

Training Title

DEVELOPING EFFECTIVE KRIs (KEY RISK INDICATORS)

Training Duration

5 days

Training Dates & Venue

REF ML056	Developing Effective KRIs (Key Risk Indicators)	5	22-26 September 202	\$6,000	Istanbul, Turkey
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Training will be held at any of the 4 or 5-star hotels. Exact venue will be informed later.

Training Fees

- \$6,000 per participant for Public Training includes Materials/Handouts, tea/coffee breaks, refreshments & Lunch

Training Certificate

Define Management Consultancy & Training Certificate of course completion will be issued to all attendees.

TRAINING INTRODUCTION

COURSE OVERVIEW

Delivered through a mix of presentations, group discussions and guided exercises, you will learn, step-by-step, the methodology behind preventive KRIs. By the end of the course you will understand the role played by KRIs within an enterprise-wide risk management framework.

You will be ready to develop robust KRIs that allow your board or management to not only mitigate the impact of an emerging risk event at an early stage, but also to change tactics to take advantage of new opportunities presented by altered risk conditions.

OBJECTIVES

During the course you will:

- Discuss the nature and types of preventive KRIs
- Identify root causes and event drivers for each of your key risks
- Quantify risk thresholds in line with risk appetite
- Find out how indicators shape an organization's risk culture
- Decide strategies for effective reporting of risk indicators that lead to management action
- Be able to discuss and evaluate the effectiveness of draft KRIs you have been considering for use in your organization

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WHO SHOULD ATTEND?

We have designed this course to benefit Business Officers, Credit and Operational Managers, Internal Auditors, Consultants and Regulators.

TRAINING METHODOLOGY

A highly interactive combination of lecture and discussion sessions will be managed to maximize the amount and quality of information, knowledge and experience transfer. The sessions will start by raising the most relevant questions and motivate everybody to find the right answers. The attendants will also be encouraged to raise more of their own questions and to share developing the right answers using their own analysis and experience.

All attendees receive a course manual as a reference.

This interactive training workshop includes the following training methodologies

30% Lectures

30% Workshops and work presentation

20% Group Work & Practical Exercises

20% Videos & General Discussions

COURSE OUTLINE

➤ Understanding the need for Better Risk Oversight

Senior executives and their boards of directors are faced with ever increasing expectations for greater risk oversight at a time when an uncertain economy, globalization, advances in technology and evolving business models have dramatically increased the complexity of the business environment. This session will demonstrate what senior executives and boards are doing to strengthen their oversight of enterprise risks and how ERM is becoming a critical component of effective corporate governance for organizations of all types and sizes.

The discussion will cover:

- Recognizing limitations of traditional approaches to risk management
- Understanding the objectives of ERM
- Connecting ERM to growing corporate governance expectations
- Defining board and senior management roles in risk oversight

➤ Overview of Effective ERM and Its Connection to Strategy

Business leaders know they must take risks for the organization to achieve its strategic goals and objectives. But, when they seek to enhance their enterprise-wide risk oversight as it relates to strategic initiatives, they are often uncertain where to start. This session lays out a framework for launching ERM within the context of the organization's strategies to ensure that the launch of ERM is value-adding.

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The discussion will cover:

- Setting strategic objectives with a view of risk and opportunities
- Identifying key objectives before considering risks
- Understand biases that cause us to underestimate risks
- Positioning ERM to be a critical strategic tool

➤ **Techniques for Identifying Risks**

Building upon a rich understanding of the organization's core strategies, business leaders use a variety of techniques to identify the major risk exposures. This session will show examples of techniques organizations are using to identify key strategic risks in the context of their organization's strategy.

The discussion will cover:

- Starting with strategy to engage in risk identification
- Considering critical processes and assumptions embedded in strategies to identify risks
- Identifying risks through interviews, surveys, risk workshops and questionnaires

➤ **Techniques for Assessing Risks**

The risk identification process is likely to identify a number of risks issues that may be on the horizon. Because not all risks are likely to have the same kind of impact on the organization, entities need a process to assess and prioritize risks to identify those that are most likely to have the greatest impact on the organization. This session will focus on processes organizations use to engage business leaders in the consideration of risk probabilities and impact, in addition to other risk dimensions such as velocity and preparedness, to prioritize risks into Tier 1, Tier 2, and other risk categories. This session will show examples of techniques organizations are using to ensure their assessments of risk characteristics are consistently applied across the organization.

