

Hey! What's New? 2024-91

Improving Enterprise Risk Management: Five Steps to Success

A recent article in the *Journal of Accountancy*, written by Bryan Strickland, focuses on the results of the 2024 [*The State of Risk Oversight report*](#), which found that "the data summarized in this report suggests that, while there have been steady improvements in overall risk management practices over the 15 years, we have conducted this study, business leaders still struggle to recognize and embrace the benefits that proactive and robust risk management can provide for creating strategic value for the organization."

From the first edition of the report 2009 to the just-released 15th edition, proactive organizational responses that recognize both the dangers of risk and the strategic opportunities of robust risk management have tripled on average across four key metrics, says Strickland.

"Those metrics, however, have remained largely stagnant over the past five years, prompting the report's authors – experts in the value of enterprise risk management (ERM) – to suggest five action items aimed at getting things moving in the right direction again."

The survey that serves as the basis for the report, commissioned by AICPA & CIMA and the ERM Initiative in the Poole College of Management at North Carolina State University, asks each year:

Does your organization:	2024 survey	2019	2009
Have complete ERM in place?	37%	31%	9%
Present board with a risk report at least annually?	64%	62%	22%
Designate a chief risk officer or equivalent?	48%	50%	18%
Have a management level risk committee?	61%	65%	22%

The survey notes that "slowing momentum comes even as 65% of the 377 business leaders surveyed earlier this year reported increased risk over the past five years, with 77% noting at least one 'operational surprise' since 2019."

This year's report is divided into 10 areas of focus, from an overview of the current risk environment and the maturity of risk management practices to barriers limiting risk management maturity. In each focus area, the authors pose five discussion items for management and board consideration.

Using this information, the authors encourage organizations to undertake five actions aimed at getting things moving again:

1. Review the areas of focus and pinpoint one to three areas that offer the greatest opportunity for risk management enhancements.

2. Convene individuals who are part of the executive leadership team and use the five discussion items in the chosen areas of focus to spur robust and honest conversations about risk management.
3. Develop a list of action items that address opportunities for improvements in risk management capabilities.
4. Assign owners to the action items and ask them to create ad hoc working teams to help them address their assigned tasks. Set deadlines for owners to report back to the executive team.
5. Keep things simple and try to not overcomplicate processes, always linking risk conversations to the strategy of the organization.

Concludes the report, “taking these simple steps to engage your organization’s leadership in a substantive discussion about opportunities to strengthen risk management before significant events emerge will better position the organization to be ready for risk management challenges as they emerge. Proactively navigating risks can generate insights that can create strategic advantage.”

Download the report at [2024 State of Risk Oversight Report: 15th Edition | Resources | AICPA & CIMA \(aicpa-cima.com\)](#).