

BAS *Success Story* Integrated Approach To Risk Management

Engagement Snapshot

- ▶ BAS assumed all responsibility for project documentation to include project charter, project plans, issues and risks list, status reports, meeting schedules, agendas and minutes and an overarching communications plan
- ▶ BAS provided collaborative facilitation to ensure on time delivery of milestones and deliverables
- ▶ BAS provided updates on program activities, executive communications for updating and socializing progress (e.g., interim findings and recommendations)

Primary Client Goals

- ▶ Streamline the cost of compliance, mitigating risk, and delivering on the high standards of value the company sets for itself
- ▶ Enable collaboration across functions and coordinate efforts to optimize resources
- ▶ Develop a forward-looking approach to mitigating risk and ensuring compliance; one that will extend well into the future

Accomplishments

- ▶ Provided hands-on support and leadership in program management of work activities and deliverable
- ▶ Created a framework to ensure company's risk management processes are properly aligned to the corporate goals
- ▶ Created an executive dashboard that provided executives with a complete view of the combined control-function assessments for each individual line of business

Board Advisory Services helps a leading insurance provider's Enterprise Risk Council drive control function convergence

About the Client

This client is a leading provider of insurance and financial services with operations throughout the U.S. and the Latin America, Europe and Asia Pacific regions. Through its domestic and international subsidiaries and affiliates, the client reaches more than 70 million customers around the world and is the largest life insurer in the United States. The client companies offer life insurance, annuities, auto and home insurance, retail banking and other financial services to individuals, as well as group insurance, reinsurance and retirement and savings products and services to corporations and other institutions. The client earns \$44.9 billion in revenue, with a net income of \$4.7 billion.

The Challenge: Siloed Control Functions

Insurance is a highly regulated – and highly litigated – industry. Ensuring compliance, mitigating risk, and delivering the high standards of value it sets for its customers and stockholders are top priorities for the client. Each year the client spends tens of million of dollars funding the vari-

ous control functions that enable the company to meet those priorities. Unfortunately, like so many global firms, these control functions operate in distinct silos, thereby limiting their ability to more fully contribute to the company's financial and control health. If the client could collaborate across the control functions and coordinate efforts, the company would be in a position to optimize resources, reduce redundancies, and increase leverage. Horizontal integration would also allow the organization to achieve more effective risk management through collaborative and multi-disciplined communications. Architecting a business solution that delivered sustainable and repeatable collaboration was a very strategic and conceptual task.

Achieving that level of collaboration across the control functions posed major difficulties for the company. The individual control function leaders were challenged with a lack of bandwidth, both for themselves as well as their leadership teams. The control function executives, while extremely talented and fully committed to excellence, lacked the time, resources and experi-

“BAS created a sense of purposefulness and accountability for the core team to deliver. At the same time, they provided a framework for each of us to do our part, so that all of us understood what contributions we were expected to make, and how we should make them.”

– Project Sponsor and General Auditor, SVP

ence to architect a collaborative, integrated, and forward-looking approach to mitigating risk and ensuring compliance.

Additionally, there was a general level of discomfort when dealing with more strategic and design issues and less tangible and tactical issues. Some of the leadership remained highly skeptical at the value of the exercise, so much so that “Program of the Month” was a concern that was raised by numerous participants.

Board Advisory Services – Architects of Convergence

The client's senior executives tasked with focusing on risk requested Board Advisory Services to help them design an integrated approach to corporate risk management. The senior leadership wanted more effective and efficient – and less painful – control processes. The control

functions needed to improve their performance through increased coordination and reliance, to develop more forward-looking management of risks, and to leverage a more collaborative effort with the business clients. The project leadership was not clear on how to take the seven vertical organizations (representing 500 people) around the globe and design a new operating model. BAS stepped in to work with the program leadership team to create a project structure that would facilitate a solution with maximum participation from the various control functions and definitive accountability for delivering a solution to the executives.