The discussion will cover:

- Developing guidelines for assessing risk probabilities and impact
- Considering other dimensions, such as velocity and preparedness/vulnerability to rank-order risks
- Evaluating outlier perspectives, including "tail events"

➤ **ERM in Practice: Real-Life Example of Launching ERM**

This session will feature a senior executive who has been instrumental in the actual launch of an ERM process. The session will provide real-world insights as to what worked well and lessons learned by the organization in its earlier efforts to strengthen the organization's enterprise-wide risk oversight. Practical tips about how to engage executive management

DMCT/OL/9/18(Rev3Dt:23/9/18)

and the board in the launch of ERM will be addressed, in addition to techniques used to engage management in risk identification and risk assessment processes.

The discussion will cover:

- Launching ERM: How to Start
- Key take-aways about what worked well and pitfalls along the way
- Examples of tools and techniques used to identify and assess key risks

➤ **Responding to Risks in Light of the Organization's Risk Appetite**

How does a firm set its overall appetite for risk and evaluate competing strategic initiatives from a risk/reward perspective? How does the organization determine the nature of risk responses in light of the organization's risk appetite? This session will focus on how organizations are taking practical steps to articulate and communicate the organization's appetite for risk-taking across different objectives, and how that drives the nature and extent of risk responses.

The discussion will cover:

- Evaluating risk/reward trade-offs to optimize results
- Defining and setting risk appetite and risk tolerance
- Developing responses to risks in light of the organization's risk appetite.
- Evaluating the implementation of responses to ensure risks are addressed

➤ **Developing Key Risk Indicators to Monitor Strategic Risks**

While executives have access to a number of key performance indicators used to measure performance, they often lack good information to help them stay abreast of emerging risks. Executives and boards are increasingly looking to develop key risk indicators to help them proactively identify risks as they begin to emerge. This session will focus on techniques for developing effective key risk indicators.

The discussion will cover:

- Analyzing root causes and intermediate events that precede the occurrence of risk events
- Identifying measures of intermediate events and root causes of risks that can serve as effective KRIs
- Developing dashboards to communicate KRIs to management and the board

➤ **Communicating Key Risk Information to Management and the Board**

Expectations for effective board of director risk oversight are at all-time highs. This session will explore the information that can be developed to support the board in monitoring the entity's top risk exposures. It will also illustrate emerging best practice examples for senior management and board oversight of ERM.

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The discussion will cover:

- Overview of the board's key roles in risk oversight
- Identifying effective communication strategies for sharing risk information with the board
- Integrating risk information generated by ERM with the board's agenda

➤ Real World Example: Engaging the Board in Risk Oversight

A key component of an effective ERM process is effective communication of risk information to the board of directors. In this session, a senior risk executive will provide real-world examples of how management presents risk related information to the board. This session will show examples of how they format and organize the content to help the board focus on the most important risk issues, while also providing the capability to go deep in sharing details about a particular risk.

The discussion will cover:

- Examples of ERM presentation decks for board of director meetings
- Lessons learned about what to include/not include
- How boards are using ERM to drive agendas of meetings

➤ Developing Your Next Steps for Strengthening Risk Oversight

This session serves as our capstone of the course by helping participants lay out simple first steps, they can take to begin their organizations' journey towards more strategic risk oversight. We'll outline a suggested game plan to help participants keep their efforts simple, but strategic. We'll also address some important cultural considerations.

The discussion will cover:

- Pinpoints how to begin
- Evaluating corporate culture components to consider, including potential barriers within your organization
- Identifying simple next steps for strengthening risk oversight

COURSE OUTCOMES:

By the end of the day you will be able to:

- Understand the methods and strategies for using KRIs efficiently
- Design an efficient indicator program in a risk management framework
- Improve returns as a result of monitoring KRIs.

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NOTE:

Pre & Post Tests will be conducted

Case Studies, Group Exercises, Group Discussions, Last Day Review & Assessments will be carried out.

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