



BUSINESS STRATEGIC RISK MANAGEMENT

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“Risk management in strategy development and implementation”

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SPEAKER



VASILY KUDRIN

- **HLB Vneshaudit** Advisory Practice Partner; audit and risk management and business consulting. Partner and Chief Investment Officer at **Lybrion**, a digital asset management company.
- Professional in finance and business with over 20 years of experience in real sector, finance and advisory.
- More than 300 professional projects and educational events in process organization, risk management, internal control, transformation of corporate systems.
- Vasily Kudrin has current professional international diplomas: CIA (internal audit, since 2004), CFE (investigation and risks of fraud, since 2007), CCSA (self-assessment of internal control and risks, since 2004).
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EXPERIENCE

- Experience in internal audit, corporate governance and internal control in accordance with international and generally recognized standards and recommended practices since 2002 (largest oil company, investment company, retail group, international consulting).
- Participated in the boards and working groups of a number of professional public organizations, such as the Institute of Internal Auditors (IIA), the Association of Certified Fraud Examiners (ACFE).
- Member of organizations in the field of corporate governance and internal control (Association of Corporate Directors (AND), Russian Institute of Directors, RID) and digital investments (RACIB, Crypto Valley), participates in the coordination board of the “Debate Club” that deals with innovations in corporate governance, risk management and control.

DEFINITION

What are “strategic risks”?

MISSION, VISION

They influence the business strategic goals, that in turn correlate with the organization's mission and vision.

MANAGEMENT LEVEL

Associated with decisions made or missed at the highest levels of business management.

EXPANSION, GROWTH

They are related to business expansion, development and growth, with the opportunities that the business wants to receive.

BUSINESS VALUE

Directly and explicitly affect the value of business.

KNOWLEDGE, STANDARDS, RULES

What should be guided for developing an approach to strategic risk management



KNOWLEDGE

Strategy, marketing, business analysis



STANDARDS

COSO, FERMA/IRM, AS/ISO



RULES

Abandonment of strict rules, but dialogue

● Подход COSO (2017)



Governance & Culture

1. Exercises Board Risk Oversight
2. Establishes Operating Structures
3. Defines Desired Culture
4. Demonstrates Commitment to Core Values
5. Attracts, Develops, and Retains Capable Individuals



Strategy & Objective-Setting

6. Analyzes Business Context
7. Defines Risk Appetite
8. Evaluates Alternative Strategies
9. Formulates Business Objectives



Performance

10. Identifies Risk
11. Assesses Severity of Risk
12. Prioritizes Risks
13. Implements Risk Responses
14. Develops Portfolio View



Review & Revision

15. Assesses Substantial Change
16. Reviews Risk and Performance
17. Pursues improvement in Enterprise Risk Management



Information, Communication, & Reporting

18. Leverages Information and Technology
19. Communicates Risk Information
20. Reports on Risk, Culture, and Performance

FEATURES

What are the characteristic features of a strategic business risk management organization

