share better practice across the business.
- Ensuring the business has access to adequate specialist resources to manage risk, whether that be specialists in cyber fraud or simply good workshop facilitators or quantitative risk modellers.

Audit

The role of internal audit is to check and assure. Independently. This means audit should be separate from the risk

The role of internal audit is to check and assure. Independently. This means audit should be separate from the risk function as they need to check both the decisions made by the business and the advice of the risk function.

function as they need to check both the decisions made by the business and the advice of the risk function. Audit should be left alone to assure independently while being encouraged to provide their advice in the clearest and most positive form, so the business and the risk function are most likely to heed their advice.

In the tripartite model it is the audit team that will check, on behalf of business leaders, if risk-taking by the business was within the defined appetite for risk set by the board. The audit team will also check if the risk benchmark standards are being achieved.

Your risk framework will need to clearly articulate the responsibilities of the internal audit function.

The audit team will also assess if the benchmark standards set by the risk team are meeting the goals of the organisation, if they observe any deficiencies in the quality of advice given, or in how the advice was communicated to the business.

Your risk framework will need to clearly articulate the responsibilities of the internal audit function, including:

- Demonstrating its ongoing independence of both the business and the risk function.
- Confirming the reliability of key controls via long-term audit planning.
- Conducting performance audits of frameworks, programs, projects and processes, including an assess-

ment of how the business is managing risk within its appetite for risk.

- Periodic assessment of the performance of the risk function to engage, inform and influence the business.

There you have it. My version of organisational nirvana. I appreciate that achieving it will be tough. To help you along the path to righteousness, I have included a sample risk management framework using the tripartite model for a small organisation in the *learning resources* section of my website, bryanwhitefield.com.au/learningresources. Irrespective of the size of your organisation it should give you a good feel for the approach and how you might design your framework.

Now, how are you going to introduce your new framework to the world?

Experience

Remember what I said about perceptions? Everyone has their own, and you can guarantee some will be negative. When you introduce your new framework, people won't necessarily be expecting anything good. So your job is to give them a great experience, which will open the door to ongoing engagement.

When you introduce your new framework, people won't necessarily be expecting anything good. So your job is to give them a great experience, which will open the door to ongoing engagement.

Let's start with a few *don'ts* and some corresponding *dos*:

- Don't put the framework up on the internet with a policy signed by the CEO. Do sit down with each area of the business individually to work through the why, how and what of the framework.
- Don't start with middle management or below. Do start with the executive team. If they are truly behind it, the rest will happen over time.
- Don't rely on management and staff's assumptions and interpretations of the framework being correct. Do create a simple means of communication for staff to query and clarify the why, how and what for them.
- Don't start with risk reporting. Do start with risk insights to teams, beginning with the executive.

> The most common thing I hear after a workshop for executives who have not had a good experience of risk is this from the CEO: 'Thank you. That's not what I was expecting. We have never had a conversation like that before.'

This last *do* is my go-to method for ensuring a great experience for the most important group — the executive. You hear it so often in risk: you need 'tone from the top'. I know you might be over that phrase, so choose another one. But the idea is key. And running a risk workshop for the executive is key to winning them over. Sometimes I call it a risk workshop, sometimes a strategy implementation workshop, sometimes simply an insights workshop, depending on the culture and maturity of the organisation.

Another course I run for the RMIA and for organisations with lots of risk staff is Mastering Risk Workshop Facilitation. I tell participants that the most common thing I hear after a workshop for executives who have not had a good experience of risk is this from the CEO: 'Thank you. That's not what I was expecting. We have never had a conversation like that before.'

I tell course participants, 'When you hear those words or something similar after a workshop for people who don't really appreciate the value of risk management, you know you've nailed it.' This should be your aim.

'When you hear those words or something similar after a workshop for people who don't really appreciate the value of risk management, you know you've nailed it.'

