

AI Pro is turning 1 this month!

To celebrate, we've got a gift for you!

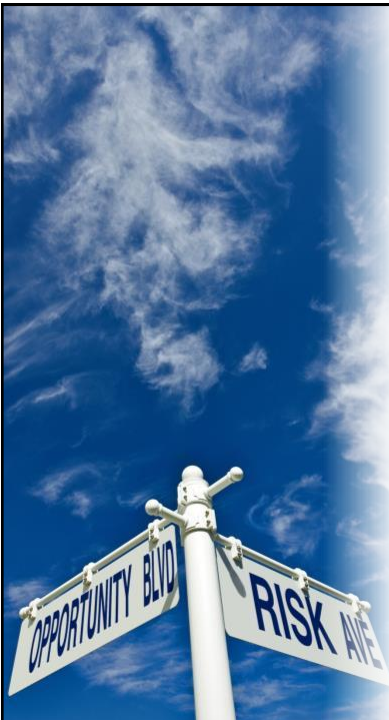
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"Birthday Cake" by Omer Wazir, Dec. 31, 2009. CC Attribution



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## ENTERPRISE RISK MANAGEMENT: WHY NOW?



Anne Lundquist | Western Michigan University |  
anne.e.lundquist@wmich.edu

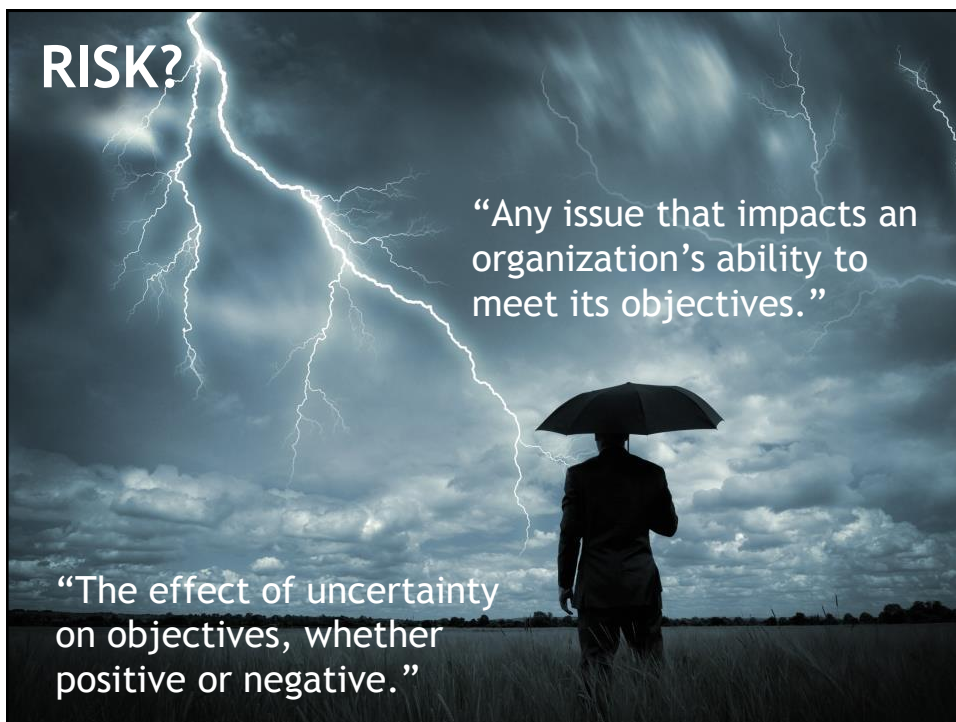
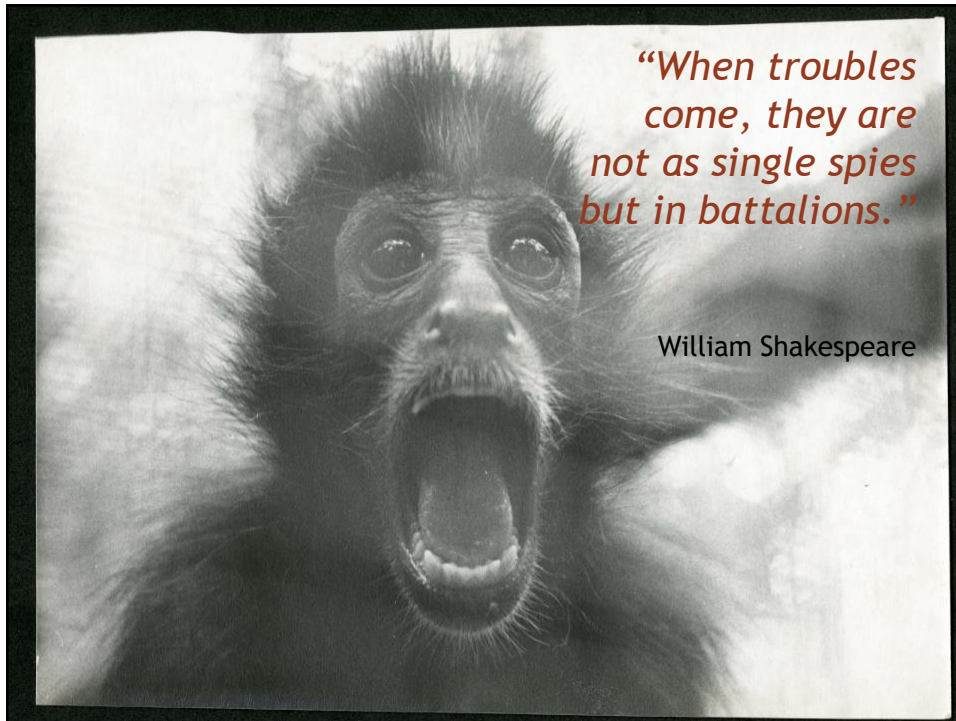
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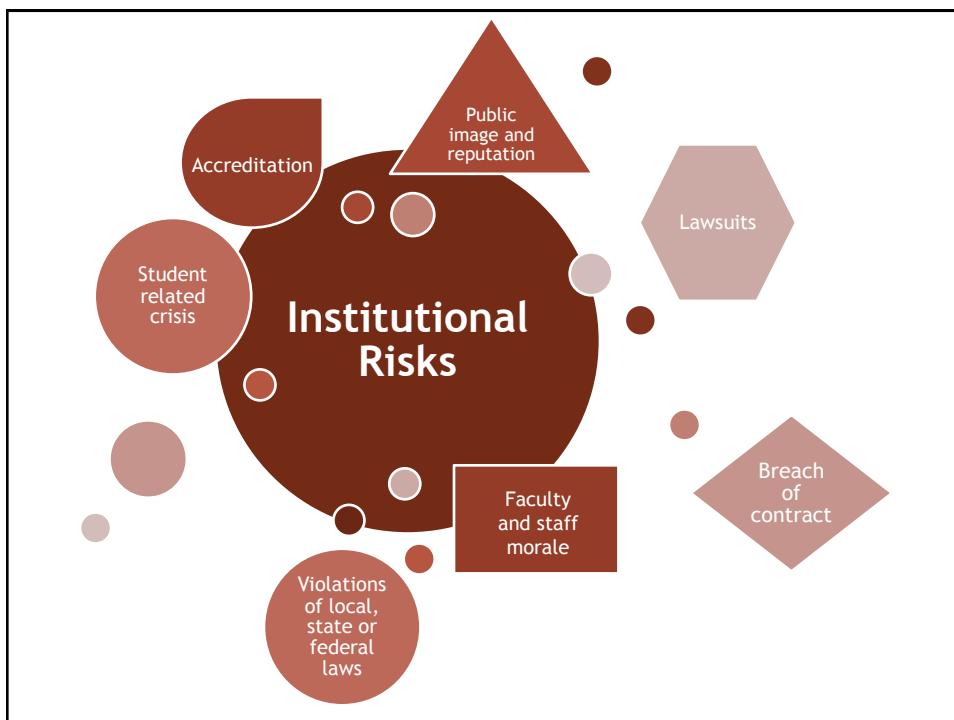
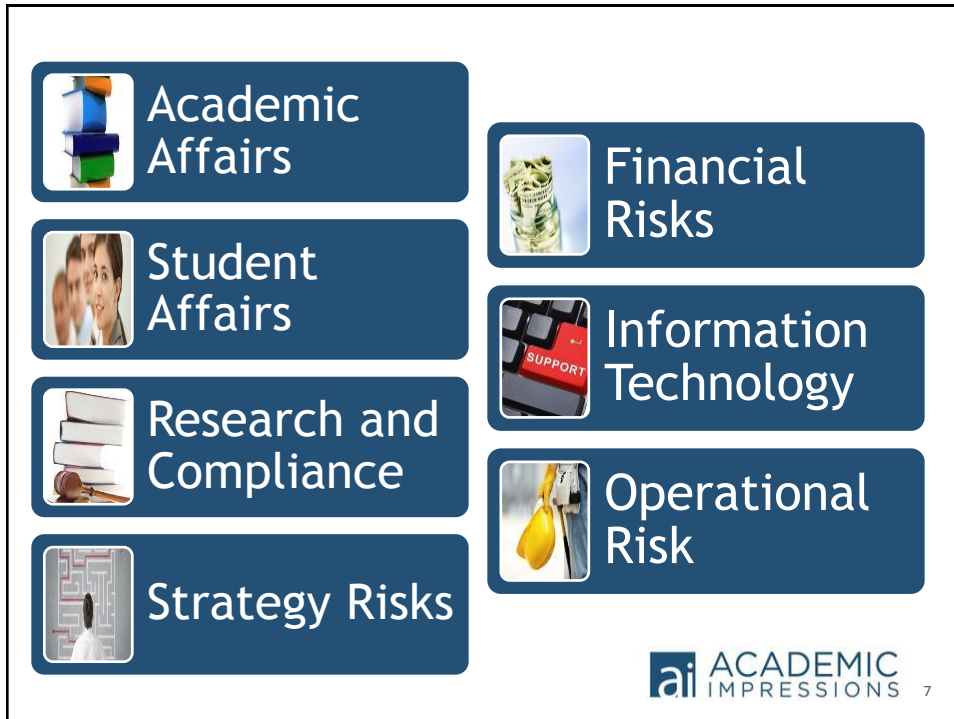
## AGENDA

