

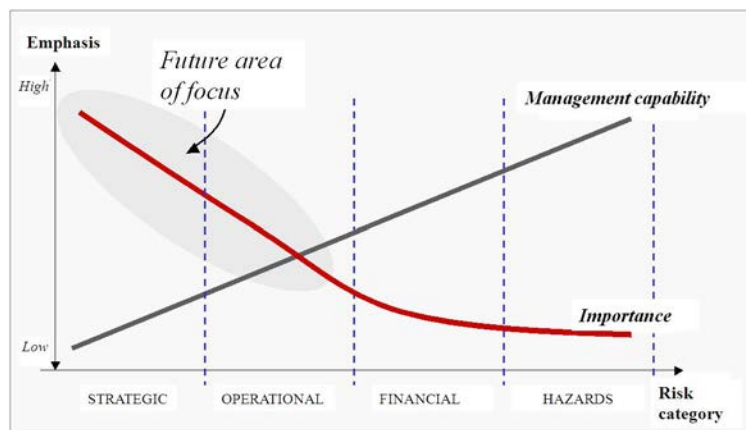


Risk research and knowledge sharing mission in the USA September 7-15, 2011

Risk Management in Extended Enterprises (Risk Mee)

is a research effort formed as a collaborative *innovation consortium* supported by the Danish Ministry of Science, Technology and Innovation with the aim of uncovering tools and processes that deal effectively with operational and strategic risks.

The main objective of the consortium is to provide an overview of academic insights and professional experiences with risk management both at the operational and strategic levels and experiment with various risk management techniques and practices to develop effective approaches to manage risks in large as well as small and medium sized enterprises operating in turbulent global markets.



The purpose of the mission is to broaden and qualify our understanding of risk management by gathering inspiration and learn from the experience of selected academic experts and acknowledged enterprises in the regions around Washington DC and San Francisco, Silicon Valley.

In the following please find a list of questions identified in conjunction with the recent work in the consortium. We hope these questions and issues can inspire the encounters organized throughout these visits to the mutual benefit of all participants. We also enclose short presentations of the participating companies and institutions.

Key questions that have emerged from our search:

How to define strategic risk management

- What is the overarching purpose and main pillars of SRM?
- How can we differentiate effectively between uncertainties and risks?
- When are we dealing with worries and when are they real risks?
- How do we define 'risk appetite' and does it play a role in SRM?
- How do we define a corporate culture that is conducive to SRM?

How to adapt risk management to the corporate context

- What characterizes detailed operational vs. broad strategic risk management practices and what is the interplay between the two?
- Does risk management have a real influence on corporate strategy making?
- How do we consider and account for correlations and dependencies between risk factors (particularly in complex systems)?
- How can we develop effective scenarios for risk analyses and what parameters should we consider?
- How do we ensure an appropriate balance between perceiving risk as threats vs. opportunities?
- How is SRM related to the ideas and practices promoted in crisis and continuity management?
- How do we strike an appropriate balance between centralized and decentralized risk management processes?
- How do we maintain a decentralized engagement throughout the organization?
- What characterizes innovative organizations that respond effectively to environmental risks?
- Are the risk management challenges different across industries and company life-cycles?
- How is effective risk management characteristics manifested in corporate culture?

How to implement risk management

- How do we create, assemble, and maintain effective risk management teams?
- How should we manage risk process roles, ownership and accountability throughout the organization?
- How can we measure SRM effectiveness, and can we impose appropriate resilience tests?
- How do we balance the requirements for efficiencies and performance with the ability to manage future risks?
- What constitutes effective risk reporting and control processes to operations, CFO/CEO, board, shareholders, public, etc.?
- How do we balance effective risk management processes with formal compliance/governance requirements?
- How do we ensure a strategic risk management process without unnecessary bureaucracy?
- How do we impose effective detection and response mechanisms to manage the various organizational risks?
- How can the chosen risk management strategy be reflected in the company culture?
- How do we ensure a constructive balance between innovation and risk procedures?
- How do we transpose the generated risk knowledge from the SRM process to effective responsive actions?
- How do we deal effectively with crisis when the platform is burning, ensure continuity, and the ability to move on?

