



E-BOOK

The CRO's guide to risk management success.

Actionable steps for experienced, new and future CROs to establish strong foundations, drive risk management initiatives, and build a proactive, risk-aware organisational culture.

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Jared Siddle is Protecht's Director of Risk, North America. He is a Qualified Risk Director who has been Head of Risk Management at three different companies, including two of the world's largest asset managers.

Jared has proven success in banking, fund management and other financial service companies across over 26 countries. He is passionate about governance, risk, compliance and sustainability. He is an expert at designing, developing, and executing customised enterprise-wide risk frameworks.

1 You're the new CRO: What do you do now?

Stepping into the role of a Chief Risk Officer marks the beginning of a journey that is as rewarding as it is challenging.

Your early days are crucial for establishing credibility, understanding the landscape you're operating within, and laying down the frameworks that you need (all of this is also true for the financial risk side of your role, but as operational risk experts, we're going to talk mainly about operational risk here).

From aligning risk management with the organisation's strategic objectives to embedding a risk-aware culture and navigating regulatory landscapes, the focus needs to be about leading change, driving innovation – and ensuring that risk

management becomes a strategic partner that adds real value to the organisation.

What should you do in your first 90 days to lay this foundation? We believe it breaks down like this:

- **Understanding your new terrain**
- **Laying the foundations in your first month**
- **Building momentum: days 30 to 60**
- **Solidifying your strategy: days 60 to 90**
- **Navigating challenges and celebrating early wins**

Understanding your new terrain

Starting as CRO puts you in a prime position to shape the organisation's risk posture and resilience. Your first order of business is to map the landscape: understanding the strategic and operational framework.

To steer in the right direction, you must first anchor yourself to the company's strategic goals. How do these objectives reflect in the day-to-day operations, and where does risk management fit? Begin with the organisation's strategic plan, understanding its mission, vision, and the key performance indicators (KPIs) that matter most. Remember, your success as a CRO is tied to how well risk management supports and enhances these strategic objectives.

At the same time, risk management does not exist in a vacuum. It's part of a complex ecosystem within your organisation, influenced by its structure, culture, and external relationships. Early on, take time to map out this ecosystem. What are the subsidiaries, legal entities, and operational units that make up the organisation? How do they interlink, and what are their respective risk profiles?

This initial phase is about ensuring that when you start implementing your risk management strategies, they're informed, strategic, and aligned with the organisation's goals. Take your time, ask questions, and immerse yourself in the culture.

Laying the foundations in your first month

With a clear understanding of your new terrain, it's time to lay the groundwork for your tenure as CRO. Your primary mission now is to assess the organisation's current risk framework.

Begin by evaluating the risk management policies, frameworks, and tools in place. Are they aligned with the organisation's strategic objectives? Do they cover all critical areas, and are they understood and adopted across the organisation? This phase is also about taking stock of the risk register, understanding the major risks the organisation faces, and how these are being managed or mitigated.

It's also important to engage with key stakeholders. This includes the board, senior management, and

the front-line teams who deal with operational risks daily. These conversations give you insights into the risk perceptions across the organisation, uncover the pain points, and highlight areas for improvement. They're also an opportunity to start building trust and rapport.

Regulatory requirements also need to be on your mind. Start by reviewing the last regulatory interactions, audit findings, and compliance reports, to understand organisation's regulatory standing and any immediate areas that require attention. Plan to meet with compliance teams and external regulators early on – both to understand regulatory trends, expectations, and areas of focus, and to establish yourself as a proactive and engaged CRO.

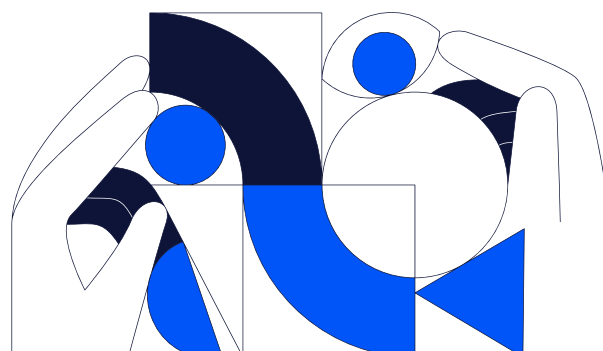
Building momentum: days 30 to 60

Having established a solid understanding of your organisation's risk framework and fostered key relationships, the next phase of your journey is about transitioning from assessment and planning to action and implementation.

