

# The 2010 Enterprise Risk Management Program

## Executive Summary

---

**Introduction** – The 2010 Enterprise Risk Management Program is an innovative and holistic approach for the implementation of an SEC compliant enterprise risk management program. It reflects the hard-earned lessons learned from risk management failures at financial services, insurance, professional services, manufacturing, commercial real estate, retail, and technology corporations. It also reflects thought leadership and best practices from the most successful organizations.

The approach leverages the corporation's existing investment in employees, methodologies, frameworks, industry standards, policies, procedures, models and infrastructure, where possible. It enhances the understanding of risks through training conducted throughout implementation. Directors, senior executives, managers and staff benefit from uniform, timely and accurate risk management reports and dashboards, with drill-down information.

**Directors** – Risk management is a major issue for directors. It is imperative that directors increase their understanding of major risks facing the corporation and access to tools to research major risks so they can independently validate senior executive claims. Business judgment rules only protect directors that are actively engaging senior executives.

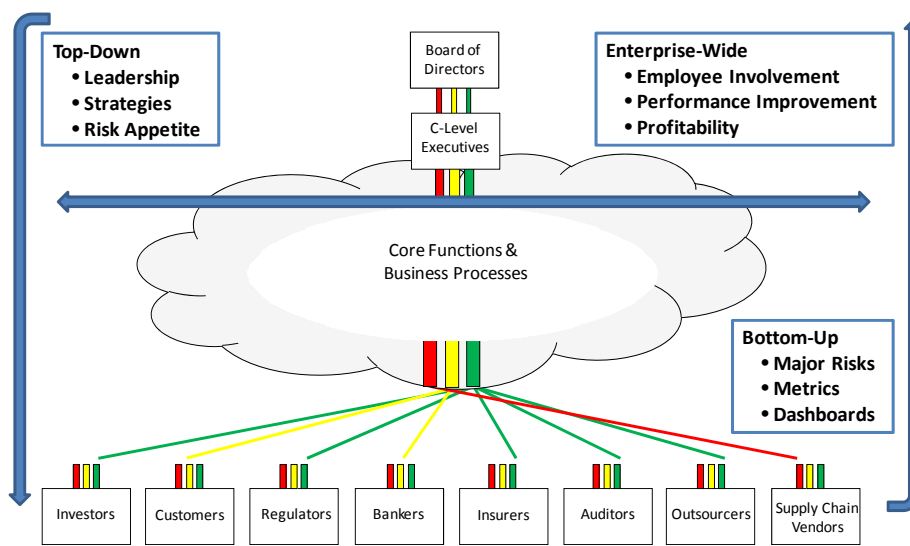
**Senior Executives** – It is critical that senior executives maintain a keen awareness of major risks and opportunities. Uniform, timely, accurate and complete risk information improves corporate communications and decision making, allowing senior executives to take risks that create greater stakeholder value.

**Federal Legislation and the SEC** – The federal government has increased its focus on corporate risk management. Pending legislation requires directors and nominees to disclose their risk management experience, qualifications and skills. The SEC has also released new rules requiring disclosure of the board's risk management oversight.

**Lawsuits** – Risk management failures will expose directors and corporations to more aggressive lawsuits in the coming years such as Toyota's shareholder class action lawsuit and the car owner civil RICO class action lawsuit.

**Analyst Evaluations and Credit Ratings** – Credit rating agencies are now including enterprise risk management assessments in their corporate credit rating process.

**Approach** – Directors and senior executives prioritize the top-5 corporate strategies and establish a corporate risk appetite. The working committee starts with the highest priority strategy and works it down the enterprise taking into account existing risks, processes, methodologies, frameworks, metrics and employee risk awareness. On the way up and across the enterprise, gaps and overlaps are eliminated, risk processes are aligned, new risks are identified, metrics are created, dashboards with drill-down information are developed and employees are trained.



For a complete copy of this innovative and holistic approach for the implementation of an SEC compliant enterprise risk management program, please contact Glen Boyls at 703.864.7046 or [glen@amxi.com](mailto:glen@amxi.com).