

The myth and reality  
of the corporate CRO  
An individual or  
a set of capabilities?



## Introduction

Risk management remains at the top of the corporate agenda for good reasons. The economic downturn is challenging existing business models while high profile risk events are raising questions about how businesses manage risk in an increasingly interconnected and volatile global economy.

The Walker Report on corporate governance, in conjunction with regulatory and political pressure, has driven wholesale change in the UK financial services sector, not least highlighting the role of the Chief Risk Officer (CRO). However, to date there has been less focus on what the role of the CRO in corporates should be in the absence of similar regulatory pressure.

In this report we examine the critical questions relating to the appetite for a formalised CRO role in corporates in the context of a greater focus on corporate governance and ethical business conduct. We also explore the scope for further enhancing risk management to address emerging risks and embedding risk management in decision-making more effectively.

## Methodology

Our research is based on 38 in-depth interviews with key individuals across a wide range of industry sectors excluding financial services. In all, we have spoken to 36 companies – of which 30 are in the FTSE 100 – and which represent around 70% of the market capitalisation of the index, excluding financial services companies.

We canvassed the views of three key constituencies: Chairs of the Audit Committee; CFOs; and the CROs/Directors of Risk/Heads of Strategy/General Counsels who hold specific risk responsibility. A number of interviewees hold multiple positions – CFOs with Non Executive appointments and Chairmen of the Audit Committee who also sit on multiple boards – allowing us to compare and contrast different approaches to risk management and in some cases provide several points of contact within a single organisation.

Throughout the report the term CRO refers both to Chief Risk Officers and those holding equivalent positions such as Directors of Risk.

---

“Anybody who says they know the answer in this space is mistaken.”

Audit Committee Chairman, FTSE 100

# Contents

---

<b>Foreword</b>	<b>2</b>
<b>Executive summary</b>	<b>4</b>
<b>The current risk management approach</b>	<b>6</b>
• How is the CRO role defined?	6
• Who is the CRO?	8
• What type of company has a CRO?	9
• Who really calls the shots?	9
• The role of the audit committee in risk management	10
<b>The status quo does not maximise value</b>	<b>11</b>
<b>Implications for the future of risk management</b>	<b>13</b>
• Focusing on the upside	13
• Evaluating emerging risks	13
• Enhancing decision-making support	15
• Streamlining the control process	15
• Developing the future skill set	15
<b>Conclusion</b>	<b>16</b>

---



# Foreword

---

Risk management is a highly topical issue from a governance as well as an executive perspective. Nonetheless, the role of CROs is less well understood in corporates than in financial institutions. This study provides a timely perspective on the risk management roles of CROs, CFOs and Audit Committees in the largest UK public companies.

Deloitte and Hedley May's findings provide a deeper understanding of the balance of skills, process and governance required to take risk management to the next level. It is clear from the report, that both executive and non-executive directors have a key role to play.

It also highlights that corporates would benefit from reassessing their risk management approach given the increased complexity and interconnectivity of the economic environment, as well as the emerging demands for disclosure in relation to corporate strategy and strategic risks.



**Professor Ian Goldin**  
Director  
Oxford Martin School  
University of Oxford





---

“Risk should be part of management and how we manage business, the question is how does it cascade down through the organisation?”

Audit Committee Chairman, FTSE 100

# Executive summary

## The current risk management environment ...

Our research shows that substantial investment has been made in the implementation of risk management processes. However, there is little discernible best practice, instead there is wide variation in the structure and approach taken across the cohort studied. It is clear that:

- most companies have implemented robust risk identification, assessment and reporting processes;
- the majority of companies have built control and review functions tasked with linking the risk analysis to their businesses;
- individuals with explicit responsibility for the management of risk and control exist in many corporates – but only a few are designated as the CRO;
- CROs have delivered significant process, risk and control, and reporting enhancements to their organisations;
- some companies, typically those which have had a large regulatory and/or reputational issue, have implemented a significant cultural change by aligning behaviours with their business conduct principles and corporate value statements; and
- the focus does not appear to be on the role of the CRO – there is little appetite for extending the role and influence of a CRO in companies that have one, and little appetite for creating a CRO role in companies that do not have one.