Consider the organisation's incident and event capture processes. Are they adequately linked back to your risk and control frameworks? This linkage is crucial for not just addressing risks as they arise but also for learning from them to strengthen your risk posture. Identifying opportunities for automation can significantly enhance efficiency, allowing your team to focus on strategic risk management rather than getting bogged down in manual tasks.

It's also a good time to start building risk awareness throughout the organisation. Engage in conversations about risk with various departments, highlighting how understanding and managing risk

is part of everyone's job. As you start to implement changes and initiatives, keep the organisation informed about what you're doing, why you're doing it, and how it benefits everyone. Develop a communication strategy that includes regular updates, highlights successes, and openly discusses challenges and how they're being addressed – not just for the risk team, but for the whole organisation.



Solidifying your strategy: days 60 to 90

As you approach the 90-day mark, the focus shifts to reinforcing the foundation you've laid and setting a clear direction for the future with a long-term, sustainable risk management framework.

Which strategic risk management initiatives will drive long-term value? This could involve developing a more sophisticated risk appetite framework that aligns with your organisation's strategic goals, enhancing risk reporting to provide richer insights for decision-makers, or integrating advanced risk analytics to predict and mitigate future risks. Developing these initiatives often requires cross-departmental collaboration and resources, so it's crucial to build strong business cases for each project.

The only constant in risk management is change, so embedding continuous improvement into your

risk framework is also essential. This means regularly revisiting your risk assessments, control measures, and risk management processes to ensure they remain relevant and effective. Encourage feedback from your team and the wider organisation to identify areas for refinement. Strong data analytics and regular review cycles will help you keep ahead of changes before they become a problem.

The eventual goal of your risk management strategy should be to embed a risk-aware culture, where employees feel empowered to identify and report risks, and where managing risk is part of everyone's job description. Encourage open discussions about risk, celebrate examples of effective risk management, and integrate risk considerations into decision-making processes at all levels.



Navigating challenges and celebrating early wins

You'll encounter both challenges and successes in your first 90 days. Challenges in the realm of risk management are as varied as they are certain, and facing these challenges head-on with a strategic, thoughtful approach is key:

- **Communicate and educate:** Resistance often stems from a lack of understanding. Take the time to communicate the reasons behind changes or new initiatives and educate stakeholders.
- **Use data:** In the face of external threats or internal gaps, robust data analytics can be your best ally. Use data to inform your strategies and make the case for necessary resources or changes.
- **Foster collaboration:** Challenges are easier to overcome when you're not facing them alone. Encourage a collaborative culture where teams across the organisation come together to find solutions.
- **Seek external insights:** Outside perspectives can provide valuable solutions to internal challenges. Don't hesitate to seek advice from industry peers, consultants, or other experts.

Navigating challenges is crucial, but equally important is recognising and celebrating the early successes in your risk management journey:

- **Building confidence:** Early successes demonstrate the effectiveness of your risk management strategies, building confidence in your approach among your team and stakeholders.
- **Gaining support:** Sharing these wins helps gain support for your risk management initiatives, reinforcing the importance of continued investment in risk management.
- **Motivating your team:** Celebrations acknowledge the hard work and dedication of your team, boosting morale and motivating them.
- **Setting a precedent:** Early wins set a precedent for success, creating momentum for your risk management program, and encouraging a culture of continuous improvement.

Conclusions

Stepping into the role of a Chief Risk Officer requires a proactive, strategic approach, especially within the first 90 days. This period is critical for establishing a solid foundation by understanding the organisational landscape, assessing existing risk frameworks, building key relationships, and setting a strategic direction.

By focusing on embedding a risk-aware culture, aligning risk management with strategic goals, and fostering collaboration across departments, a CRO can navigate early challenges and leverage early wins to build momentum.

Ultimately, the goal is to transform risk management into a value-adding strategic partner that enhances organisational resilience and agility in an ever-changing risk environment.