- Risk in higher education
- Evolution of risk management
- Enterprise risk management - definitions and overview of frameworks, models, & implementation considerations
- Why your institution should consider pursuing ERM now
- Q&A

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## RISK IN HIGHER EDUCATION





# ENTERPRISE RISK MANAGEMENT: WHY NOW?



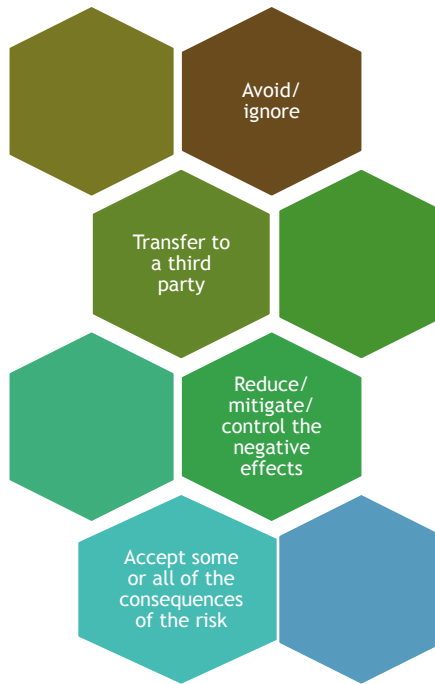
*In almost every recent instance in which colleges and universities have faced significant legal and liability consequences, [substantive aspects of] the institution's organizational management structure [were] not integrated and collaborative.*

-- Allan L. Shackelford, "What every new general counsel must know to be successful," Campus Legal Advisor, June 2008.





## RESPONSES TO RISK



“Higher education law is moving, steadily, to consolidate around paradigms of reasonableness and foreseeability--which focus much more on conduct, choices and information--and away from the concept of colleges’ special status and their disengagement from students to avoid risk.”

Peter Lake. “Higher Education Called to Account”. *Chronicle*. June 29, 2007.

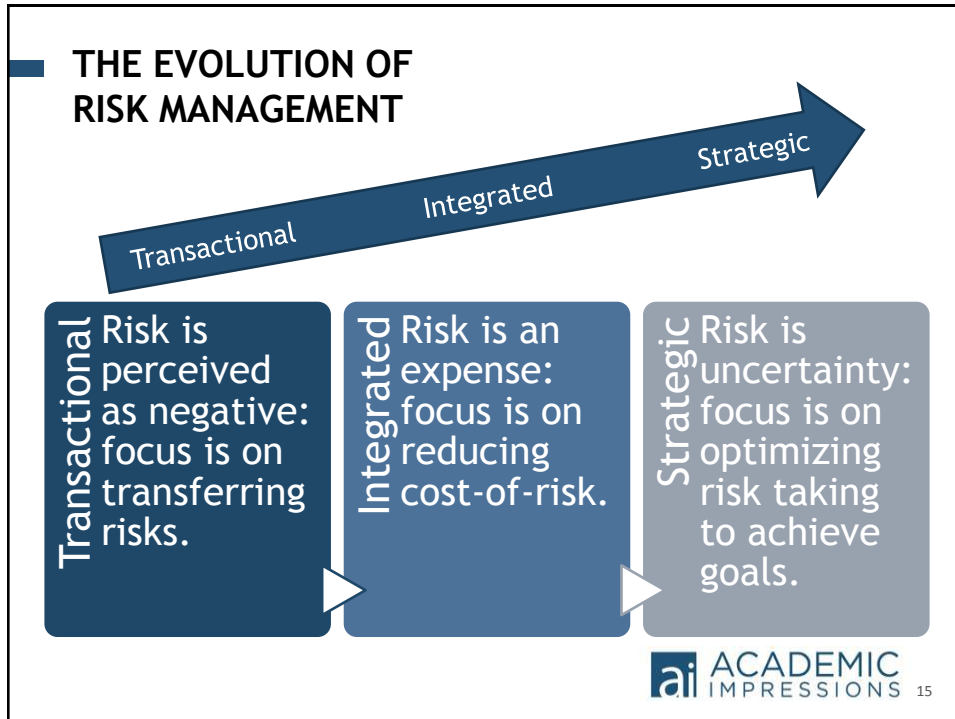
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## EVOLUTION OF RISK MANAGEMENT

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*“The only alternative to risk management is crisis management --- and crisis management is much more expensive, time consuming and embarrassing.”*

