

ERM Tool

Creating a Risk Profile Summary

BRIEF DESCRIPTION OF TOOL

Many organizations ask risk owners who are responsible for managing some of the top risks facing the organization to prepare a short (often 1-page) summary report that highlights key aspects of their assigned risk. These reports are often referred to as Risk Profile Summaries.

Requesting risk owners to use a standardized Risk Profile Summary helps facilitate the communication of different risks to senior executives and boards. Here, key information about each risk is presented in the same consistent format, making it easier for users of the summaries to read and review the risk. Having a Risk Profile Summary for a given risk helps senior executives and boards of directors quickly obtain a high-level understanding about top risks facing the organization including information about how the entity is managing the risks and keeping an eye on metrics to monitor the trending of that risk.

HOW TO USE

A Risk Profile Summary template is provided on the next page along with instructions about what to include in the template. This one-page summary captures key information about the assigned risk. Each cell in the template provides guidelines or prompts of the types of information to be provided about that risk in each section of the template. Risk Owners can use this to guide their completion of the Risk Profile Summary template for their assigned risk.

An example of a completed Risk Profile Summary follows as well.

Guidelines for Completing a Risk Profile

RISK THEME:

(Using 1-3 words provide a description of the risk)

RISK STATEMENT:

(State the risk concern in one sentence).

RISK OWNER:

(Identify the risk owner)

HIGH LEVEL SUMMARY OF THE RISK ISSUE (I.E., WHAT'S HAPPENING, WHAT ARE THE ROOT CAUSES):

(Use 3-4 sentences to provide more description about the overall risk – what is the overarching concern, what appears to be some of the contextual factors, and related potential causes or triggers for this risk. The goal is to provide some richness about the overall concern).

WHAT IS OUR OVERALL TOLERANCE FOR THIS RISK?

(Describe what is acceptable or not acceptable to leadership in regards to this risk's occurrence)

What are We Doing Now to Prevent Risk from Occurring (Preventive Response)?	What are We Doing to Minimize Consequences of Risks If It Occurs (Reactive Response)?	Need for Additional Responses to Better Manage Risk Responses
<i>(Describe what the organization is already doing that would prevent this risk from occurring or becoming a big issue. Provide enough details to describe how this response might prevent some of the root causes from taking place).</i>	<i>(Describe what the organization would do if this risk is not be preventable and occurs. Provide information about what the organization would do to minimize the impact should the risk unfold.)</i>	<i>(Think about gaps in the preventative and reactive responses. What else should the organization do to be better prepared to manage this event?)</i>
HOW IS THIS RISK TRENDING? <i>(Do these kinds of issues seem to be occurring more frequently at the organization? Have we recently dealt with an issue that could have been managed better?)</i> HOW FAST IS THIS RISK CHANGING OVER TIME? (I.E., WHAT IS ITS SPEED OF ONSET) <i>(How fast could this issue emerge – overnight?)</i>	WHAT INFORMATION MIGHT BE HELPFUL TO MONITOR THIS RISK? (E.G., KEY RISK INDICATORS (KRI'S)) <i>(What signs might give leadership a hint that something might be brewing that could create a crisis – social media, whistleblower tips, rumors?)</i>	WHEN WOULD WE KNOW A DIFFERENT ACTION SHOULD BE TAKEN? <i>(When would leadership want to step in to manage?)</i>
WHAT IS GREATEST CONCERN ABOUT THIS RISK? <i>(Based on all of the above responses – describe what concerns you most? Responses? Lack of data to identify timely? Risk seems to be happening more and more?)</i>		

Example of a Risk Profile Template – Hypothetical Risk on Talent Challenges

RISK FOCUS AREA: <i>Workforce</i>	RISK STATEMENT: <i>There is concern that we may struggle to attract and retain talent we need for strategic success.</i>	
	RISK OWNER: <i>Jane Doe</i>	
HIGH LEVEL SUMMARY OF THE RISK ISSUE (I.E., WHAT'S HAPPENING, WHAT ARE THE ROOT CAUSES): <i>Candidates for hire and existing employees may no longer view our business and industry as interesting and attractive. Our compensation packages may not be sufficiently competitive to attract and retain needed talent.</i>		
WHAT IS OUR OVERALL TOLERANCE FOR THIS RISK? <i>We want a low amount of turnover in key positions important to our strategy and want vacancies in key positions to be filled within 90 days.</i>		
What are We Doing Now to Prevent Risk from Occurring (Preventive Response)?	What are We Doing to Minimize Consequences of Risks If It Occurs (Reactive Response)?	Need for Additional Responses to Better Manage Risk Responses
<i>Our website and other external communications in hiring online sites are emphasizing how our organization is innovative and dynamic and positively impacting the stakeholders we serve.</i> <i>We have recently completed a compensation benchmarking analysis and have made market-adjustments to key positions.</i>	<i>We have entered into a contract with a professional staffing agency to provide temporary staffing needed for key position.</i> <i>Each key business function is cross-training individuals to ensure there is backup redundancy for key processes that must be operational.</i>	<i>We need to evaluate our existing benefits package to bring it up-to-date with expectations in the marketplace.</i> <i>We need to boost our work schedules to allow for more work-hour flexibility and work-from-home options.</i>
HOW IS THIS RISK TRENDING? <i>Increasing at a steady pace on a month-by month basis.</i> HOW FAST IS THIS RISK CHANGING OVER TIME? (I.E., WHAT IS ITS SPEED OF ONSET) <i>Escalation of this risk may occur at a gradual and moderate pace (probably quarter over quarter versus overnight).</i>	WHAT INFORMATION MIGHT BE HELPFUL TO MONITOR THIS RISK? (E.G., KEY RISK INDICATORS (KRI'S)) • <i>Turnover in key positions</i> • <i>Percentage of employee complaints (or exit interviews) citing industry concerns or compensation/benefit concerns</i> • <i>Trends in number of applications submitted for employment</i>	WHEN WOULD WE KNOW A DIFFERENT ACTION SHOULD BE TAKEN? <i>When turnover exceeds ____ positions in key roles</i> <i>Employee complaints begin to escalate to ____ percentage.</i> <i>Key processes are interrupted and can't be completed timely.</i>
WHAT IS GREATEST CONCERN ABOUT THIS RISK? <i>If we can't reduce the risk of losing key talent and improve our recruiting efforts for new talent, our organization is likely to face delays in service deliveries that will lead to significant criticism and backlash from key stakeholders who are vocal in expressing their frustration in the media and other visible platforms.</i>		