2 Leading from the front: How to get people on side

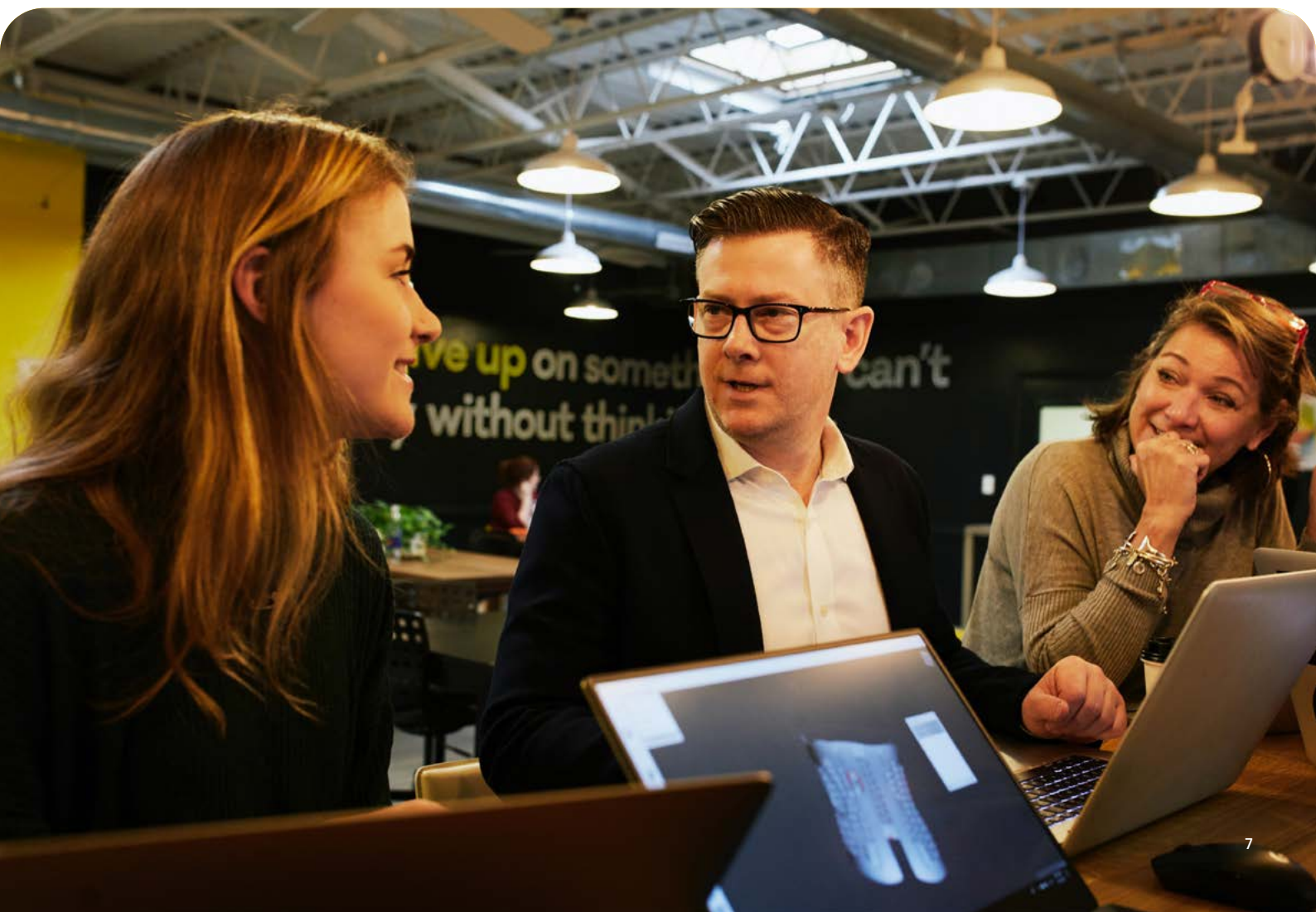
The role of Chief Risk Officer (CRO) brings challenges and responsibilities that can seem daunting, whether you're new to the position or an experienced professional looking to refresh your approach.

You're looking to build a risk management machine that operates efficiently across all levels of your organisation – but you can't do that without getting the individuals in the organisation onside.

This article looks at three critical areas of people management which you need to pursue to build a robust risk management environment:

- **Building an effective risk management team**
- **Fostering engagement with key stakeholders**
- **Collaborating effectively with Line 1 teams**

For new CROs, understanding how to structure your team, engage with stakeholders, and integrate operations with frontline teams are essential steps in establishing your risk management framework. For experienced professionals, revisiting these foundational strategies can enhance your existing practices.



Building an effective risk management team

One of your first and most crucial tasks as a new CRO is to build and manage an effective risk management team.