How else might you give staff a great first experience of the new risk framework? There are plenty of ways. Here are a few:

- Arrange for senior management to introduce the framework to each of their key direct reports.
- Ensure senior management have a meaningful conversation about risk when their team provide their first risk assessment.
- Double down on your efforts on researching the business challenges a team has before your first

engagement with them to ensure you provide at least one impressive insight. How might you be sure you are doing so? Ask their boss or someone else you feel comfortable with who would be a sound judge.

- Acknowledge that something they are already doing is excellent risk management without being called risk management (using the Red Team methodology on projects, for example), then demonstrate how it can be enhanced for their benefit.
- Use a case study in which applying the risk management process found massive opportunity for the organisation. My favourite was my experience with an equipment leasing company which discovered through risk assessment that they were losing 20 per cent of their gross profit on pretty much every major client because of a misalignment between sales and service.

The gist of this is to get inventive. Stand in their shoes. How are you going to surprise them? Pleasantly!

Now you have their attention, don't let go. Engage, engage, engage until the behaviours change. The next section will give you some ideas how.

Like so many things in life, you can't have it all NOW. Patience is key.

Engagement

Like so many things in life, you can't have it all NOW. Patience is key. And working smart is the way to go.

Just as the risk champions vs Three Lines Model can be operated at both ends of the spectrum, so can engagement. At one end you have money and resources, and you can run a full-blown change program as if you were introducing a new Enterprise Resource Planning (ERP) system. If you have won over the executive so they are wanting change, and fast, you presumably will be given a fair amount of money and resources. So get to it. You don't need much help from me. Identify a successful change program in the last year or two, go speak to the authors and leaders of that program, and basically copy it.

Identify a successful change program in the last year or two, go speak to the authors and leaders of that program, and basically copy it.

If you are not in that enviable position, here are some thoughts on what you can do.

Communicate your why

You may well have heard of Simon Sinek and his golden circle, introduced in his book *Start with Why*. In it he argues that people don't 'buy' from you for what you do; they buy from you for why you do it. So the *what* of risk management needs to wait. You first need to communicate your *why*.

In the RMIA ERM course, I break the group up into a number of teams and ask them to prepare an 'elevator pitch' to a senior executive explaining what the risk function does. Some do better than others in the little time I give them, but across the groups they all get the gist. It needs to be short, sexy and not boring, and must talk about helping others to be successful in whatever terms they perceive success. For example, some for-profit organisations will see success in terms of growth rate, others in terms of market share. Charities in the not-for-profit sector will often see success as fulfilment of their charitable mission while associations see it as member satisfaction. And in government it can be anything from accuracy of budget forecasts to doing more with less to pleasing the minister. You need to work it out.

Charities in the not-for-profit sector will often see success as fulfilment of their charitable mission while associations see it as member satisfaction.

Next, put it on your email signature block and start a newsletter with it featuring as a tag line.

Communicate the what

Why start a newsletter? Because newsletters can work. Just ask bestselling American author Seth Godin. In his aptly named book *Tribes*, he tells a fantastic personal story about what can be done when you build a tribe. In 1984, at the age of 24, he joined a tiny software company called Spinnaker and was charged with acquiring science fiction stories and turning them into adventure games. He was given no staff and had no programmers directly assigned to him. He was lent three programmers from the pool of 40 working on other key projects. He needed many more programmers to meet his Christmas deadlines.

He started a twice-weekly newsletter about his little tribe's quest, telling the story of what they were working on and what they were achieving. Seth made photocopies for each of the one hundred plus staff and dropped it into their in-trays (yes, millennials and post-millennials, 1984 was a time without email!). Within a month, six more programmers were working with his group whenever they had spare time. 'Then it was twenty. Soon every person in the entire department was either assigned to my project or moonlighting on it.' They made their deadline with five products and every one of them went 'Gold'.

Tell them what you and others are working on to help drive the success of the organisation, then tell them about what is being achieved.

Pretty simple really. Tell them what you and others are working on to help drive the success of the organisation, then tell them about what is being achieved.

