Creating Resilient Universities
Advancing ERM & Organizational Resilience on Campus

CSU Fitting the Pieces Together
Risk Conference
April 28, 2015

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Executive Director
Enterprise Risk Services
University of Oregon
Learning Objectives

• Understand the core differences and strengths/weaknesses of enterprise risk management (ERM) and Organization Resilience (OR) models and philosophies.

• Learn ways to integrate ERM and OR to help achieve programmatic and institutional directives.

• Review simple tools and resources to help start or advance the process of building a more resilient university.
Presentation Overview

• Concepts

• Integration

• Examples
Defining the concepts

• Enterprise Risk Management
• Organizational Resilience

“The concept of resilience encourages us to ask a different set of questions about the way we manage our resources—and therefore ourselves.”

– Brian Walker

Defining the “Buzz” words

• Communication
• Coordination
• Collaboration

"Coming together is a beginning, staying together is progress, and working together is success."

- Henry Ford
“Among a growing number of scientists, social innovators, community leaders, non-governmental organizations, philanthropies, governments and corporations, a new dialogue is emerging around a new idea, resilience: how to help vulnerable people, organizations and systems persist, perhaps even thrive, amid unforeseeable disruptions. Where sustainability aims to put the world back into balance, resilience looks for ways to manage in an imbalanced world.”

– Andrew Zolli

Bringing the concepts together

- It is not about which approach or process is right and which one is wrong.

- It is an evolution in our thinking and processes to address the dynamic and complex environments in which we operate.
Hey, what do you say we both be independent together!
Defining the three C’s

**Communication**
- Informal Relationships
- Information shared only
- No clearly defined mission, structure, or planning effort
- Resources kept separate
- Autonomous authority retained
- **Virtually no risk**

**Coordination**
- More formalized Relationships
- Understanding of shared mission
- Coordination occurs around a specific effort or program
- Open communication channels between organizations
- Resources are made available to participate
- Rewards are shared
- **Risk increases**

**Collaboration**
- More durable relationships
- Share vision and mission
- Comprehensive planning required
- Well-defined communication on all levels
- Each member contributes resources and reputation
- Collaborative structure determines authority
- Partners pool or jointly secure resources
- Results and rewards are shared
- **Risks are much greater**

Understanding the concept of shared risk and shared reward
Enterprise Risk Management (ERM)
ERM Defined

Enterprise risk management is a strategy setting process applied across the enterprise.

Enterprise risk management is designed to identify potential events that may affect the entity, manage risk to be within its risk appetite, and to provide reasonable assurance regarding the achievement of entity objectives.
ERM Key Concepts

• An ongoing process that flows throughout the organization or governance structure.

• Realized not just by policy manuals and forms, but by peoples’ actions at every level of an organization.

• Applied in strategy setting and across the organization.

• Expected to provide reasonable assurance, not absolute assurance, to an entity’s management and board or community leadership.

• Designed to achieve strategic objectives in one or more separate but overlapping categories.

Source: Committee of Sponsoring Organizations of the Treadway Commission
ERM Framework

Leadership
- Board of Directors
- ERM Committee
- ERM Management Group

Process
- Identify Risk Exposures
- Quantify Risk Exposures
- Plan for Risk Reduction
- Respond to Risk
- Monitor & Report Results
- Learn & Improve

Management & Integration
- Strategic Planning
- Internal Audit
- Compliance
- Risk Transfer
- Budgeting Process
- Capital Allocation

Culture
- Common Language
- Risk Awareness
- Communication
- Information Sharing
- Risk Ownership
The Goal is a Holistic View of Risks...