The initial step in managing an effective team is to thoroughly understand its current structure and the roles of each member. Without a clear grasp of who is responsible for what, efforts can easily become duplicated or critical tasks overlooked, increasing the organisation's risk exposure.

Begin with a comprehensive assessment of the current roles and responsibilities. It's helpful to create a matrix or visual representation of responsibilities that everyone can refer to. Once roles are clearly defined, make sure they are communicated effectively, documenting any changes and providing updates as they occur. Regularly revisiting these roles and responsibilities as the team grows and changes is also crucial.

You also need to assess the skills present and identify any gaps that could impact risk management effectiveness. Surveys, interviews, and performance data can all provide insights into where training or hiring may be necessary to bridge these gaps.

Key person risks occur when a team overly relies on one or a few individuals. To mitigate this risk, implement a strategy of cross-training, where team members are trained in multiple roles, or develop a mentorship system within the team to transfer critical knowledge.

Finally, consider whether the existing team structure is the most effective way to meet current and future challenges. Sometimes, restructuring may be necessary to better align the team with the organisation's strategic goals. Any restructuring should be approached with careful planning, clear communication, and support from human resources.

Actions

- **Conduct an initial team assessment:** Gather data on the current team structure, roles, and responsibilities.
- **Clarify and communicate roles:** Ensure each team member understands their responsibilities clearly.
- **Identify skills and knowledge gaps:** Use skills audits and performance data to determine where enhancements are needed.
- **Develop cross-training and contingency plans:** Address key person risks by ensuring knowledge and skills are distributed across the team.
- **Evaluate team structure regularly:** Be open to making structural changes to optimise team effectiveness in line with evolving business needs.



Fostering engagement with stakeholders

Stakeholder relationships are the bedrock upon which effective risk management strategies are built. Stakeholders can provide critical support or pose challenges; hence, understanding their perspectives and securing their buy-in is fundamental to your success. This includes everyone from board members and senior executives to regulators, auditors, and key personnel in operational roles.

Communication is key to stakeholder engagement. Regular updates and transparent communication about risk assessments, potential threats, and mitigation strategies help build trust and demonstrate the value of the risk management function. To facilitate this:

- **Establish regular briefing sessions with senior management and the board.**
- **Create clear, concise reports that highlight key risk issues and their potential impact on the organisation.**
- **Use technology to ensure stakeholders have real-time access to risk dashboards and reports.**

Actions

- **Establish regular communication channels:** Set up routine meetings and reports to keep stakeholders informed and engaged.
- **Listen and adapt:** Regularly seek stakeholder feedback and be prepared to adapt risk strategies in response.
- **Demonstrate value:** Show how risk management directly supports business objectives to secure ongoing stakeholder support.
- **Foster collaborative relationships:** Build strong, collaborative relationships with all stakeholders to ensure risk management is integrated at all levels of the organisation.

Engaging stakeholders is not just about sharing information; it's also about listening. Regularly solicit feedback on risk management processes and be open to suggestions for improvement. This two-way communication fosters a culture of collaboration and continuous improvement.

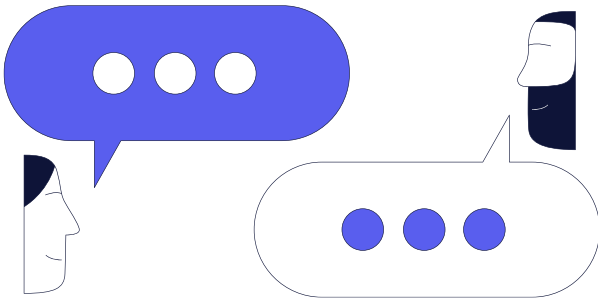
Work closely with stakeholders to integrate risk management into business planning and decision-making processes. This alignment ensures that risk management supports rather than impedes business goals, making it a strategic partner in the organisation.



Collaborating with Line 1 teams

Line 1, typically composed of business unit managers and their teams, is on the front lines of implementing risk controls and maintaining daily operational risk management. Strengthening the partnership between the risk management function (Line 2) and Line 1 leads to a more responsive and integrated risk culture across the organisation.

Identifying and engaging risk champions within Line 1 can significantly enhance the risk management process. These are individuals who are well-respected within their units and have a keen understanding of the specific risks their units face. They can act as pivotal links between their teams and the risk management function, facilitating smoother communication and quicker resolution of risk issues.