## ... provides scope for improvement ...

There is scope to enhance existing risk management practices:

- companies describe themselves as being on a journey to improve their risk management capabilities; however, only a few have defined a clear destination;
- there is concern that as risk management has evolved to deal with new risks, additional controls and processes have been added without embedding them adequately in business operations and considering whether they provide incremental benefit. This often results in a silo approach;
- the focus is on developing new capabilities that would enable them to better identify, discuss and deal with emerging risks and low frequency/high impact 'Black Swan' events. This is both at board and executive committee (Exco) level;
- companies are seeking to deliver improvements in an efficient way and are concerned about the level of bureaucracy that risk management can create;
- there is a recognition that the upside of risk needs to feature more prominently. Risk management has to date been focused on downside risks; and
- there is acknowledgment that 'good' risk management can add significant value to the business – in particular through a deeper understanding of the key drivers of volatility and their interdependence.

## ... and an opportunity to achieve competitive advantage

The interviewees recognise that there is room for improvement. However, they do not express an urgent need for change, nor do they express an appetite to follow the financial services industry and establish Exco level CRO positions. Similarly, very few of our interviewees have either undertaken a top-down review of their risk management approach or currently embrace the concept that risk management can be a source of competitive advantage.

From our discussions, we conclude that the solution is not necessarily a single CRO, but more the development of a set of embedded functional capabilities. This should support better decision-making at the Exco level and provide both the executive and the board with a stronger analytical underpinning on key risk-return trade-offs. This will require a set of skills not commonly found in a single executive.

## The way forward

We believe that, based on the findings of the research, the next phase of development can be broken down into two streams. These may require different capabilities and could be pursued independently:

### 1. Decision-making

- a. Support CFOs in their risk-return oversight role;
- b. Create a holistic view of business risk that cuts across silos and management structures;
- c. Provide greater responsiveness in the face of increased complexity and interconnectivity; and
- d. Develop the necessary skill set for a more strategic value-added approach to risk management.

### 2. Control effectiveness

- a. Rationalise risk and control structures to improve efficiency and embed within business processes;
- b. Ensure that data is not merely collected, but used effectively to generate the insight that supports value-added decision-making; and
- c. Create a greater balance between identification of risks (the 'watchtower' approach), and better risk management, risk-informed decisions and responsiveness.





# The current risk management approach

## How is the CRO role defined?

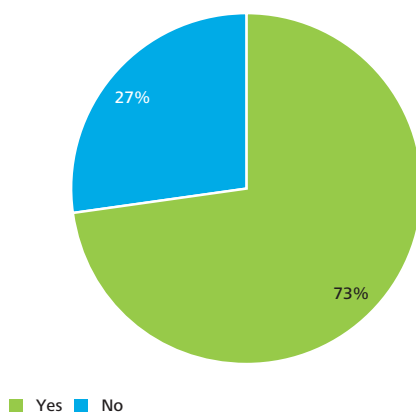
The organisations we spoke to showed wide variation in their structure and approach to risk management. This is directly reflected in the scope and scale of risk functions and is often influenced by the risk profile of the industry, the evolution and maturity of the risk function itself, and the prevailing management culture with respect to risk and control.

To illustrate the point, we found several instances where two companies within the same sector approached risk management in completely different ways. For example, in one of the sectors we studied, one company has a risk function with more than 100 people across a range of risk disciplines such as internal audit, insurance and security. However, another company in the same sector has embedded risk expertise in the line to the extent that there is no discernible risk function at group level.

As might be expected, the larger the risk function, the more diverse its responsibilities, which can include health and safety, insurance and security.

Internal audit is combined with the risk function in 73% of the organisations. This reflects that in many organisations the risk function has been developed as an extension to existing internal audit activities rather than being viewed as stand alone.

Percentage of companies whose risk function is combined with internal audit



A small number of companies have integrated risk responsibilities into the strategy and planning function. Indeed, based on our research there is neither an emerging trend towards uniformity in the definition of the CRO role and responsibilities, nor in the shape and remit of the function that supports it.

Whilst there is significant diversity between the size and shape of risk functions and limited apparent commonality, a more detailed assessment reveals that they typically share four key responsibilities:

- developing the risk management process and framework, and facilitating regular risk identification, assessment and reporting processes, including aggregation of risk profiles;
- providing challenge and review of the risk profile of the businesses as well as continued oversight of the risk management process and framework;
- providing insight into risks and support in developing controls; and
- providing skills transfer and developing improved risk management capabilities.

Managing the flow of information and ensuring it underpins the above responsibilities is also a key component.

Most of the cohort describe how they perceive themselves to still be “on a journey” in terms of the development of risk management. However, few have a clearly defined view of the destination in terms of what constitutes rigorous and efficient risk management and therefore, what capabilities are required to deliver it.

