

**Generating value within
the Risk Ecosystem**

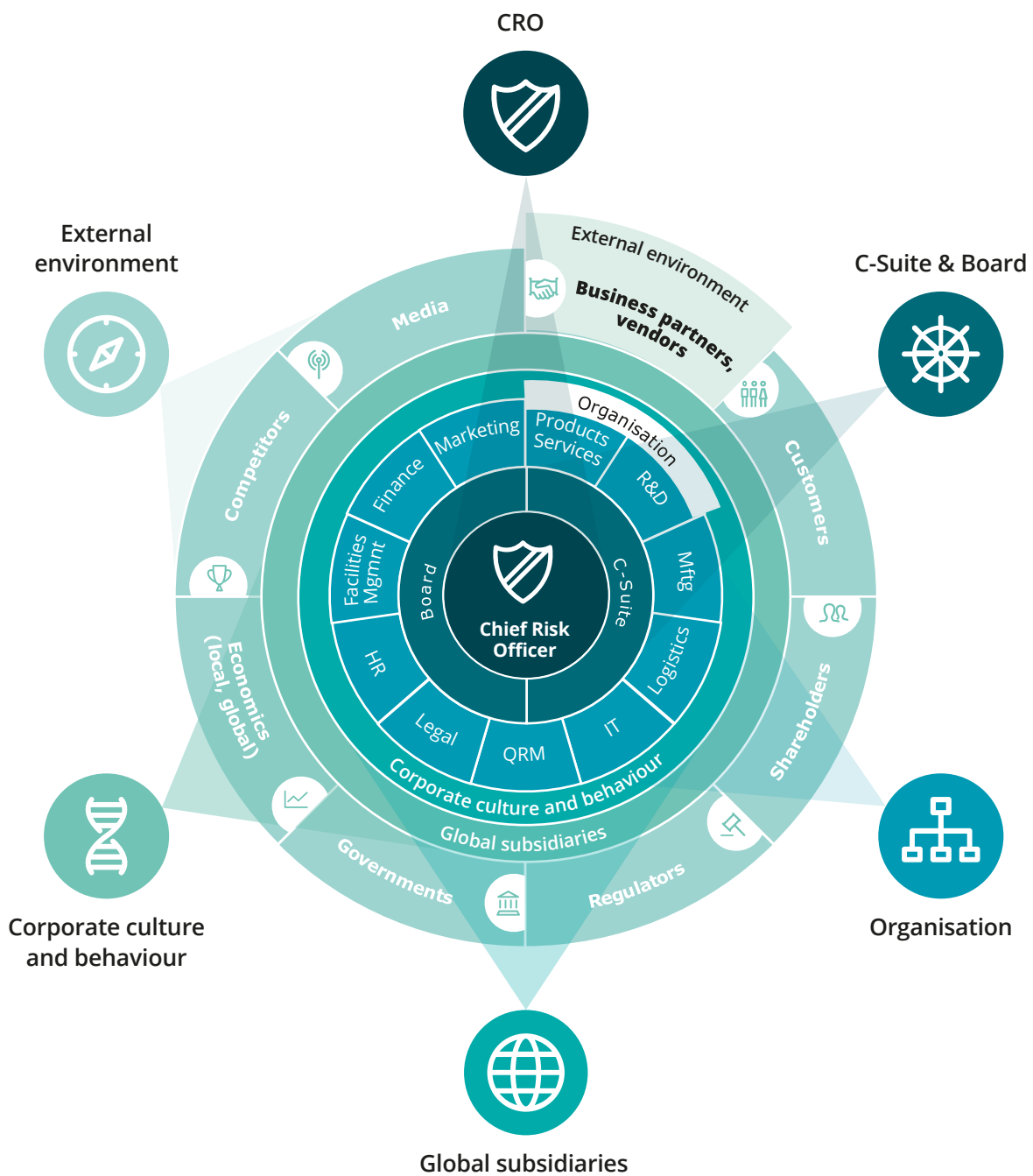
Risk powers performance

Strategic & Reputation Risk



The Risk Ecosystem

Disruption and volatility are impacting today's business climate. CROs and risk executives function in a Risk Ecosystem, where addressing strategic and tactical risks can lead to significant opportunities and value generation. Which roles do they play and what impact do they have?



