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*Strategic, Advanced Content for Today's Finance Leaders*

*Session: 66*

**Enterprise Risk - Making the Leap for  
Your Organization**

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*10/16/2006*  
*3:30 p.m. - 4:30 p.m.*  
*2301/2302/2303*



# Enterprise Risk Management – Making the Leap for your Organization

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# Agenda

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- What Treasury leaders are thinking
- What is ERM?
- ERM strategy
- Bechtel perspective
- Treasury's role in ERM
- How to identify top enterprise risk
- Assessing and quantifying ERM
- Top 10 success factors

# Why is everyone talking about it?

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- Bank of America survey in January 2006 of treasurers and CFOs:
  - 54% currently operating ERM program or expect to be operational within 5 years
  - 70% of companies:
    - treasury taking a leadership role or
    - represented on the risk council

# What is Enterprise Risk Management?

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1. A way to document risks and analyze what a company should do
2. A radically new concept
3. Important to everyone
4. An enterprise-wide framework, analyzing types of risk and how to manage
5. All of the above

# Enterprise Risk Management

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- ERM becoming broad defining strategy
- Treasury
  - Proactive, not reactive
  - Mapping a strategy
  - Playing a lead role

# Strategic Perspective

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- ERM doesn't need to be a burden
- Establish a common language
  - What is risk?
  - How to define risk?
- “All risks are not created equal”

# The Bechtel perspective

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- Why ERM is top of mind
- Challenges of an ERM
  - Overcoming internal silos
  - Lack of common language
  - Appreciation of broader risk organization

# Advancing the effort

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- Getting top management's mandate
  - Expand focus to enterprise wide risk
  - Link to objectives and operational metrics
  - Establish metrics and measurement controls

# Assessing enterprise risk

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- Risk identification
- Quantifying
- Prioritizing
- Risk response
- We can't control the future

# Quantifying financial benefits

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- Bank of America survey:
  - 68% of Treasurers said:
    - “performance monitoring is biggest benefit”
- Six Sigma

# A global perspective

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- Strategic point of view
- Cross functional teams
- Global outlook

# Top 10 ways to execute a successful ERM program

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1. Keep it focused
2. Overcome internal silos
3. Recognize it's not top of mind with everyone
4. Begin with the end in mind
5. Gain appreciation & buy-in
6. Prioritize major risk initiatives
7. Consider COSO framework
8. Quantify, quantify, quantify
9. Don't boil the ocean
10. Lead the effort

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