*“It’s a journey – you are chipping away at it constantly while always conscious of the capacity of the business to absorb what we can offer.”*

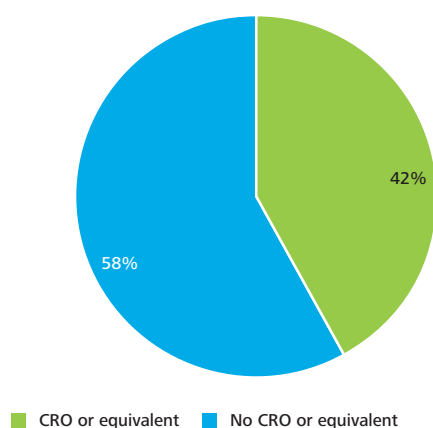
Head of Strategy, FTSE 100, FMCG



Given the lack of uniformity, the CRO role is not well defined. For most companies the role reflects the individual, the executive sponsorship of the position, the culture of the organisation, or specific external events, rather than a desired target state.

The role is given a number of titles – CRO, Director of Risk, or Director of Enterprise Risk, etc. Only four companies in the cohort have a clearly designated CRO role at executive level or at one level below, while a further eight have equivalent enterprise-wide risk positions, including Head of Risk, at other levels. We observe that some companies with extensive trading activities (e.g. energy firms) have CROs that are trading specific rather than enterprise-wide.

Percentage of companies who have CRO or equivalent



As the CRO role and its equivalents hold different levels of seniority there is, consequently, considerable variation in reporting lines. Interestingly, compared to the emerging trend in financial services, very few of the CROs in our cohort are members of the Exco.

*"It is a tough role. As CRO I would like to see more time allocated to risk in oversight committees."*

CRO FTSE 100, Manufacturing

*"The organisation is still grappling with what risk management means and there is a sense that some of the risks we look at are 'not real' as they do not fit on a spreadsheet."*

CRO, FTSE 100, Energy & Resources

The reporting line of the CROs that we have interviewed is heavily weighted towards the CFO, although approximately 20% report to the CEO. Because of the close integration of risk and internal audit, a large proportion of the CROs also have a direct line into the Chair of the Audit Committee.

To date, the CRO role has largely focused on process, compliance and control improvements. In addition, in heavily regulated organisations or those which have suffered a major reputational issue, the CRO has been central to the implementation of a cultural change to embed more ethical behaviours. In some instances, there is also an explicit drive to embed risk awareness into the corporate culture and make it part of "how we do business".

Whilst CROs can point to significant progress in the development of frameworks, processes, mitigation and reporting, the focus is predominantly on downside risks. There is limited evidence of risk being quantified and incorporated in key decisions such as strategic investment decisions. Similarly, consideration of emerging risks and low frequency/high impact 'Black Swan' events appears to be ad hoc rather than a structured activity.

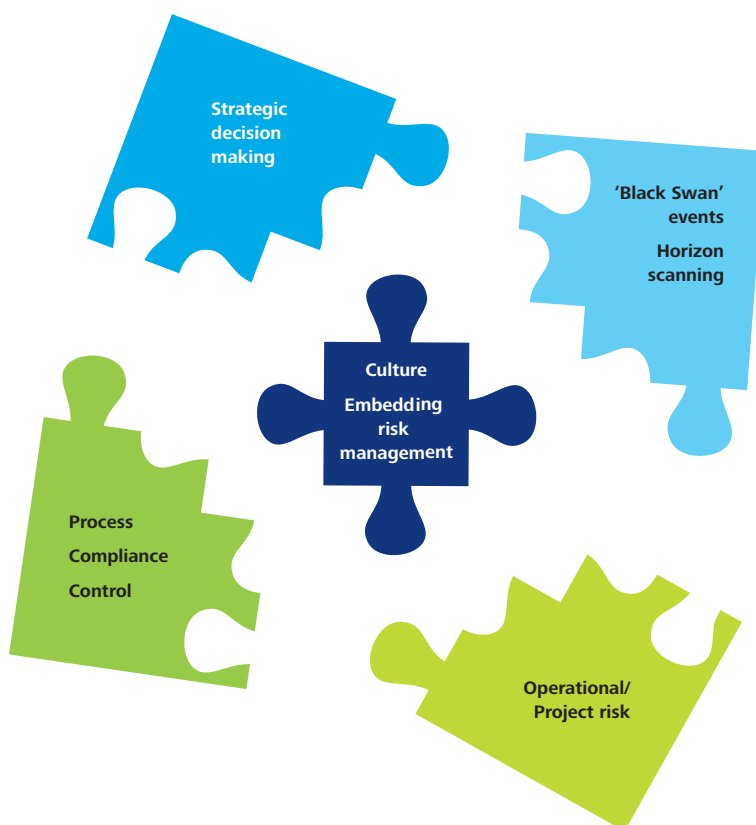
*"A challenge for the risk management function has been finding good risk managers – people who are analytical, commercial, strategic, and have the unlimited passion to make a difference."*

CRO, FTSE 100, Media

We therefore perceive limited connection between risk and strategy based activities, which prevents organisations from achieving an integrated perspective of the upside and downside of risks.