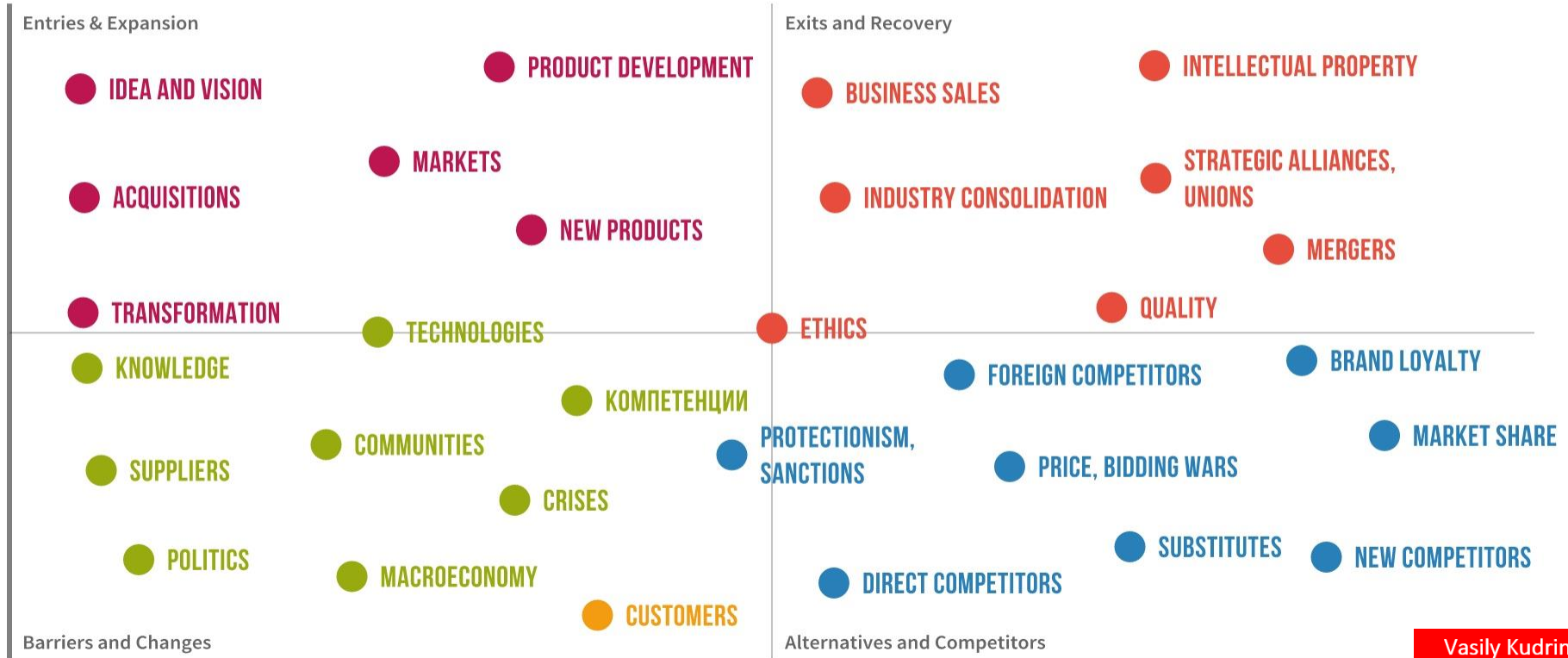


QUALITIES

What are the peculiar qualities of strategic business risk management



STRATEGIC RISKS



STRATEGIC RISK MANAGEMENT APPROACH

Identification, assessment, response planning and monitoring

PLANNING

Clarification of information on structure and business initiatives

Study of external and internal factors and trends

Preparation of Strategic Risk Assessment Program

RISK ASSESSMENT AND PRIORITIZATION

Development of risk assessment criteria

Selective individual assessments of strategic risks; collective (group) risk assessments

Ranking (prioritization of) strategic risks

IMPROVEMENT AND MONITORING

Indicative recommendations

Improvement plans

Monitoring and support of Strategic Risk Assessment Quality Program

RISK IDENTIFICATION

Preparation of Register of Strategic Risks

Identification of risk owners and conducting selective interviews (meetings) to clarify the identification of risks