<table>
<thead>
<tr>
<th></th>
<th>Risks</th>
<th>Risk Impact</th>
<th>Risk Likelihood</th>
<th>Management and Mitigation</th>
<th>Frequency of Controls</th>
<th>Control Effectiveness</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hazard Risks</td>
<td>Domestic terrorism (animal rights activists, eco-terrorists, stem-cell research opponents, etc.)</td>
<td>Moderate</td>
<td>Unsure/Don't know</td>
<td>System-wide liaison with law enforcement; additional training of campus law enforcement; improved security measures; hardening of buildings; communication and response protocols</td>
<td>Annually</td>
<td>Significant</td>
</tr>
<tr>
<td></td>
<td>Catastrophic natural event (earthquake, fire, etc.)</td>
<td>Low</td>
<td>Very low</td>
<td>Mission continuity UC Ready; seismic safety and retrofitting programs; emergency management</td>
<td>Monthly</td>
<td>None</td>
</tr>
<tr>
<td></td>
<td>Pandemic</td>
<td>Unsure/Don't know</td>
<td>Very low</td>
<td>Mission continuity UC Ready; pandemic plans; emergency management</td>
<td>Ad-hoc</td>
<td>Minor</td>
</tr>
<tr>
<td></td>
<td>Laboratory safety</td>
<td>Very low</td>
<td>Very high</td>
<td>ISEM Policy; safety programs; BSAS funding; Safety Program Guidelines for Principal Investigator; hazardous waste management programs</td>
<td>Multiple times daily</td>
<td>Minor</td>
</tr>
<tr>
<td></td>
<td>Facilities and grounds safety</td>
<td>Very low</td>
<td>Very low</td>
<td>BSAS Funding; Building Maintenance Services; Grounds and Landscape Service</td>
<td>Weekly</td>
<td>None</td>
</tr>
<tr>
<td>Financial Risks</td>
<td>Conflicts of interest in financial transactions and agreements</td>
<td>Very low</td>
<td>Unsure/Don't know</td>
<td>Annual Conflict of Interest Reporting Systemwide by Designated Officials; Business Contract Policies; Conflict of Interest Coordinators; Whistle Blower system; Administrative Responsibilities Handbook (Principles of Conflict of Interest)</td>
<td>Daily</td>
<td>Nearly complete</td>
</tr>
<tr>
<td></td>
<td>Budget impairment</td>
<td>Very low</td>
<td>Very low</td>
<td>External financing program; Budget Officers; UC President working with Governor and Legislature</td>
<td>Semi-annually</td>
<td>Moderate</td>
</tr>
<tr>
<td></td>
<td>Ineffective service center/auxiliary management</td>
<td>High</td>
<td>Unsure/Don't know</td>
<td>All campuses have programs focused on operational excellence, ASUC Bylaws and Constitutions; open meetings; long range plans</td>
<td>Monthly</td>
<td>None</td>
</tr>
</tbody>
</table>

...Ability to Plot and Track Risk

The Concept of Resilience

Originally conceived as a way to think about ecosystems and the dynamic processes and occur within a system...

Adaptive Change!

Cycle of adaptive change

Source: Holling, 1987
http://willddrake.wordpress.com/2012/10/21/resilience-in-the-classroom-clt/
So what is Organizational Resilience?

“A resilient organization is one that is still able to achieve its core objectives in the face of adversity. This means not only reducing the size and frequency of crises (vulnerability), but also improving the ability and speed of the organization to manage crises effectively (adaptive capacity). To effectively manage crises, organizations also need to recognize and evolve in response to the complex system within which the organization operates (situation awareness) and to seek out new opportunities even in times of crisis.”

Source: Building Organizational Resilience: A Summary of Key Research Findings, Resilient Organizations Program, New Zealand 2006
Organizational Resilience

Core Concepts

Vulnerability  Adaptive capacity  Situation awareness

“The ability to survive a crisis and thrive in a world of uncertainty”
Graphing Resilience

1. Initial Condition
2. Extreme Event
3. Absorb Shock
4. Disaster Threshold
5. Recovery Time
6. Learn from Experience
Resilience Indicators

Leadership

Staff Engagement
Decision Making

Situation Awareness
Innovation & Creativity

Leadership & Culture

Resilience

The ability to survive a crisis and thrive in a world of uncertainty

Networks

Effective Partnerships
Internal Resources

Change Ready

Stress Testing Plans
Proactive Posture

Leveraging Knowledge
Breaking Silos
Unity of Purpose
Planning Strategies

Source: © Copyright 2012 Resilient Organisations Research Programme Auckland New Zealand,
The takeaways for both ERM & OR