Risk Ecosystem layers



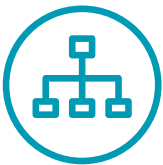
CRO and enterprise risk strategy

The CRO is the corporate executive tasked with assessing and mitigating significant competitive, regulatory and technological risks and with generating value. Together with the C-suite, the CRO focuses on Enterprise Risk Strategy and Management which will vary in complexity depending on the size and focus of the company.



Board and C-Suite

The Board and the C-Suite work with the CRO to fulfil the firm's strategic goals and ensure awareness of risk management and alignment with value creation. They set the firm's strategy and goals together with the Risk function, as well as defining the firm's risk strategy and framework to their environment.



Organisation

Business leadership has to promote a risk management infrastructure and alignment within the organisation as well as building up risk awareness through continuous education.



Global subsidiaries

A connected enterprise with a clearly embedded risk culture and strategy will drive appropriate risk behaviour and adherence to its risk framework.



Corporate culture and behaviour

The tone at the top promotes a risk culture and behaviour where risk awareness is prevalent and employees are empowered to identify and manage risks on a daily basis. This also ensures a crisis resilient culture of trust.



External environment

The organisation has the least amount of influence on risks occurring within the external environmental layer. The organisation needs to be informed and prepared to respond, mitigate and manage eventual socio-political, regulatory and environmental risks arising from the external environment.

Key questions for leaders



CRO and enterprise risk strategy

- Do we need to transform our strategic risk management capabilities? Do we have the right risk culture in our organisation?
- What types of disruptions are we likely to face? What threats or opportunities do these disruptions pose?
- How quickly could we recover when faced with a crisis situation?
- Do we have effective risk monitoring in place at all levels? Are we prepared for any external or internal risks that require a quick response?



Board and C-Suite

- How can we break the cycles of over-compliance and non-compliance?
- Is our organisation setup to monitor and manage risks cross-functionally? Are we effectively tracking meaningful key performance indicators?
- Do we effectively communicate the need for change and the risk of not changing?



Organisation

- Do we have an accountability framework in place to address the most relevant risks?
- Do our performance evaluation and reward systems encourage appropriate risk appetite and risk control?
- Do we have the right level of organisational readiness to collaborate across the business?
- Do we understand our critical data and applications and how they are protected?



Global subsidiaries

- Has our organisation completed a comprehensive third-party risk assessment and, if so, what are the most significant risks we are facing?
- How can we proactively identify, assess, prioritise and manage risks across the whole organisation?
- Do you have the structure in place to trust your subsidiaries?



Corporate culture and behaviour

- Are we open to and allowing innovation?
- Does our culture nurture the right level of risk taking?
- What is our level of risk intelligence?
- How do we move from policies to principles?
- Have we implemented risk awareness effectively?