Now you may have noticed I have left out the 'how'. The how is of course contained in your risk management framework, but I would not recommend going around touting the framework. Instead, focus on encouraging good practices that are fulfilling the intent of the framework wherever you see them. Especially if they are not called risk management but, for example, problem-solving workshops or cross-functional meetings to break down silos.

Build your team of advocates

As I mentioned, the most common conclusion drawn from the activity of comparing a risk champions model with the Three Lines Model is that a hybrid is the best way to go. That is, even if in the Three Lines Model you include risk professionals in frontline business, you should also have risk champions. People from the business unit know this implicitly, have authority and are influential. They don't need to be risk experts. In fact, it's better if they are not.

> If you are operating below the line, you are fighting recalcitrants rather than building lasting business partnerships that are both mutually respectful and highly productive in helping to drive the organisation towards its goals.

In the next section I go into some detail on how to go about developing your risk champions so they become your tribe of advocates. A tribe of advocates will help maintain positive engagement with the risk function even when no one from risk is in the room.

Advocates

Building a tribe of risk champions is all about building a tribe of advocates. Before I go into describing how you build a tribe, refer to figure 7.2. It compares how you are perceived by the business units you serve and the quality of the relationship you have with them. If you are operating below the line, you are fighting recalcitrants rather than building lasting business partnerships that are both mutually respectful and highly productive in helping to drive the organisation towards its goals.

Below I work through the different levels of the diagram so you can think about your relationship with your various internal clients in more depth.

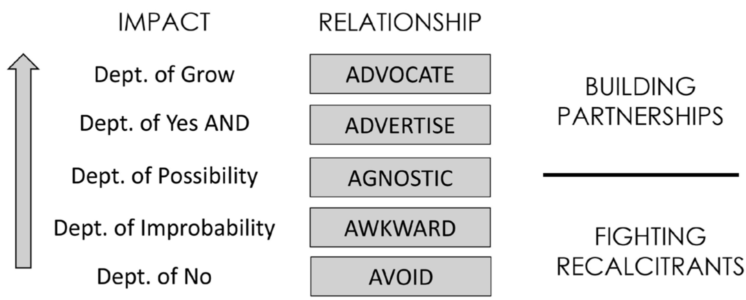

Figure 7.2: The Relationship Ladder

They avoid you

The bottom of the ladder is obviously the worst place to be. Those you and your team need to engage with avoid you. Sometimes it's subtle. Perhaps they keep postponing meetings until it's too late, leaving you with little room to manoeuvre to help them in the way you feel would be best for the organisation.

These stakeholders most likely see you as the Department of No, whose sole purpose is to put a handbrake on their progress. They feel the policies, processes and systems you have put into place are red tape and that they can't run their business if they comply in anything more than the smallest way.

Hopefully you don't have too many of this type!

They are awkward around you

When the relationship is awkward your client is most likely 'playing the game'. They know they have to deal with you; they know you have a job to do that means some level of engagement with them, and they don't like it. If they don't play the game at least a little, they might get told to comply, so they do the minimum. They often agree with your advice then do something different when it suits them. They offer a range of explanations when you ask why they chose the different path.

> Clients often agree with your advice then do something different when it suits them.

These clients are still definitely recalcitrant and, while they don't see you as outright blockers, they feel it is highly improbable that you are going to add value to their business beyond what they already know and do.

They are agnostic towards you

It is almost as annoying if they are agnostic towards you. They will do what is needed. They know how it works. They want to get it done with the least amount of angst. They don't see the value, but they are practical types. They know the organisation would not be spending as much as it does on you and your team if the executive didn't believe it was necessary. Most will even entertain the possibility that what you do helps them on occasion get better results. After all, they don't see themselves as perfect.

They advertise you

Now we move into much more comfortable territory. These stakeholders get what you do and why you do it. They engage and work with you and the results show. They are good advertisements for you and your team. Many of them will even acknowledge the good work you have done for them and will say so to their management.

These stakeholders get what you do and why you do it. They engage and work with you and the results show.

The reason they advertise you is because they understand that you are not saying 'no', you are saying 'yes and', meaning they feel you are working flexibly with them to find solutions to help them get the results they need in a sustainable way.