The risk management framework of corporates can be grouped into five key elements as illustrated in the diagram below. Based on our interviews, few companies express confidence in their approach to all of these activities and there is limited evidence that they have been considered in an integrated manner.

**The Risk Jigsaw**



As a consequence, the CRO rarely has responsibility for all pieces of the jigsaw. Instead, for most CROs the focus is currently on the bottom pieces. Many of the risk professionals we interviewed aspire to have influence over the top pieces, but few have made significant progress in this direction.

### Who is the CRO?

CROs come from a range of different backgrounds. Internal audit and legal are most prevalent and may contribute to the controls and compliance focus of risk management approaches to date. There is also evidence that some CROs have played a key role in changing the risk culture of their companies.

When seeking to articulate the attributes required of a CRO, most interviewees find it difficult to highlight the 'role-defining' skills. Upon deeper analysis it becomes apparent that the precise skills required depend on the type of organisation and where it is in terms of the evolution of its risk management approach.

Those companies that are developing their risk management processes and embedding these within their structure require individuals with strong process management skills.

Those further ahead on the journey place greater emphasis on analytical and strategic skills. For heavily regulated industries, or those with a business critical risk, individuals with the relevant technical background or professional expertise to mitigate that risk are in post. For example, lawyers are often at the heart of the risk management infrastructure in regulated industries and we find CROs with strong functional skills akin to their financial services counterparts in businesses with significant trading exposures.

### Influencing is the key

Ultimately, the CRO is defined not by their background and technical expertise but by a more complex set of softer skills. Of these, the ability to influence is perhaps the most critical. The importance of this becomes more acute in decentralised businesses and also the further away the role is from the Exco.

*"Influence is critical to being able to embed processes and make challenges without getting locked out; it allows you to get close to the value decisions."*

CRO, FTSE 100, Energy & Resources

### Strong relationship builder

It is notable that a number of the CROs that we interviewed were chosen from within the business. In discussing the rationale for their appointment, typical responses are: "I was trusted" and "I had strong relationships around the organisation".

These responses again emphasise that technical expertise and experience are not perceived as the key requirements. Individuals need a high degree of trust across the organisation and must be able to draw upon a well-developed network in order to get things done.

### Independence

A number of CROs discussed the journey towards being an independent or objective voice. In essence, the role requires someone with judgement who can challenge the business and be robust enough to stand their ground.

*"Independence is a state of mind, not of being."*

CRO, FTSE 100, Manufacturing

We see a clear difference between CROs in financial services and corporates in terms of the required level of independent challenge and review. This reflects the fact that the corporate CRO has less ownership of individual risks and less ability to enforce mitigation actions, hence they are more process and facilitation focused.

### What type of company has a CRO?

Companies that have embraced the CRO concept tend to be those whose businesses face risks that can potentially ruin or severely damage (either financially, reputationally or operationally) the organisation. However, we recognise that there is a significant difference between enterprise-wide CROs and CROs responsible for a single risk or business line.

There are also some sector specific differences emerging from the interviews. In the energy & resources sector we see a number of organisations with separate CROs for their trading businesses. We also observe that the energy & resources sector is evolving a dual CRO structure, with one branch focused on operational and safety risks and the other concentrating on financial risk. However, only one of these organisations has an enterprise-wide CRO in place with a strong strategic/decision-support focus.

### Who really calls the shots?

Strategic risks and associated risk-return trade-offs in key decisions are seen as an integral part of executive decision-making and interviewees consistently feel that the Exco and business lines 'own' risk.

In stark contrast to the lack of clarity around the CRO role, there is universal agreement on the CFO's pivotal role in risk management. The CFO may not be the sole decision-maker on risk management matters, (the General Counsel is another key influencer), but they facilitate the discussion and consolidate the analysis on behalf of CEO and the Exco. In short, the board has vested responsibility for risk with the CEO, but looks to the CFO to be the embodiment of the risk-return management role and the de facto execution agent for the CEO.