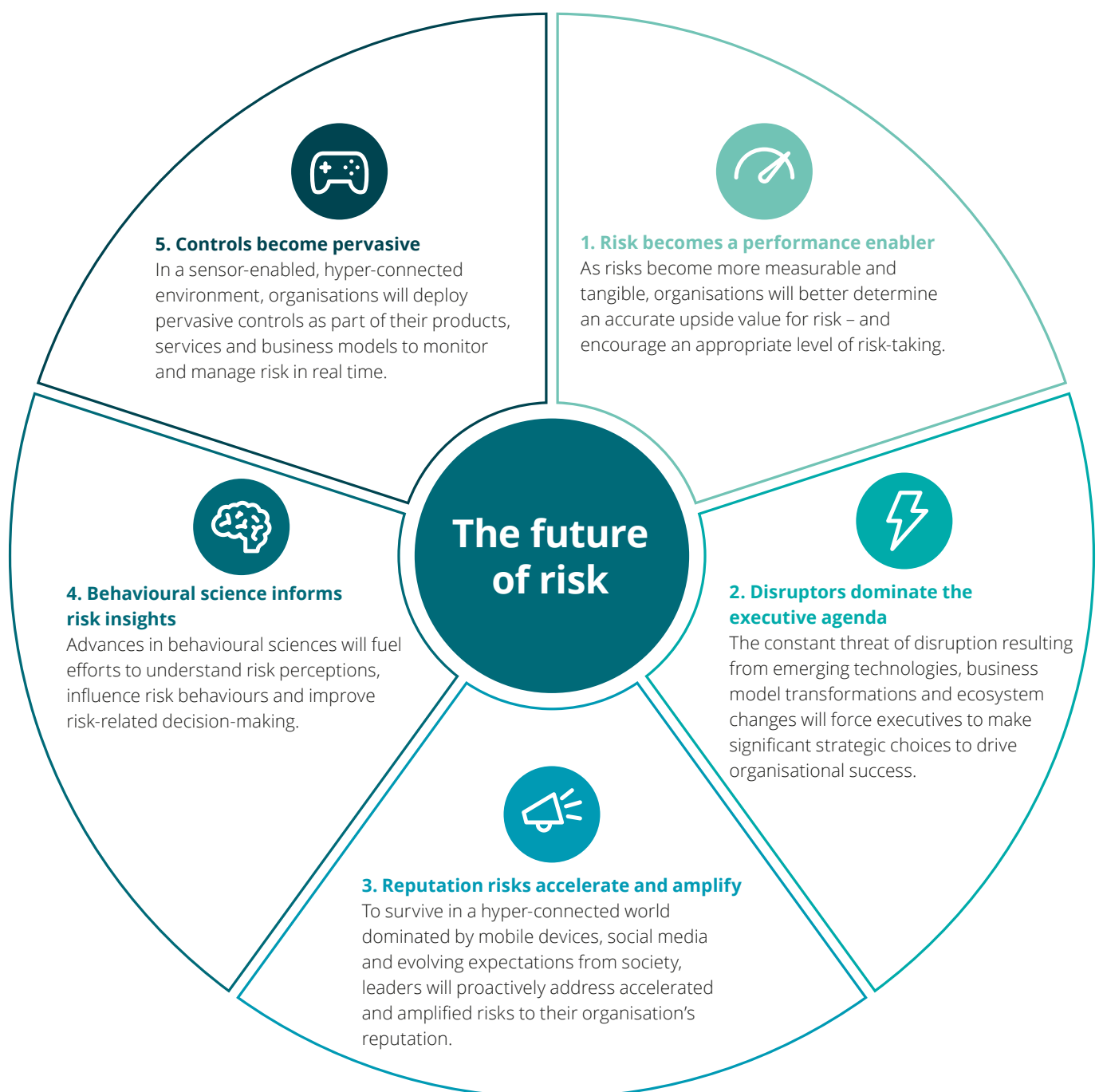
External environment

- How might external uncertainties disrupt our organisation?
- What are the key trends and uncertainties that will shape the future of our industry? What risks will they present to us?
- Do we have the right relationships with our external stakeholders to ensure early awareness of potential risks?

The future of risk

What should leaders be prepared for?

New market dynamics, such as digital technologies and globalisation, have created new risks. What are the trends companies should be aware of and how should they respond to risk?



Turn risk into a performance lever

How we can help turn risk into a value proposition

By understanding risk more precisely at every level of the organisation, businesses can exploit these new market dynamics and create a distinct advantage.

Our Risk Advisory practice actively contributes in the following key areas and can help deliver value creation and value protection.

Strategy

- Address marketplace expectations related to board oversight responsibilities.
- Identify trends and disruptors impacting competitive advantage, market position and performance.
- Identify, monitor and respond to internal and external risks that impact brand and reputation.
- Prepare for, respond to, and recover from crisis events.
- Develop, monitor, assure and report on sustainability missions.
- Assess and design governance, operating models, change processes and programmes.

Regulatory

- Develop strategies to anticipate and respond to regulatory changes.
- Design, implement and operate change and compliance programs.
- Assess, design and implement models, data and technology.

Operations

- Transform internal audit functions through outsourcing, co-sourcing, technology and analytic services.
- Evaluate and manage third party risk through internal control attestation services, audit analytics and specialised audit services.
- Implement risk related oversight and decision making responsibilities for the Board and senior management.
- Implement and operate governance, change processes and programmes.

Finance

- Assess, design and implement governance, processes, models, data and technology, and reporting related to market and credit risk management as well as to capital, liquidity and treasury risk management.
- Transform and improve accounting, finance and reporting processes and controls.

Cyber

- Guide investment and ongoing management of cyber risk programs.
- Establish risk-focused cyber controls.
- Leverage our deep experience with analytic and correlation technologies to develop monitoring solutions.
- Prepare to handle critical cyber incidents, return to normal operations, and repair damage to the business.

Analytics

- Provide competitive intelligence, modelling and disruption predictions.
 - Evaluate dynamic competitive advantage opportunities.
 - Predict compliance issues.
 - Monitor internal resources, capabilities and performance.
 - Detect fraud.
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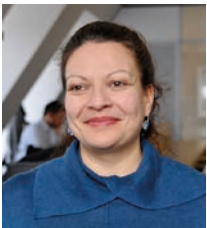
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