Conclusions

The role of a CRO extends beyond managing risks: it's about building a robust foundation for risk management through effective team structure, engaging stakeholders, and integrating operations with Line 1 personnel. The success of your risk management initiatives greatly depends on the people within your organisation, from your risk management team to the stakeholders and the personnel on the front lines.

Providing comprehensive risk training to Line 1 personnel is key to ensuring that they understand their roles in the risk management process. This training should cover not only the basics of risk identification and reporting but also how to implement controls and the importance of enterprise risk management, so staff understand their role within the broader framework.

Such a program involves more than just training; it requires ongoing communication, regular updates on new risks, and refreshers on procedures. Utilise a variety of formats, such as workshops, e-learning modules, and regular newsletters, to keep the information engaging and accessible. Encouraging an open dialogue about risks allows for continuous learning and adaptation, which is crucial in dynamic business environments.

Actions

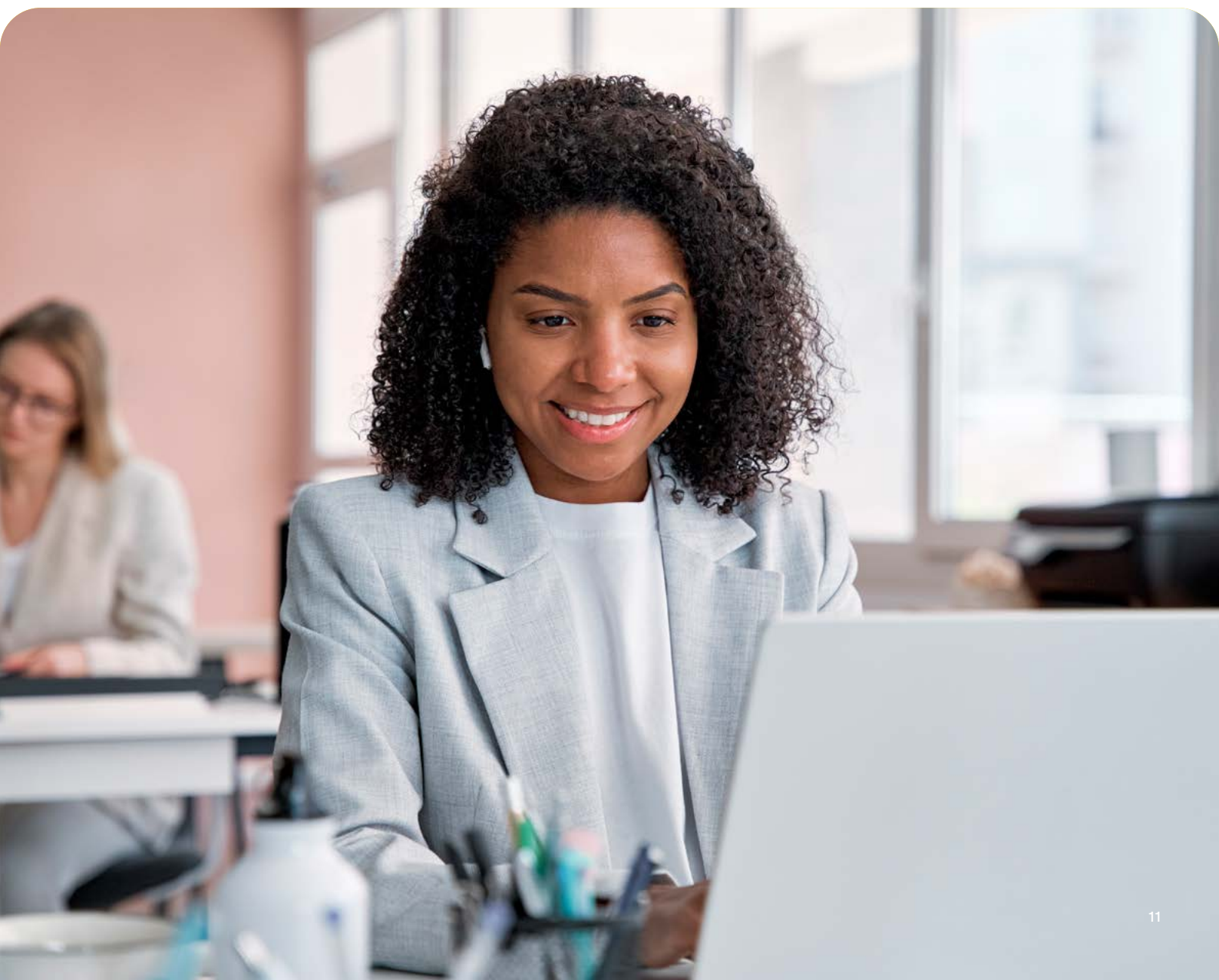
- **Conduct a detailed analysis of Line 1 activities:** Understand the specific risk landscape of each business unit.
- **Identify and empower risk champions:** Select key individuals within Line 1 who can facilitate effective risk management within their teams.
- **Develop and implement a training program:** Ensure all Line 1 personnel are regularly trained in risk management principles and practices.
- **Establish regular feedback mechanisms:** Create channels for Line 1 to provide ongoing feedback on risk processes and challenges.
- **Promote a culture of risk awareness:** Foster an environment where risk management is considered part of everyone's job.