*"Risk is on the board's mind – specifically from a safety and product integrity perspective."*

CFO, FTSE 100, Manufacturing

As the CROs are rarely a member of their respective Exco, there is little uniformity over the executive ownership of the risk management framework and processes. In some companies, Exco members have joint and several responsibility for risks within the business, while others have an individual member of the Exco tasked with owning, understanding and mitigating specific risks.

### **The role of the audit committee in risk management**

The mandate of audit committees is remarkably consistent across the cohort and increasingly includes responsibility for risk management. However, the explicit change from 'audit' to 'audit and risk' committee is a relatively recent development.

*"Risk and compliance functions should help the understanding of risk but not own it, that is for the executive."*

Audit Committee Chairman, FTSE 100

Although many companies have evaluated establishing a separate board risk committee covering the full range of risks, as recommended for financial institutions in the Walker Report, all the companies we spoke to conclude that this change is not warranted given the greater diversity of risks they face.

However, the presence of one or more life-threatening risks, such as safety within the airline or mining industries, tends to be the trigger for evaluating the case for establishing a separate board level risk committee to address these specific risks. In response, a few companies have established a separate board risk committee, to allow for appropriate time at board level to discuss the risks that lie at the heart of the organisation.

A key distinction to make is whether or not the audit committee considers the entire risk profile of the business or focuses on assurance of the risk management process itself. From our research the predominant focus of audit committees is on the downside, mainly operational rather than strategic, aspects of risk. In most cases the audit committee is process rather than content focused. To some extent this reflects that the board considers Exco as having a collective risk management responsibility.

Some non-executive directors comment on the fact that the frequency as well as the time allocated for review and debate of the risk profile is insufficient. Equally, they express some concern regarding the debate of risk in the context of the annual board review of strategy.



# The status quo does not maximise value

Currently corporates do not express an urgent need to significantly re-engineer their approach to risk management and/or develop a formalised Exco level CRO role.

A number of interviewees point out that, in contrast to financial services, corporates have proved reasonably resilient to the financial crisis. Therefore, they see little need to change something that is not broken and question whether there is evidence to suggest that an Exco level role provides sufficient incremental added value.

*"Most CEOs do not want or need a CRO risk conscience. The best risk functions are invisible."*

CFO, FTSE 100, Manufacturing

There is also a concern that multiple layers of risk management structures may hinder business efficiency by creating bureaucracy, which may in turn stifle entrepreneurialism.

Part of the reluctance to change also stems from a desire to avoid duplication with the business, which ultimately owns the risks. In addition there is fear of creating an overlap with the CEO and/or CFO who already see risk management as an integral part of their remit. The potential for duplication also raises the prospect of possible conflicts between the CFO and CRO role should the latter's remit extend into new areas such as risk-return management.

*"We have no appetite for a big CRO, we have a business to run!"*

CFO, FTSE 100, Energy & Resources

On top of the desire to integrate risk into existing business processes rather than creating another silo, it appears that the lack of appetite for a more strategic and decision-making orientated CRO, also stems from the focus of many current CROs on downside risks and controls rather than risk-return optimisation. This can lead to a perception that because of their backgrounds in audit/controls, some current CROs lack the depth of skill, experience and insight required to bring a value-adding perspective to strategic decisions.



*“Risk is discussed at board level, but is mitigated at the coal face, this is the challenge.”*

Audit Committee Chairman, FTSE 100

Where there is an appetite for making significant changes to the risk management approach, specific factors tend to be driving the process:

- external impetus driven by recent corporate or sector experience of crises or significant risk events, for example in the energy sector;
- regulatory requirements for enhanced risk management, for example in the pharmaceuticals industry; and
- legislative developments such as the new Bribery Act, which has prompted firms to evaluate possible disconnects between business values and business practices.

These elements have not converged to create a similar situation to the ‘perfect storm’ that resulted in the push for greater risk oversight in the financial services industry.

While there is no clamour from our cohort for wholesale change, there are nonetheless some notable concerns. A number of companies recognise that their risk management approach is largely focused on mitigating downside risks. Many companies are also struggling, at both the board and Exco level, with how to identify, discuss and deal with emerging risks and low frequency/high impact ‘Black Swan’ events.