James Lam, Enterprise Risk Management, Wiley Finance © 2003



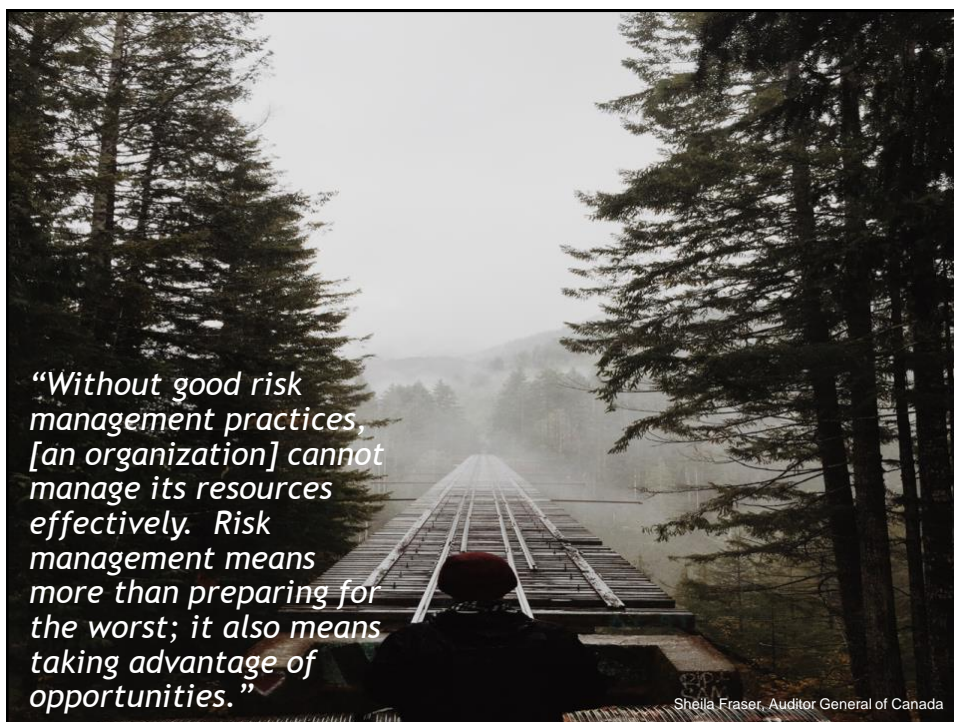
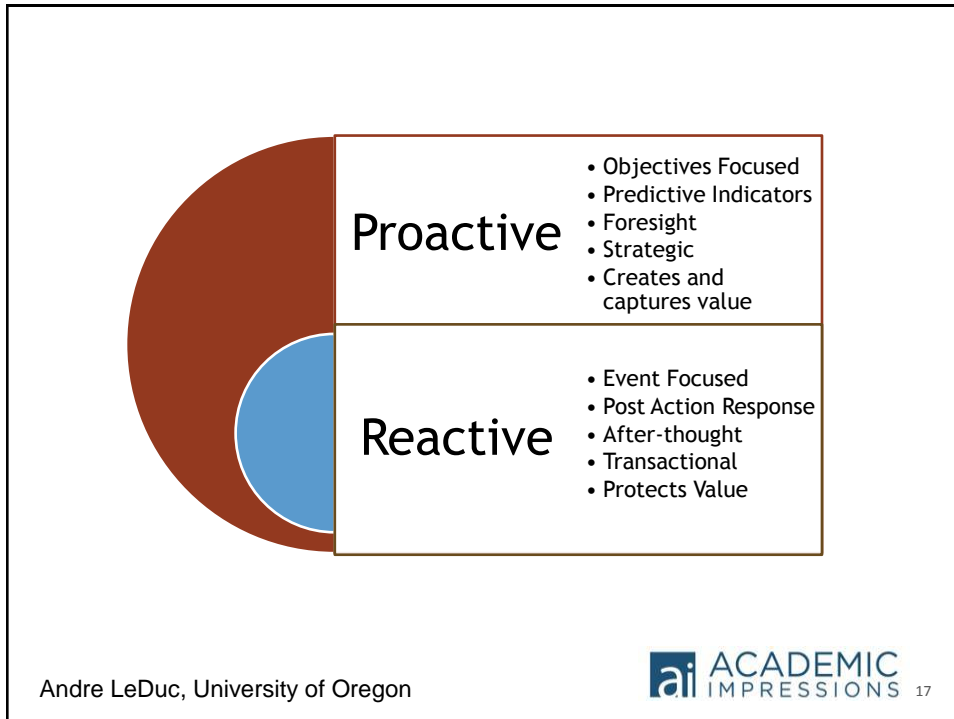
*"We can't solve problems  
by using the same kind of  
thinking we used when we  
created them."*

Albert Einstein





# ENTERPRISE RISK MANAGEMENT: WHY NOW?



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## ENTERPRISE RISK MANAGEMENT