EVALUATION OF RESPONSES

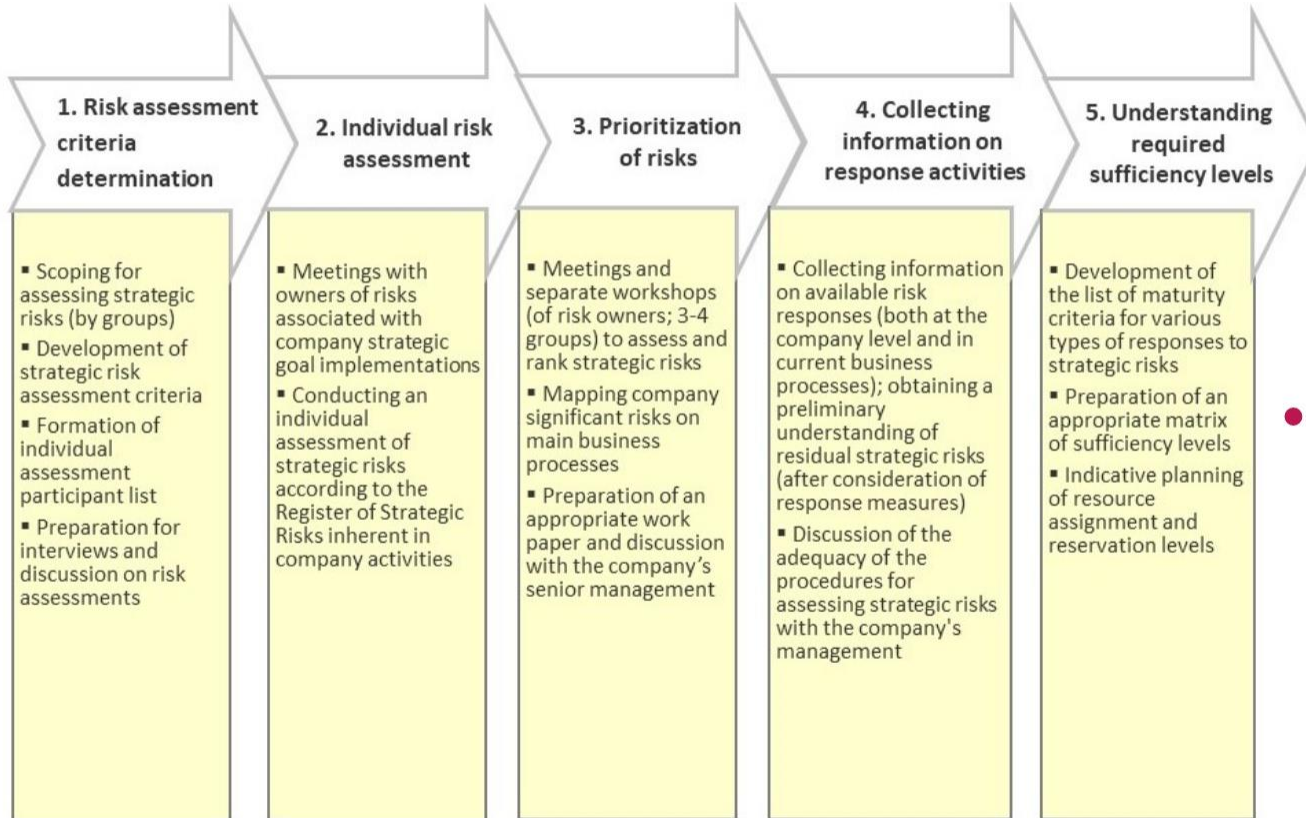
Analysis of general company practices for compliance

Understanding of the required levels of adequacy of response measures

Analysis of design effectiveness of responses to risks

STRATEGIC RISK ASSESSMENT APPROACH EXAMPLE

- - 20 individual meetings
- 5 collective assessment
- 20 risk groups
- 2 months of duration
- interactive formats



- - Senior management
- Project support team
- External experts

MANAGEMENT PLANS, MONITORING AND IMPROVEMENT

Recommendations



PLANNING

1. Selection of a planning model in advance
2. Develop criteria for a good response plan
3. Support organization

MONITORING

1. Applying dashboards
2. Monitoring function, internal audit involvement
3. Using continuous monitoring

IMPROVEMENT

1. Special regulations
2. Integration into a unified quality system

ADVANTAGES

Advantages of the approach to strategic risk management

THE IMPORTANCE OF COMPETENCE DEVELOPMENT



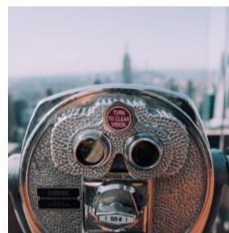
PRIORITIZATION

- Dealing with major fears, removal of tension
- Budget efficiency
- Avoiding bureaucracy
- Consistency



RESULT FOCUS

- Focus on taking advantage out of opportunities
- Result evidence



TONE FROM THE TOP

- Building a culture of risk management and excellence
- Cross functional engagement
- Learning



COHESION

- Management team cohesion
- Horizontal communication with stakeholders

CONTACTS



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