This was highlighted as particularly relevant because such events are becoming a more significant feature of the business environment. Specifically:

- low frequency/high impact events appear to be occurring with increased frequency and with higher impact. Companies need to consider the robustness of their business model to cope with these events, given that the drive to reduce costs often reduces system resilience. For example, reduction of inventories and single location sourcing can reduce cost in the supply chain but increase vulnerability and volatility – as shown by the impact on European manufacturers of Japan’s earthquake and tsunami;
- the velocity of risks has increased and organisations have less time to prepare for the impact in terms of losses and increased volatility; and
- the more interconnected and complex nature of the global economy changes the nature of risk. Hence, risk events outside their industry and/or geographical coverage could have a significant impact.

The interviews suggest that few companies have changed their approach to risk management to respond comprehensively to these challenges. From our research we observe that some non-executive directors are seeking to understand what the next stage of the journey would require. We also see evidence that a small number of the cohort are beginning to address explicitly these issues across their strategy, risk and planning processes, and are making progress at embracing and embedding a more value-added approach to risk management.

*“Risk, reward and opportunity should all be part of the cut and thrust of the board discussion at all times.”*

Audit Committee Chairman, FTSE 100

# Implications for the future of risk management

In order to gain a competitive advantage from enhanced risk management practices, organisations should consider adding new capabilities and bringing risk and strategic activities closer together.

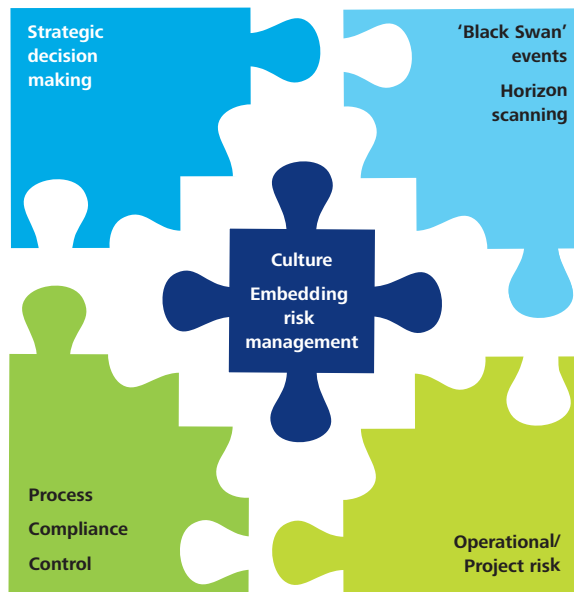
## Focusing on the upside

The solution is not necessarily a single CRO, but more the development of a set of embedded capabilities supporting decision-making without creating additional bureaucracy. The next stage in this evolution would include a move from downside-oriented risk processes to an approach that more effectively balances risk and return in an integrated manner.

*"We are good on the operational risk side, but not on the strategic risks."*

CRO, FTSE 100, Manufacturing

The Risk Jigsaw



A small number of the companies in the survey are already on this journey. For some, this is being achieved by openly asking how risk management can be used to gain a competitive advantage. For others, they have already incorporated this approach into their risk management framework. At one company, for example, all portfolio-significant decisions are evaluated on a quantified risk-return basis.

*"Broad scanning and being able to see the wood for the trees are the critical skills for senior risk professionals."*

CRO, FTSE 100, Energy & Resources

## Evaluating emerging risks

Horizon scanning and input on the business environment will become more critical given the increased complexity and interconnectedness that companies face. This activity may well come under the remit of the strategy function and we already observe this trend in some of the companies we interviewed.

*"There is a lot of research available on big events, but it can be tricky to know how to get something concrete out of discussions."*