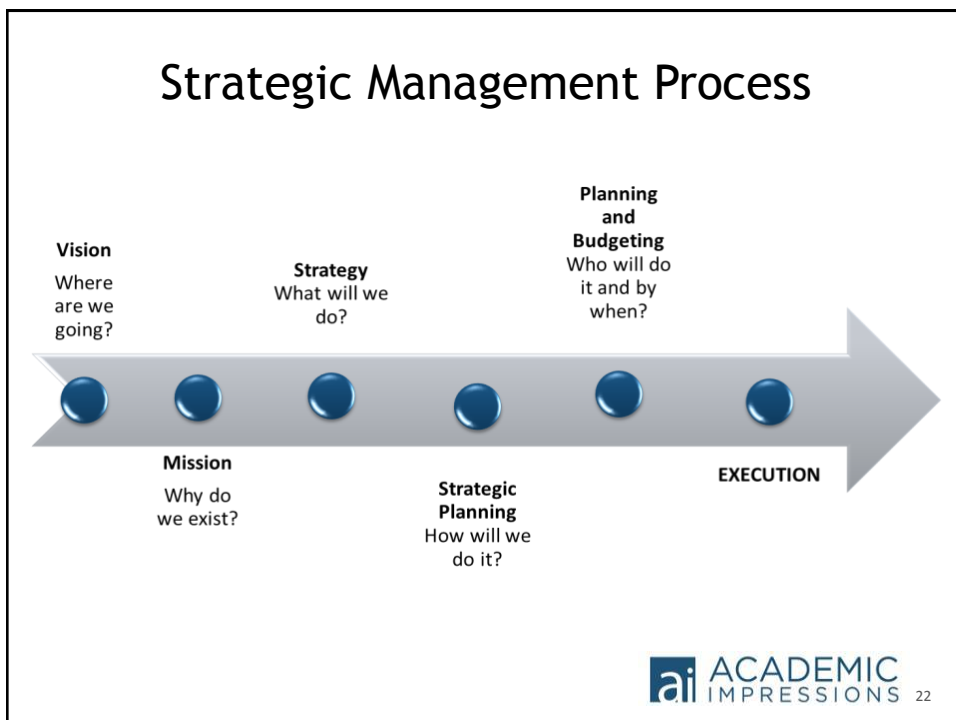
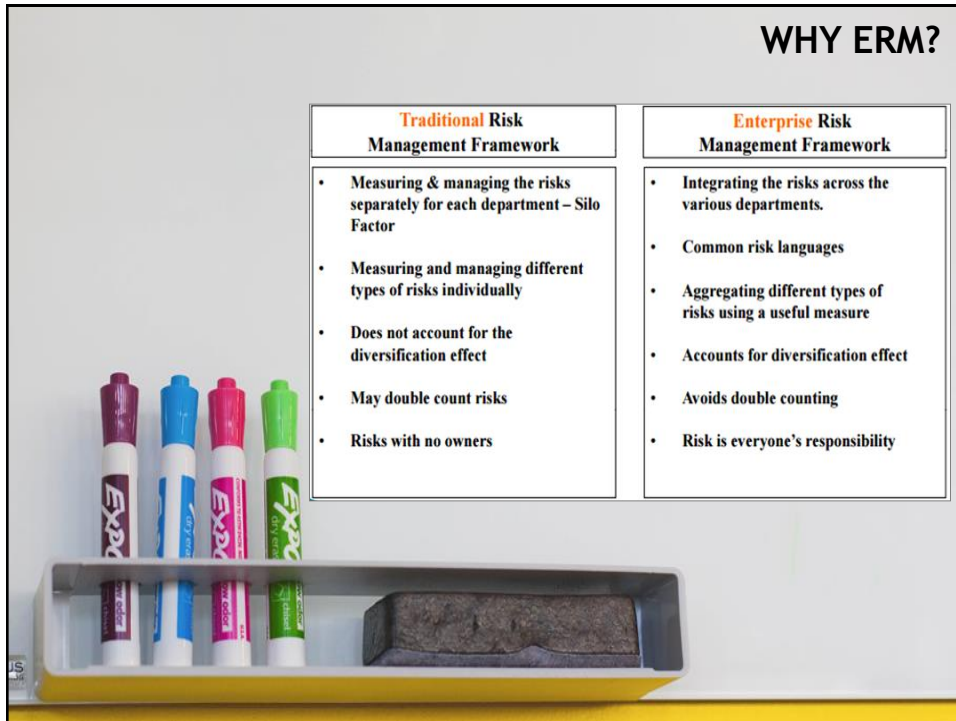
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