3 Risk and reward: The blueprint for strategic success

As a Chief Risk Officer, your mission extends beyond managing risks – it's about championing a strategy that aligns tightly with your organisation's ambitions, ensuring the resources match the magnitude of your objectives, and nurturing a culture that breathes risk-awareness in its daily operations. You need to mix foresight, strategy, and leadership to both protect your organisation and propel it forward. This article looks at three strategic and cultural pillars that

are fundamental for any CRO dedicated to making risk management a tool for organisational success. Let's explore how you can implement them successfully:

- **Strategic alignment and objective setting**
- **Funding and resources for risk management**
- **Cultivating a risk-aware organisational culture**



Strategic alignment and objective setting

For CROs, the ability to strategically align risk management with overarching organisational goals is essential. In this role, you aren't just safeguarding assets; you're actively shaping the organisation's strategic direction through informed risk decisions.

A fundamental step for any CRO is to gain a deep understanding of the broader organisational goals. Understanding these goals involves extensive communication with other executives and stakeholders to ensure that the risk management framework supports long-term growth strategies.

Begin by mapping out how major risks relate to business goals and identifying areas where risk management can add strategic value. Regular strategy sessions with key business units can help ensure that risk management objectives are integrated into the broader business plans. Adopting a flexible risk management approach that can adapt to the evolving goals of the organisation is crucial. This might involve setting risk appetite levels that correspond with strategic initiatives, or adjusting risk policies to better support new business opportunities.

A CRO should play a critical role in embedding risk considerations into the corporate decision-making process. This involves advocating for risk assessments during the planning stages of new projects and strategic initiatives. By presenting risk analysis as a fundamental component of planning, you ensure that decisions are made with a clear understanding of risk implications.

Effective integration of risk management into strategic planning can take many forms. For instance, a technology firm may incorporate risk assessments into its product development lifecycle to mitigate potential security or compliance risks before they become problematic.

The key points for CROs to achieve their goals around strategic alignment and objective setting include:

- **Conduct a comprehensive risk and strategy review:** Regularly review and align risk management strategies with the organisation's goals to ensure they are in sync.
- **Foster strong communication channels:** Maintain open lines of communication with other C-suite executives and stakeholders to integrate risk management seamlessly into business strategies.
- **Implement risk-aware decision-making processes:** Ensure that risk considerations are an integral part of all business planning and decision-making processes.
- **Educate and advocate:** Continually educate decision-makers about the importance of risk considerations and advocate for their integration into strategic initiatives.



Funding and resources for risk management

Securing adequate funding and efficiently allocating resources are critical for the execution of effective risk management strategies. As the CRO, it's vital to not only understand the financial needs of your department but also to advocate for these resources effectively.

The first step in securing funding is to accurately assess the financial resources needed for your risk management initiatives. This assessment should encompass all aspects of the risk management process, from personnel and technology to training and external consultancy needs.

Once the financial needs are identified, developing compelling business cases is crucial to securing the required funding. These business cases should clearly articulate the benefits of investing in risk management, linking them directly to business outcomes such as reduced risk exposure, compliance with regulatory requirements, and enhanced decision-making capabilities.

Strategic resource allocation involves more than just budget management; it requires a strategic vision that aligns resource deployment with the highest priority risks and business objectives. This means prioritising initiatives that offer the greatest potential to mitigate risks impacting strategic goals and reallocating resources dynamically as risk profiles and business needs evolve.