Audit Committee Chairman, FTSE 100

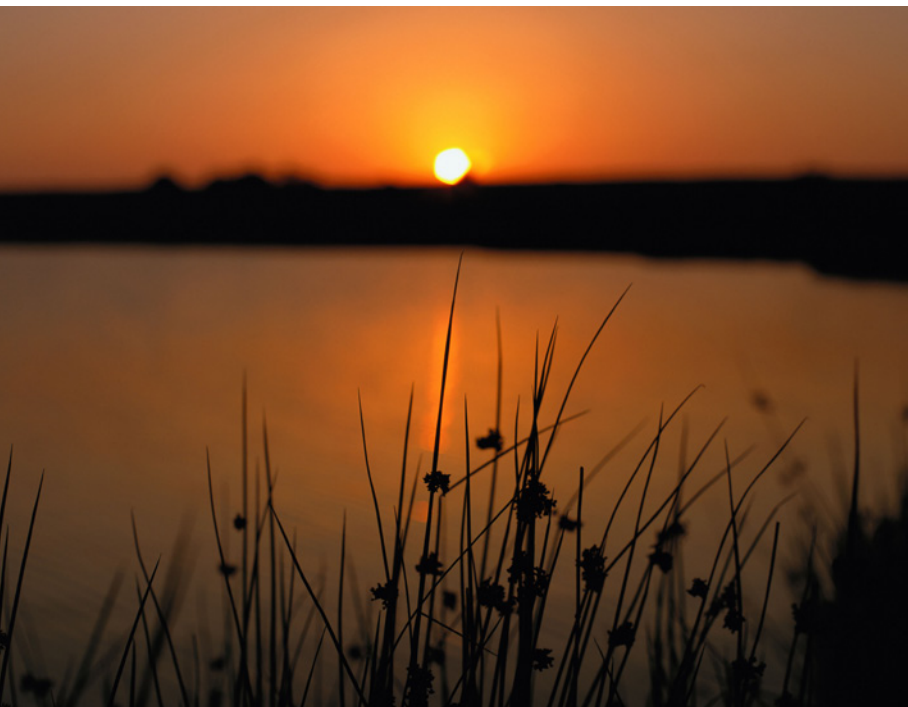
In essence, horizon scanning becomes a 'stress test' on existing assumptions as well as a means of identifying emerging and potential risks that could threaten the business model. This helps create a greater balance between identification of risks (the 'watchtower' approach), and better risk management, risk-informed decisions and responsiveness. For example, one of the companies we interviewed combines an extensive horizon scanning capability with an evaluation of the risk in investment and portfolio allocation decisions.

Developing an approach to understanding and assessing emerging and low frequency/high impact events can help overcome the difficulties of planning for emerging or remote risks. A number of non-executive directors suggest that there may be value to be extracted in more structured input from internal and external subject matter experts.

*"It's very difficult to plan for remote risks and know what forum is appropriate to debate them, given the amount of management time available on a quarterly basis."*

Audit Committee Chairman, FTSE 100

Companies would benefit from allowing adequate time for discussing emerging risks, both on the Exco and the board. There also has to be a recognition that there is a limit to how successful these discussions may be in identifying the currently 'unidentified risk'. Therefore, the discussion would gain from a strong emphasis on how the organisation might respond to potential low frequency/high impact events and their effect on corporate resilience.





## Enhancing decision-making support

There is an opportunity to enhance decision-making support at the Exco level to allow both the executive and the board to have more insightful analysis on key risk-return trade-offs. We anticipate that evaluation of these trade-offs will add most value in budgeting, planning, investment and portfolio decisions. In order to bring a richer perspective, various at-risk metrics such as NPV/IRR-at-risk as well as earnings or cash flow-at-risk are likely to become more commonplace.

## Streamlining the control process

In some instances there is scope to streamline existing risk and control processes throughout the organisation to deliver more cost-effective solutions. These should be aligned to the business's requirements and avoid impeding entrepreneurialism. It is important, however, that any such rationalisation does not jeopardise control effectiveness. Similarly, breaking down existing silos and streamlining existing risk control and assurance activities across the silos is a further potential source of efficiency gains.

*"We all do risk maps and analysis, we have created a lot of process to keep the audit committee happy."*

Audit Committee Chairman, FTSE 100

## Developing the future skill set

As organisations move their risk management approach from focusing on downside risks to upside, they will need to develop a risk capability that has a stronger strategic focus.

*"This is not a tick box exercise: ticking boxes is the enemy of good risk management. What is required is the ability to make connections, see linkages and patterns that can clump together dangerously."*

Head of Strategy, FTSE 100, FMCG

Given that few executives combine a strong operational skill set with high level strategic and leadership skills, a limited number of organisations will have a ready supply of individuals capable of leading the full scope of risk management activities. For this reason, it is unlikely that the CRO role and responsibilities will be shaped around one individual. Instead organisations will have to identify or hire individuals with complementary skills and position them to be able to exert a positive influence on the organisation.

# Conclusion

The research has clearly demonstrated that few companies have taken a top-down approach to changing their risk management approach in response to the economic challenges and recent events. It is therefore unsurprising that few people can currently articulate the answer to the fundamental question: what is the role of the CRO? It is an amorphous role that has been defined and shaped by the incumbents, the aspiration of the organisation, and the level of maturity of the risk management approach.

The role, where it exists, has assisted companies in developing a strong understanding of the risks they face and how they might be mitigated. However, there is a degree of scepticism that, in the absence of regulatory change, investor pressure or further high profile risk events, the role will become prevalent.