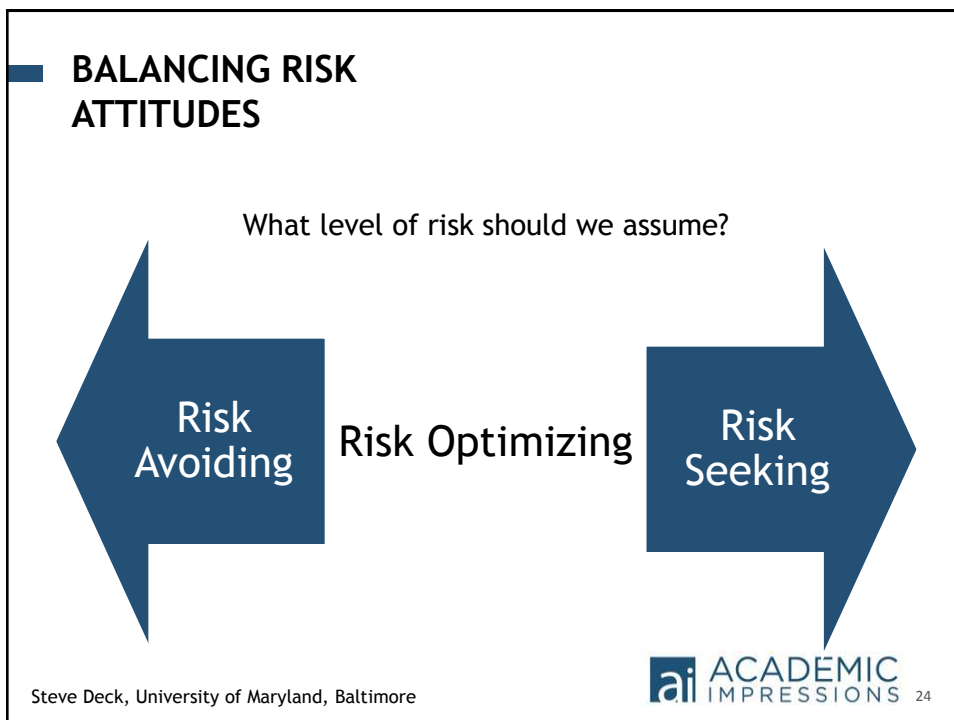
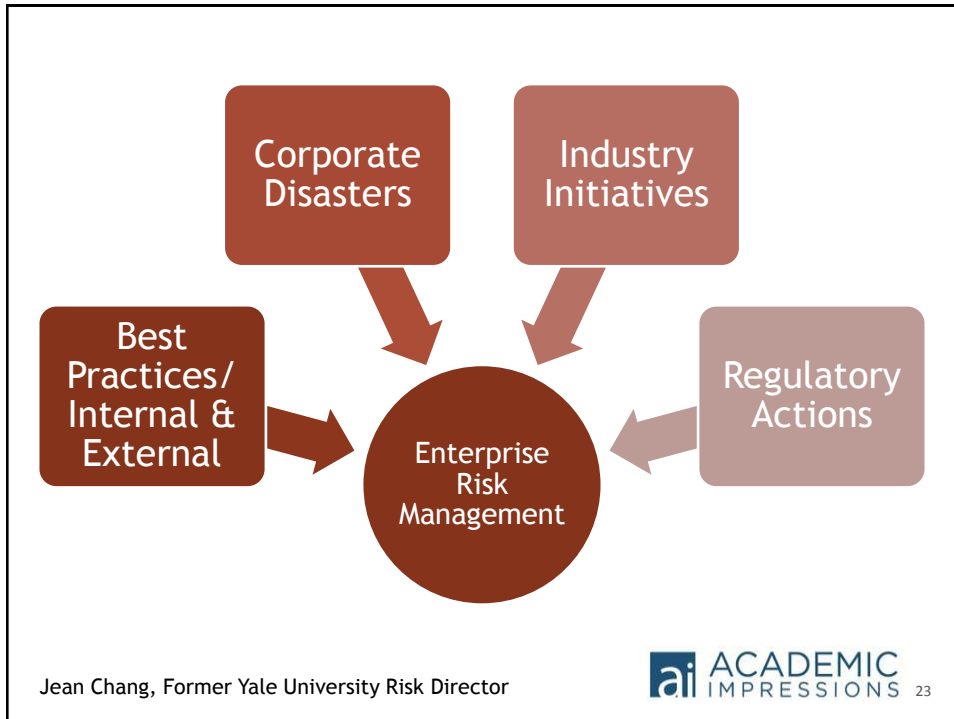
### ERM?

