



# Enterprise Risk Management

The phone rings and it's your plant manager from your Asia operations notifying you they had to close the plant because two employees are dead and 50 have been quarantined and it is unknown of the infection rate. This may sound extreme, however it is a real case which happened to a company halting their container shipments to major retailers in the U.S. The company did not have a business continuity plan and suffered tens of millions in losses and two major customers leaving.

Risk is an inherent part of business and can both reward us and destroy us if ignored. The business climate is rapidly changing and the perspective of risk has expanded beyond cash, assets and controls to regulation, product, markets, geography and more. We believe in a balanced and pragmatic approach to risk which looks at quantifying the factors for Management and the Board to make fact based decisions. Our approach reviews the internal and external risks and takes a comprehensive look by including business processes, technology, finance, people, environment and strategic risk to make enterprise risk management ("ERM") a conscious and managed process as part of corporate governance.

## SCOPE of SERVICES

Effective risk management can be executed at a variety of levels from a business unit, product, or geographic location. However ERM is best executed from an enterprise level, top down and looking at all of the factors which make up both internal and external risks as well as controllable and non-controllable. Our service offering includes:

**Risk Assessments** – Risk assessments can be performed at an enterprise/global level down to a product line/location level, the broader the scope the more comprehensive the analysis. Since risk can be systemic in nature, outcomes can be impacted by various elements in the business. We review the interdependencies of the company's strategy and execution with the people, process and technology. We then look at the external factors which make up the environment the company operates, such as: geography, regulatory, economic, competitors, markets, etc. Risk Assessments should be performed on an annual basis at a minimum and more frequently in highly volatile business climates. Risk assessments help an organization's Management and Board better prioritize investments in the business to mitigate risks and create greater levels of reliability and assurance for customers and investors.



**Supply Chain Risk Management** – Whether natural disasters such as a Tsunami or Earthquake or manmade disruptions such as a labor strike or product

contamination, the reliability of the supply chain has become more critical as companies look to reduce inventories and cut the delivery time to customers. We have worked with companies from \$50 million to \$50 billion in helping them assess their supply chain risks and implement improved processes and mitigation efforts as well as contingency plans to either prevent an event from occurring or to enact a plan for those which are uncontrollable.

**Business Continuity Planning** – After the risk is assessed, it is imperative a company addresses their risk with an effective business continuity plan.

Business continuity planning ("BCP") is the process by which every key person within an organization knows what to do in the case of the inevitable or unplanned event. BCP is critical to ensuring customers are served, systems operate, critical information is recovered, product is delivered and the company can continue to achieve its goals and protect employees and investors. The scope of business continuity can come in many forms including:

- Product recall management, quarantine and public relations
- Facility shutdown from natural disaster, disease, or strike, etc.
- Systems failure, communication interruptions or cyber attacks



*Sagin, LLC is a value driven management consulting firm. Our firm is comprised of experienced people from both consulting and the industries which we serve to help our clients achieve their goals. We bring a collaborative approach to our work and incorporate all stakeholders in the process identifying the value drivers to track and deliver results in the process. Visit us at [www.Saginllc.com](http://www.Saginllc.com) to learn more.*



- Brand and reputation attacks
- Management disruptions and succession planning

**Disaster Recovery** – Disaster recovery is the lowest and most basic level of risk management. Where BCP focuses on maintaining business operations despite a business interruption, disaster recovery focuses on the ability of a business to recover data, information and other resources to restore operations. Disaster recovery is necessary and its importance to protect and recover your information is critical. We work with you to evaluate your current systems and architecture to establish the right disaster recovery (DR) plan which best supports the needs of your business and budget. Our specialists have worked with multiple levels of coverage and protection from basic back-ups to hot sites which provide instantaneous replication and support. This especially becomes more critical in a mobile workforce using various hardware devices to communicate.

**Compliance and Controls** – Our professionals are experienced in assessing, implementing, and evaluating control environments, as well as building compliance programs. We have experience in:

- Sarbanes Oxley (including J-SOX & C-SOX)
- IFRS Compliance & reporting
- Internal Control Reviews
- FDA regulations and compliance
- HIPPA
- COBIT & COSO
- XBRL Reporting
- SEC Reporting & Regulations

## OUR APPROACH

Our approach to ERM is comprehensive in nature and includes both internal and external risks and more importantly must understand the environment which your business operates. The external business climate presents many of the risks which a company cannot control but must address. Some of these include:

- Regulatory/Governmental
- Geopolitical
- Competitive Barriers
- Customers and Market Shifts/Demands
- Currency and Commodity Volatility



Once the external/business environment risks are addressed the internal processes and interdependencies which a company's operations and culture exist can either mitigate the business risks or increase them. Therefore it is important to understand the industry, people and how the company leverages its resources to compete in the market place. Our team focuses on the key elements of a business operation and looks at the policies, procedures and performance metrics between the following areas:

- Human Capital
- Strategy
- Information Systems
- Financial Management
- Business Processes

When managing risk it is important to create a risk profile based upon your industry, geography, products and services, etc. This approach helps a company better prioritize their risks and focus on the high impact aspects of their business. For example, capital intensive businesses will operate differently than those which deploy a virtual services model. In highly innovative businesses such as pharmaceuticals with extensive data, research and development will have different needs than a company which produces tires for the automobile industry.

Our ERM practice solely focuses on assessing and managing enterprise risk, however employs resources which are highly experienced in their areas of expertise. SAGIN can bring to the team product and industrial engineers, financial managers, internal control experts, communications and public relations specialists and information technology and security managers along with an array of industry and geographically experienced experts when needed and where needed to mobilize an effective team.

## DELIVERY OF SERVICES

Effective delivery of risk management services stems from admitting there are unforeseen risks which you may have not addressed. It is similar to trying to answer the question, "Tell me something you do not know!" The fact is managing risk is only as effective as first recognizing it exists.

If you are concerned about the risks facing your business or you have already been hit with an unforeseen event, meeting with one of our advisors is a quick way to better understand the risks you are facing and the various approaches to addressing your concerns. Managing risk takes a proactive approach. If you would like to learn more about our enterprise risk management practice or meet with one of our professionals, you can contact us at: [info@saginllc.com](mailto:info@saginllc.com) or +1.312.281.0290

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