Focusing on their domain expertise in facilitating problem-solving initiatives, BAS was able to restructure the project, aligning talent with elements of the problem, creating clear accountability, and ensuring that each

stream of work was adequately resourced. In this way, BAS was able to identify and capture the valuable insight that resided in the company's control function organizations.

When designing the solution, BAS quickly realized that one size would not fit all in such a large and diverse organization. There were over 1,000 control function staff members alone, and another 60,000 employees across the globe who would ultimately be required to adhere to the policies. Sustainability and repeatability became core principles of the solution, along with providing the LOB leadership with the flexibility they needed to deploy within their organization.

Creating a Customized Solution to Unique Company Circumstances

To respond to the client's opportunity, BAS relied on its proven methodology of working side by side with the management team and providing concise knowledge on an as-needed basis. Their model is to identify gaps, create solutions for driving value, frame the communications so that the solution may be executed, and then step aside for the management team to lead their organization through successful change.

BAS worked closely with the

“BAS was diligent in moving the group forward. They structured the project so that clear levels of accountability and ownership were set.”
– Vice President, Internal Audit

work stream owners and the LOB teams to shape the operating model, create the management and communication tools, and design a framework for execution. Simultaneously, BAS researched best practices and thought leadership on collaboration and risk management. BAS looked at industry benchmarking for program design, effectiveness measurements, and deployment techniques. This allowed the client to validate their plans as well as understand why they might choose a different path to excellence. Additionally, BAS interviewed some market leaders in governance, risk, and compliance programs.

Maintaining project momentum was critical to success. BAS needed to secure buy-in from all of the control functions in order for the project sponsor to meet his deliverable. To ensure momentum, BAS held weekly status meetings with the program sponsor and bimonthly meetings with the executive group.

To organize such a large-scale

program, BAS divided the project deliverables into discrete but inter-dependent streams of work. Each stream of work had its own resources, work activities, and

“BAS got it done and got it done quickly.”
– Managing Director Investments

deliverables. BAS also created limited launch teams that would “pilot” the deliverables to validate and refine with business input. This shortened the time to completion, optimized accountability, and allowed the client to staff the project with key individuals from the various control functions. By using internal resources, the client was able to ensure appropriate transfer of knowledge and skills. The BAS team consisted of only three full time individuals while the client team consisted of 12 part-time leaders and another 12 subject matter expert participants. This allowed the client to

use the key internal individuals who would carry the program forward while at the same time maintaining a very aggressive deliverables schedule.

Executive Dashboard: Valuable Insight Delivered

BAS created an executive dashboard, a communication tool that provided executives with a complete view of the combined control-function assessments for each individual line of business.

The executive dashboard included a line of business report card, critical commentary, top risks for the business, a calendar of activities, and a summarized and analyzed consolidated issues list. This dashboard was designed to create insight and meaningful dialogue in the governance of risk, compliance, and business opportunities.

Tangible Results

BAS provided hands-on support and leadership in the program management of work activities and deliverables for the Control Function Coordination Program. They took responsibil-

ity for all project documentation including project charter, plans, issues and risks list, status reports, meeting schedules, agendas and minutes and overarching communications plan. They also provided executive communications for updating and socializing progress, interim findings and recommendations as well as experienced based, objective content and knowledge on control functions and risk management.

As a result, the client has endorsed the solution design and is fully implementing the solution across the organization. Today, the client's risk management processes are fully aligned to the company's corporate goals.

About Board Advisory Services

Board Advisory Services (BAS) offers the right level of expertise that executives need to gain insight and

evaluate business operations, and to grow the knowledge base of team members so that they may step up to the continuing demands of the enterprise. Clients leverage BAS expertise—stemming from decades of experience in business management and professional consulting—to determine what their next steps should be, and then execute them. BAS offers solutions for governance, business planning, executive business coaching and compliance programs.

BAS

BOARD ADVISORY SERVICES, INC.

CONTACT: T 973.492.1835 F 973.492.1835 www.boardadvisors.com info@boardadvisors.com