Institution-wide process to identify, evaluate, prioritize and manage risks inherent in university operations

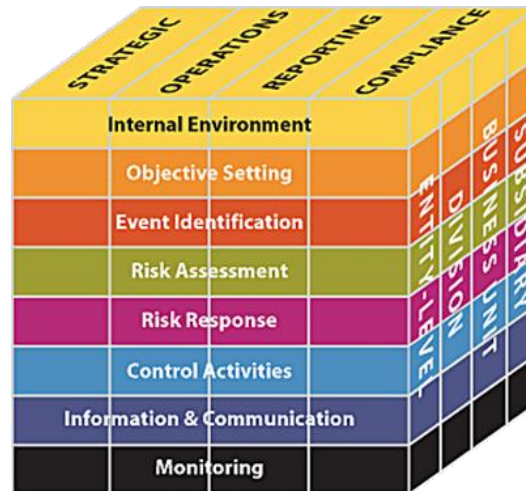
Becomes a process built into routine business practices

Tied to strategic objectives





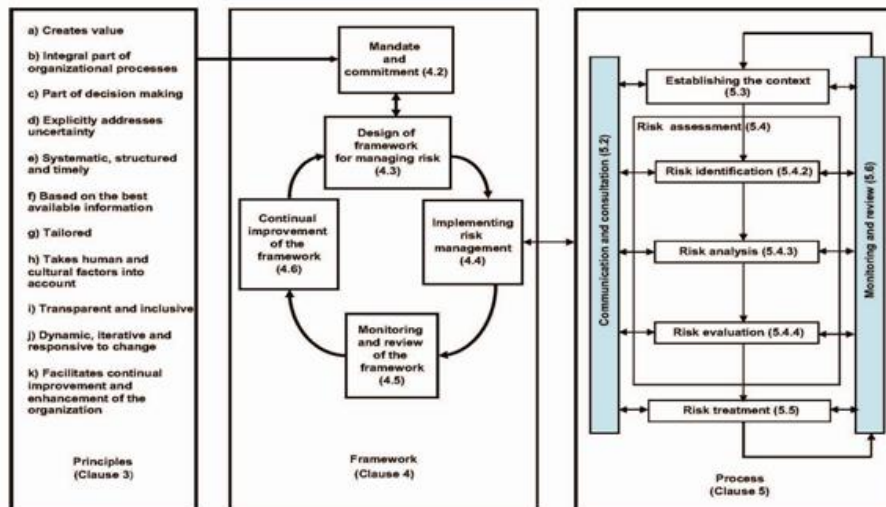
## THE COSO ERM FRAMEWORK



[www.compliancysoftware.com/solutions\\_enterprise\\_risk\\_management.html](http://www.compliancysoftware.com/solutions_enterprise_risk_management.html)

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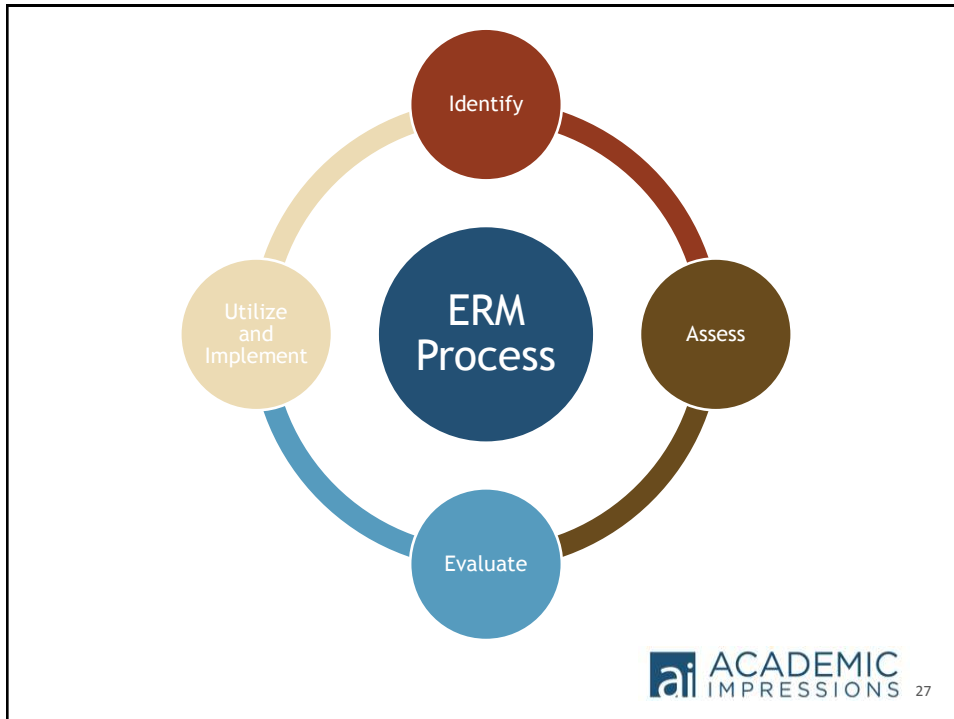
## ISO 31000 FRAMEWORK



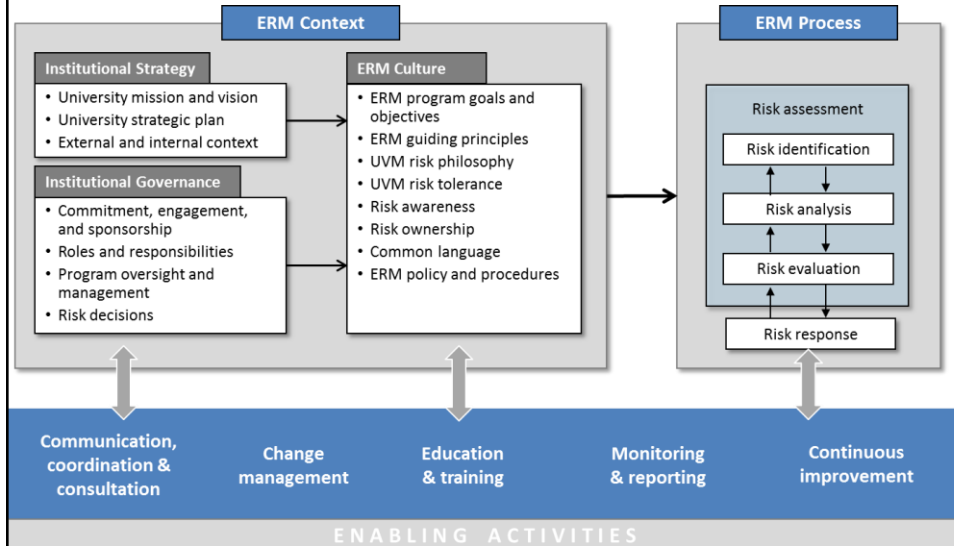
<http://www.iso.org/iso/home/standards/iso31000.htm>