Main challenges in strategic risk management

- How to identify excellent/best-in-class risk management organizations? What are they doing better? How do they sustain effective risk efforts? Who are on the list?
- What are the foreseeable risk management trends? What will be the greatest changes? Where should we look for new inspiration?

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Our mission is to inspire and develop the builders of tomorrow. Our vision is 'inventing the future of play'. Our values are – Imagination, Creativity, Fun, Learning, Caring and Quality. Key challenges: Simplify risk management regarding ERM and enhancing the opportunities. How to create sound and enough report, level and detail. How to build risk capability to take strategic decisions based upon uncertainty? Specifically, improve testing of strategies (resilience).



Turnover: \$4 MIA
ROS 25 %
Employees:
10.000 (48 Entities –
130 Countries)
Product: LEGO toys

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Nordea is the largest financial services group in Northern Europe with a market capitalisation of approx. EUR 28bn, total assets of EUR 593 bn and a core tier 1 capital ratio of 11 %. Nordea has the largest customer base of any financial services group in the Nordic region incl. new European markets.

A main area of interest is how to manage the operational risks impact on strategic risk.



Nordic customers:
11 million
Employees: ~34.000
Products:
Financial services
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GoApplicate is a small software development company specialized in development of customized business applications of strategic importance. Our projects are characterized by high uncertainty due to the degree of novelty of the application or technical debt in an existing application. Key risk Challenge: Government of upside and downside risks and uncertainties within evaluation and prioritization of business ideas and Lifecycle management of business applications.



Turnover: USD 5m.
Employees: 25
Products: Application
Lifecycle Management
of client specific
software applications

Peter Ohlsen

CFO
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Elos Medtech is a previous small 'garage-company' now grown into a complex regulatory world facing a number of challenges caused by this transition. Key risk challenge: Moving the company the last steps from being a sub-supplier to being a company competing with its current customers by marketing own products.



Turnover: USD 60m
Employees: 400
Products: Medical
devices within Dental
and Orthopaedics

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CBS is one of Europe's largest business schools where teaching and research combine classical business disciplines with math, philosophy, psychology, political science, language and culture to develop new innovative research fields in collaboration with companies.

Key risk challenge: To uncover the key characteristics of 'risk management processes' that enable organizations' to respond effectively to emerging environmental changes.



**Copenhagen
Business School**
HANDELSHØJSKOLEN

Turnover: DKK 1.2
Students: 18,000
Employees: 1,400
Products: bachelor, masters, doctoral, and executive studies - research

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DTI is an independent and non-profit institution. We develop, apply and disseminate research and technology based knowledge for Danish and International business.

We participate in development projects and carry out consultancy, training & testing. We focus on Innovation and Competitiveness, Training and Management, Sustainable Exploitation of resources as well as cost-effectiveness in company and society.



**DANISH
TECHNOLOGICAL
INSTITUTE**

Turnover: EUR million 129
Employees: 974
Services: R&D, consultancy, Education and testing.

**Programme**

Sept. 8: Visit George Washington University
Visit from North Carolina State University

Sept. 9: Visit at Mars Inc.

Sept: 12: Visit Stanford University
Visit from UC Irvine and UC Berkeley

Sept. 13: Visit Hewlett Packard

Hotels**Washington Sept. 7.-10.**

The River Inn, NW Washington D.C. 20037 - <http://www.theriverinn.com/>

Palo Alto, California Sept. 10.-14.

The Cardinal Hotel, California (CA) 94301 - <http://www.cardinalhotel.com/>

We are grateful for the hospitality of the institutions and companies receiving us. We feel convinced that your experience to related issues will give the mission group inspiration to the group. It is our hope that our joint discussions will be of mutual benefit.