



The Basics of ERM

2017

What is ERM

- ERM = Enterprise Risk Management
- A process designed to raise awareness, and encourage control of risk throughout every level of an organization
- Not only insurable risks, but also risks that impact operations, strategy, financials and reputation

Why ERM?

- Stewardship - as members of the Reed community we are all stewards of the resources available to educate students.
- ERM helps us to ensure our activities and decisions use these resources in a way that:
 - Best fulfills the Colleges' mission to educate students
 - Ensures their availability to future generations
 - Values critical thought and creativity in their application



Identifying Risks

Practical guide to identifying and classifying risks

Objective in Identifying Risks

“To capture risks that would prevent me from achieving my objectives, short and long term.”

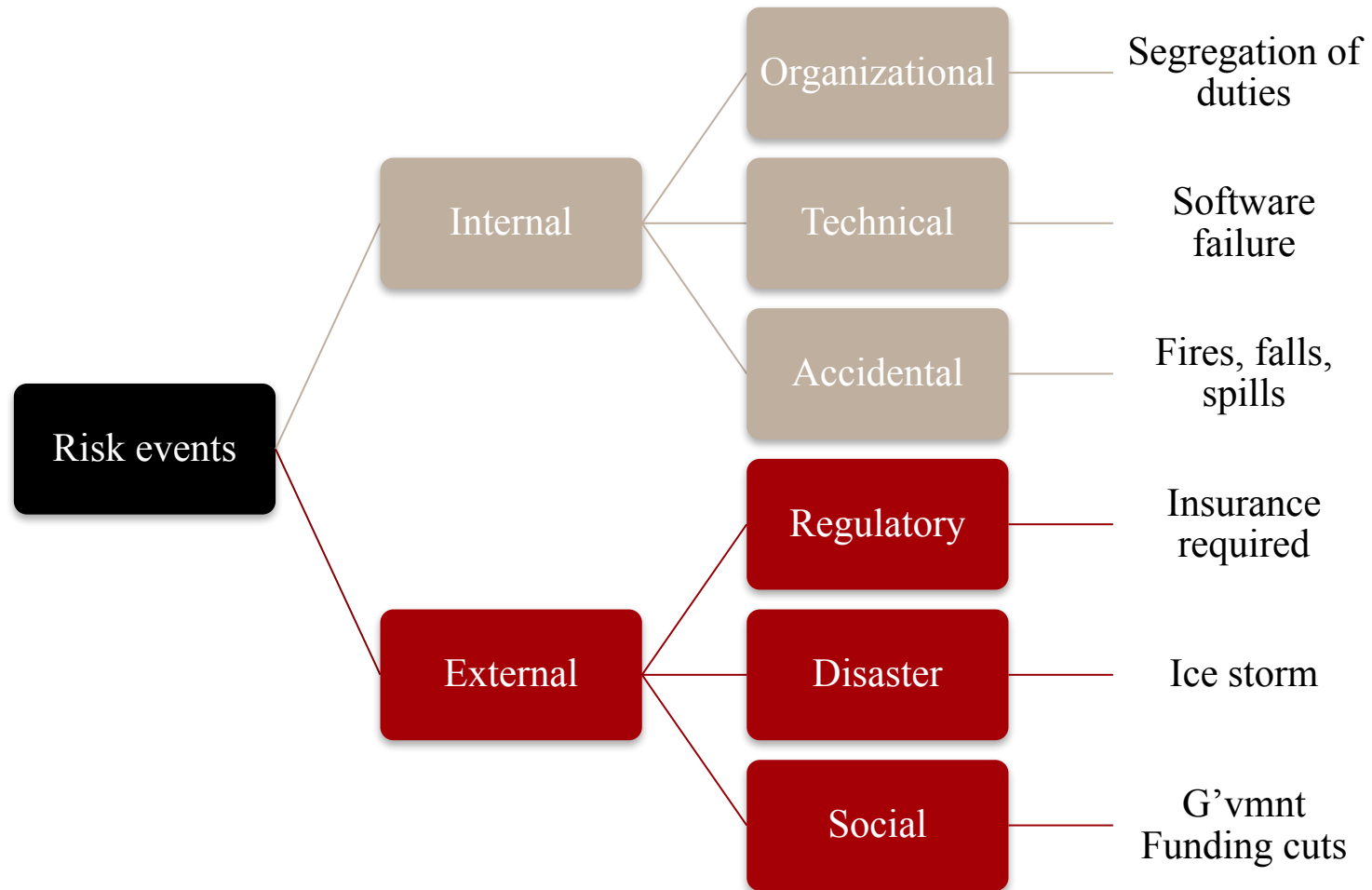
- Includes looking at the tools and processes that are necessary to ensure smooth daily operations, as well as potential accidents, other traditional risks, and the after effects this could have.
- Can also include potential opportunities that are lost, such as not adopting new techniques, processes and systems

Framework for Identifying Risks

- The next slide has a framework to help identify risks in various areas.
- For each category it can be helpful to think about the statement in the last slide:

“To capture risks that would prevent me from achieving my objectives, short and long term.”

Framework for Identifying Risks



Framework for Identifying Risks

Below are examples of what might be included in each of the framework categories.

- **Organizational** deals with the infrastructure and organization and how it relates to operations
- **Technical** is associated with IT, equipment, specialist skills
- **Accidental** would capture injuries, spills and other internal events
- **Regulatory** covers legal requirements, insurance
- **Disaster** includes bad weather, major accidents
- **Social** encompasses economic environment, changing social attitudes, government funding, reputation

Risk Identification Process

1. Identify risk events and rank them on scale from 1 to 5 for how likely it is to happen, and the potential impact if it does
2. Identify how we will (do) respond to that risk and what actions that might involve
3. Re-rank the risk based on our response for both the likeliness and potential impact

Example

Identification	Ranking
<u>The Risk.</u> The pool needs a lifeguard to be certified or the pool can not be used	We might choose to rank this risk as low likelihood of occurrence, 2, and medium impact, 3, as we know that we can get another life guard, or certificate in a day.
<u>The Mitigation.</u> We have a process in place to make sure to get the certificate on file July 1st each year	Thanks to our mitigation process we think the likelihood of this occurring is now only 1, but there is nothing we do to change the impact so it remains 3.