They advocate for you

I hope you have a few of these stakeholders. They are great to work with. They get what you do and have their own insights into how you can help them. They push you to higher standards than you even thought possible. They set you challenges and seek out your creativity. They relish the prospect of you bringing your solutions to their problems so they can build on them. They achieve outstanding results.

They don't just acknowledge your great work with their management hierarchy; they actively promote you to other departments. They even question why other departments are not working with you as they do.

They see you not as the Department of No!, but as the Department of Grow!. The department that provides them with not just a good reliable service but valuable insights, challenging them to work to higher standards than they thought were possible.

Take a few moments, grab a piece of paper or open an electronic note, and map your stakeholders to each of the levels on the Relationship Ladder. A good question to ask yourself as you do this is why they are where they are? As you find answers to these questions you will find things you should do more of, and maybe some you should do less of.

Your preference should be for working with the leaders you wish to partner with and guiding their selection of staff you are going to nurture.

Now let's look at risk champion tribe building.

Building a tribe

The first step in building your tribe is selection. Your preference should be for working with the leaders you wish to partner with and guiding their selection of staff you are going to nurture. Obviously, there is a bit of a trick to how you will couch this. Using the terms *risk champions* or *tribe* is not necessarily the best approach at first. A safer option might be to express the need to develop a *community of practice*.

When you design your tribe, don't think 'sphere of influence'; it actually needs to be more pear-shaped — that is, focused at the top on leadership and broader at the base, and juicy. If you already have risk specialists in the business you have been working with for some time, they need to be in your tribe to work across the broad base and to deliver the juice. However, you also need carefully selected, business-savvy influencers. Being savvy, they will be able to understand the intent of the risk framework so they can identify how best it should be embedded in their business unit. Being strong influencers, they will be able to deliver the message effectively.

If you already have risk specialists in the business you have been working with for some time, they need to be in your tribe to work across the broad base and to deliver the juice.

Once you have identified your tribe members, your objectives should be to nurture collaboration amongst the team, challenging them and helping them develop creative solutions to drive the outcomes you are seeking (see figure 7.3).

Collaborate

You need this team to be collaborating as a team. The more they collaborate, the more they will gel, despite not being

> People like a challenge, and a team of people who have gelled like a challenge even more. Work with them to identify the problems they can help you solve.

co-located. The more they gel, the more their collective wisdom and efforts will play out.

Challenge

People like a challenge, and a team of people who have gelled like a challenge even more. Work with them to identify the problems they can help you solve. A really, really common one is that risk is overlooked or forgotten prior to the big decision being made. Once the decision is made, someone up the chain who is somewhat concerned about the decision will then ask risk to review it. Sometimes you end up identifying plenty of problems with the decision, in the nicest possible way, yet they feel you are being negative or out to create a roadblock. So identify this problem with them and see what the collective genius comes up with to ensure risk is considered early.

Create

This is where the rubber hits the road. You need results. You need them to co-create with you how the risk framework will be implemented in their business units.

Building a team that is collaborating, challenged and creating great stuff can be highly rewarding. Here are a few tips on what to focus on as you build the team.

The Three Es

When building your tribe, always remember the three Es. In order to ensure strong collaboration, you need to focus on how best to Engage them. When you set challenges, focus on what is most likely to Excite them. And above all, make sure the tribe Enjoy themselves. Create the right environment and facilitate with the three Es in mind, and you are most likely to end up with a high-performing team.

If you think about it, what you need to do is what your favourite teacher used to do. The classes you remember most will be the ones when you needed to collaborate with classmates to tackle the challenges set. It was the greatest opportunity to be creative. You were engaged, excited at the prospect of taking on the challenge, and you enjoyed the process of creating your solution.

Figure 7.3: The three Es of tribe building

Having got this far you now have all you need to develop a high-level risk framework that will meet the needs of the business. In the next few chapters I discuss some of the more challenging aspects of a risk framework — appetite, KRIs and getting maximum value from risk assessment.