It makes sense to adopt a risk-based approach to budgeting: allocate resources based on the potential impact and likelihood of risks, ensuring that the most significant risks are prioritised. Set aside a portion of your budget to address emerging risks and unforeseen challenges – and invest in technology that enhances risk monitoring and management efficiency, such as automated risk analysis tools and integrated risk management platforms.

The key action points for CROs to achieve their goals around funding and resources for risk management include:

- **Detailed resource assessment:** Perform detailed assessments regularly to ensure all financial and operational needs of the risk management department are met.
- **Data-driven business cases:** Develop and present data-backed business cases to secure funding by demonstrating the tangible benefits of risk management investments.
- **Dynamic resource allocation:** Monitor risk assessments continuously and adjust resource allocation to respond to changing risk landscapes.
- **Educate stakeholders on resource needs:** Regularly communicate with stakeholders about the strategic importance of risk management resources.



Cultivating a risk-aware organisational culture

Developing a risk-aware culture is important for the long-term effectiveness of risk management strategies. As a CRO, it's essential to foster an environment where risk considerations are integrated into every aspect of organisational behaviour and decision-making.

Creating a risk-aware culture begins with embedding risk awareness into the corporate ethos. As a CRO, you should demonstrate a commitment to risk management in all actions and decisions. This leadership sets the tone for the rest of the organisation. At the same time, implement comprehensive training programs that are tailored to different roles within the organisation, and use regular communications to keep people informed.

The leadership team plays a crucial role in fostering a risk-aware culture. They must actively recognise and reward decisions that align with risk management best practices. Risk management objectives should be included in performance appraisals to reinforce their importance. At the same time, you need to work to create a safe environment for employees to discuss risks and uncertainties.

Effective communication strategies are essential for maintaining a risk-aware culture. These strategies should communicate both successes and failures in risk management openly to learn from every outcome, using a variety of communication methods

to suit different audiences within the organisation. It's important to keep everyone informed about changes in risk status and management strategies through regular updates.

To continually improve risk management processes, it's crucial to implement a structured feedback loop. This involves regularly soliciting feedback on risk management practices from all organisational levels, and acting on the feedback to refine and improve risk management strategies and practices.

The key action points for CROs to achieve the goal of creating a risk-aware organisational culture include:

- **Cultivate leadership advocacy:** Ensure that all leaders within the organisation are advocates for risk awareness and proactive risk management.
- **Expand training initiatives:** Continuously update and expand risk management training programs to include new risks and scenarios.
- **Enhance communication tools:** Develop and utilise diverse communication tools to keep risk management relevant and top-of-mind.
- **Foster open dialogues:** Regularly engage with employees at all levels to discuss and assess risk, fostering a culture of transparency.

Conclusions

Navigating the role of a CRO requires more than just managing the immediate threats; it demands a strategic alignment of risk management with organisational goals, securing necessary resources, and cultivating a pervasive, risk-aware culture.

Strategic alignment transforms risk management into a proactive tool that complements your business objectives, enabling informed decision-making. Securing adequate funding and effectively allocating these resources ensures that your risk management strategies are robust and resilient. And fostering a risk-aware culture embeds risk considerations into the fabric of the organisation, driving support for risk management efforts.

4 Next steps for your organisation's success

Chief Risk Officer checklist.

Download Protecht's 90-day operational risk checklist for new Chief Risk Officers. This checklist is designed to provide both new and existing CROs with a clear and actionable roadmap to help you implement best-practice strategies. It offers practical steps and insights to ensure you are well-prepared to meet the challenges and opportunities of the position.

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Enterprise Risk Management buyer's guide.

This guide is designed to help those who are considering investing in a software solution to support their enterprise risk management (ERM) processes. This includes risk management, compliance, IT/cyber, vendor and third party, internal audit, operational resilience, and workplace health and safety – no matter what part of the organisation they are from.

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ABOUT PROTECHT

Redefining the way the world thinks about risk.

While others fear risk, we embrace it. For over 20 years, Protecht has redefined the way people think about risk. We enable smarter risk taking by our customers to drive their resilience and sustainable success.

We help you increase performance through better understanding, monitoring and management of risk. We provide a complete solution of risk management, compliance, training, advisory and consulting services to businesses, regulators and governments across the world.

Our Protecht ERM SaaS platform lets you manage your risks in one place: risks, compliance, incidents, KRIs, vendor risk, IT and cyber risk, operational resilience, business continuity management, and more.

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