ENTERPRISE RISK MANAGEMENT
BECOMING A RISK-INFORMED ORGANIZATION

Organizations must identify and avoid major catastrophic events. The objective of ERM is to provide enduring management of internal and external risks that threaten achievement of the mission.

Most organizations focus their resources on achieving their goals, not managing their risk exposure. ERM should not be a standalone process, but an integrated element of an organization’s performance management system. An integrated ERM process will generate information in four key areas to help inform the key decisions.

1. Strategic Risk Understanding
   Are the enterprise strategic risks adequately understood?

2. Strategic Risk Tolerance
   Which strategic risks should be accepted? Which should be reduced?

3. Strategic Risk Management
   Which treatments will be most efficient/effective in reducing risk?
   When and how will they be implemented?

4. Risk Management Optimization
   Are performance measures and implementation status monitored to inform which treatments should be increased, decreased, or eliminated?

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Systematic implementation of the ERM Vision will:

- Improve Decision Making by making the decisions more risk-informed and defensible
- Enable Proactive Management of risk rather than reactive actions
- Provide a Comprehensive and Holistic View of the organization-wide strengths and weaknesses, as well as external risks
- Connect Leadership to the Field by establishing a formal feedback loop and enhancing communications
- Support Strategic Planning by identifying risks to the organization’s mission and managing the risks associated with executing the plan
- Link to Performance Management through the development performance metrics for risk treatment actions
- Bring Unknowns to Light through systematic risk identification and analysis
- Validate Investments and support budget justifications
- Align with Government Mandates and best practices (e.g., ISO 31000, COSO, and OMB circulars A-11, A-123, A-50, and A-133)

Our team is unique in that we combine extensive risk management capabilities with technical industry operational experience to assist in identifying and overcoming the challenges in risk management - helping our clients prepare for the unforeseen while at the same time advancing their business objectives.

Federal Agencies with a commitment to Enterprise Risk Management are well positioned to satisfy the revised OMB A-123: Management’s Responsibility for Internal Control Requirements.

Key Steps of the ERM Cycle

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