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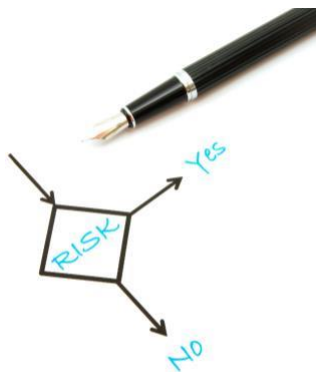




## TRANSLATING TO THE HIGHER EDUCATION ENVIRONMENT: UNIVERSITY OF VERMONT ERM FRAMEWORK



## ELEMENTS COMMON TO ALL FRAMEWORKS



- Rationale for managing risk
- ERM goals and objectives
- Oversight and management structure for ERM process
- Implementation plan
- Risk management process
- Risk reporting methods
- Communication
- Monitoring

## STAGES OF ERM IMPLEMENTATION



[Carol Fox \(2011\)](#)

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## Enterprise Risk Management for Higher Education

[Conference Information](#)



June 10-11, 2015 - Atlanta, GA

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## WHY YOUR INSTITUTION SHOULD CONSIDER PURSUING ERM NOW

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Risk, in one form or another, is present in virtually all worthwhile endeavors.

We recognize that not all risk is bad, and our goal is not to eliminate all risk, for by doing so we would cease all productive activity.



Rather, our goal is to assume risk judiciously, mitigate it when possible, and prepare ourselves to respond effectively and efficiently when necessary.

Emory University

## PRIVATE INDUSTRY VS. HIGHER ED



In private industry, boards and CEOs routinely consider risk in strategic planning.

According to a recent study by Association of Governing Boards and United Educators, higher education is lagging behind.

- 60% of respondents said their institutions do not use comprehensive, strategic risk assessment to identify major risks to mission success
- 5% of respondents said their institutions have exemplary practices for management of major risks to mission success
- See [www.agb.org/research](http://www.agb.org/research) and [www.ue.org](http://www.ue.org) for more details on the survey results

## ERM BENEFITS

Coordinate risk  
activities

Improve  
performance

Improve ratings  
agency scores

Guide strategic  
planning

Reduce costs

Improve cross-  
silo  
communication



## COMMON ERM CHALLENGES

- Identifying executive sponsors
- Establishing a common risk language
- Describing the organizations risk appetite
- Identifying and describing the risks in a "risk registry"
- Implementing a risk-ranking methodology to prioritize risks
- Establishing a risk committee and/or Chief Risk Officer (CRO)
- Establishing ownership for risks and responses

Steve Deck, University of Maryland, Baltimore



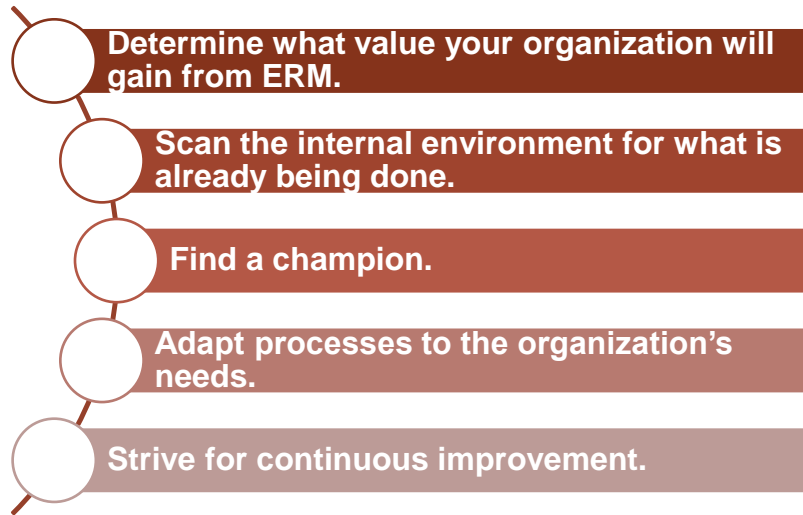
## MORE COMMON ERM CHALLENGES

- Demonstrating the cost-benefit of the risk management effort
- Developing plans to ensure the risks are appropriately managed
- Developing consolidated reporting for various stakeholders
- Monitoring the results of actions taken to mitigate risk
- Developing methods for 3rd party and remote employee participation

Steve Deck, University of Maryland, Baltimore



## FIVE STEPS FOR TRANSITIONING TO ERM



Source: RIMS Executive Report *Transitioning to Enterprise Risk Management*. All Rights Reserved.



## CHAT

**What is one challenge that you face on your campus as it relates to ERM?**





## EVALUATION

### Thank you!

Please remember to complete the event evaluation.  
Your comments will help us continually improve the  
quality of our programs.

<https://www.surveymonkey.com/s/QPW3PWC>

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