*"Anybody who says they know the answer in this space is mistaken."*

Audit Committee Chairman, FTSE 100

It is clear from our research that most CFOs have oversight of risk-return management as a core part of their responsibility. The CFO is therefore pivotal to future developments. In organisations with a well-developed risk and control framework, the role of CRO will add most value if it is clearly focused on supporting the CFO and Exco in decision-making that takes upside and downside into account.

Equally apparent is that only a proportion of current CROs have the full range of skills and experience required to support strategic decision-making. It is not clear, therefore, that further risk management enhancements are necessarily best served by a single CRO.

The solution may be about developing a set of capabilities that provide Exco and the board with a better underpinning for the risk-return trade-offs they face. Developing these capabilities will allow greater focus on the potential to add value, and, as some organisations are already discovering, turning risk management into a source of competitive advantage.

Companies that aspire to gaining a competitive advantage will consider their risk management vision and work towards a desired end state that extends beyond the focus on risk mitigation and control that is prevalent today. This will include thorough consideration of emerging and potential response strategies.

The next stage on the journey should build on further streamlining and embedding the existing processes and practices while adding specific capabilities to support planning, investment, portfolio management and capital allocation decisions. This will also require a clear mandate from Exco to ensure that the company creates a cultural environment that allows for rigorous risk analysis to support the delivery of the corporate strategy.

# Contacts

## About Deloitte

Deloitte LLP offers professional services to the UK and European market from offices in 29 locations and approximately 12,000 staff and partners in the UK and Switzerland. We provide professional services and advice to many leading businesses, government departments and public sector bodies, and publish many influential studies and thought leadership pieces.

## About Hedley May

Hedley May delivers senior level executive search and consultancy services across the critical functional roles which safeguard the smooth running of our clients' businesses. We are acknowledged experts in Legal, Compliance, Risk, Company Secretarial, Internal Audit and Human Resources roles.

## Contacts

For any questions relating to the study, please contact Hans-Kristian Bryn, Ralph Daals, Nick Hedley or Anthony May.

### Hans-Kristian Bryn

Partner, Deloitte LLP

Tel: 020 7007 2054

Email: [hbryn@deloitte.co.uk](mailto:hbryn@deloitte.co.uk)

### Ralph Daals

Director, Deloitte LLP

Tel: 020 7303 8192

Email: [rdaals@deloitte.co.uk](mailto:rdaals@deloitte.co.uk)

### Nick Hedley

Partner, Hedley May LLP

Tel: 020 7858 9430

Email: [nick@hedleymay.com](mailto:nick@hedleymay.com)

### Anthony May

Partner, Hedley May LLP

Tel: 020 7858 9459

Email: [anthony@hedleymay.com](mailto:anthony@hedleymay.com)

## Locations

Page 3. Tintagel Castle, said to be the birthplace of King Arthur

Page 5. Cadbury Castle, reputed site of Camelot

Page 11. Glastonbury Tor, Isle of Avalon, burial place of King Arthur and Lady Guinevere

Page 14. Dozmary Pool, reputed final resting place of Arthur's sword 'Excalibur'

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited (“DTTL”), a UK private company limited by guarantee, and its network of member firms, each of which is a legally separate and independent entity. Please see [www.deloitte.co.uk/about](http://www.deloitte.co.uk/about) for a detailed description of the legal structure of DTTL and its member firms.

Deloitte LLP is the United Kingdom member firm of DTTL.

Hedley May refers to Hedley May LLP.

This publication has been written in general terms and therefore cannot be relied on to cover specific situations; application of the principles set out will depend upon the particular circumstances involved and we recommend that you obtain professional advice before acting or refraining from acting on any of the contents of this publication. Deloitte LLP or Hedley May LLP would be pleased to advise readers on how to apply the principles set out in this publication to their specific circumstances. Neither Deloitte LLP nor Hedley May LLP accepts a duty of care or liability for any loss occasioned to any person acting or refraining from action as a result of any material in this publication.

© 2011 Deloitte LLP. All rights reserved.

Deloitte LLP is a limited liability partnership registered in England and Wales with registered number OC303675 and its registered office at 2 New Street Square, London EC4A 3BZ, United Kingdom. Tel: +44 (0) 20 7936 3000 Fax: +44 (0) 20 7583 1198.

Designed and produced by The Creative Studio at Deloitte, London 14551A

**Member of Deloitte Touche Tohmatsu Limited**

Hedley May LLP is a limited liability partnership registered in England and Wales with registered number OC347527 and its registered office at Sun Court, 66-67 Cornhill, London EC3V 3NB. Tel: +44 (0) 20 7858 9444 Fax: +44 (0) 20 7858 9455.