• Both require
  • Strong leadership commitment.
  • Meaningful staff engagement, buy-in and empowerment.
  • Comprehensive understanding of vulnerability and risks.
  • Simple yet productive process for ID of vulnerability and risks and taking action.
The takeaways for both ERM & OR

- **ERM tends to focus more on:**
  - Risk tolerance, risk appetite, risk acceptance and risk mitigation as it is related to achieving the strategic initiatives.
  - Compliance issues
  - Profit driven

- **OR emphasizes the following**
  - Adaptive capacity and using networks and partnerships
  - Situational awareness and readiness to change in the face of adversity
  - Future focuses and legacy driven
University of Oregon

Integrating ERM & Organizational Resilience
Three Elements to UO’s Experience

• Formation of the Enterprise Risk Services Unit (2012)
  • EMC Developed in 2007
  • ORM formed in 2009
  • EHS has over a 20-year history but was part of Campus Operations
• Commitment from leadership
• Development of tools, processes, resources, feedback loops, and continual improvement for process evolution
Enterprise Risk Services

Office of Risk Management
The Office of Risk Management (ORM) focuses on the control and mitigation of hazards that pose a risk of loss to the university. Their role includes assessment of processes and procedures to identify and control property, financial or reputational loss and management of workers' compensation claims.

Environmental Health & Safety
The Environmental Health & Safety (EHS) team is focused on preventing illness and injuries in the workplace, educational and living environment through risk assessment and education with the ultimate goal of preserving university assets whether they be human resources, property, finances or the environment.

Emergency Management & Continuity
Emergency Management & Continuity (EMC) facilitates the coordination and integration of all activities necessary to build, sustain, and improve the University's ability to mitigate against, prepare for, respond to, continue operations during, and recover from natural disasters, acts of terrorism, or other human-caused crises or disasters.

For emergency assistance call 911. For non-emergency assistance on campus call 541-346-6666. More Contacts »
Enterprise Risk Services: Mission

“To collaborate with the campus community to safeguard life & human health and reduce the university’s vulnerability to conditions adversely affecting its ability to achieve the core mission of instruction, research, and public service.”
Enterprise Risk Services: 

*Core Goal*

Promote a risk-aware culture... 

...without creating a risk-averse climate
Leadership

President's Strategic Enterprise Risk Management & Compliance (SERMC) Committee

**President’s Charge to the Committee:**

1) Develop tools and processes to actively identify, evaluate, and manage University risks.

2) Ensure that systems and processes are in place to provide accountability for compliance with the University’s legal and policy obligations.

3) Encourage communication, problem-solving and collaboration across divisions, units and departments.
The Process

• Develop and Implemented Enterprise Risk Assessment Process
  • Utilized Association of Governing Boards and United Educators Thematic Risk Areas
  • Senior Leadership ranked risks
  • Narrowed scope from over 100 indicated risks to 23 in various thematic risk areas
  • Facilitated 10 different workshops, one for each thematic area with subject matter experts across campus to validate risks, identify any new risk, and indicate short and long term mitigation strategies
Integrating with existing teams / processes

• Build Awareness
• Information Sharing
• Collaborations and partnerships
• Short term actions
• Long term strategies
• Don’t let perfect get in the way of good

"If we knew what it was we were doing, it would not be called research, would it?"

- Albert Einstein
Integrating the teams / processes
Campus Vulnerability Assessment Team (CVAT)

• Meets monthly to discuss site-specific vulnerability assessments and campus-wide issues. The team develops a site-specific comprehensive report that highlights issues or concerns, as well as provides recommendations and proposed actions that the department or unit may choose to implement.

• **Team Members**
  • Emergency Management and Continuity
  • Campus Planning and Real Estate
  • Campus Operations
  • Office of Risk Management
  • UO Police Department
  • Environmental Health and Safety
  • Department of Geography -- InfoGraphics Lab
Why has the UO developed a vulnerability assessment process?

The work your department does is important, both to the people who do it and to the University of Oregon as a whole. So when an emergency disrupts your department, endangers your staff, or hails your work, the effects can be widespread and long-lasting.

A vulnerability assessment is a comprehensive look at your department’s facilities and functions to identify the natural, human-caused, or technological hazards that could disrupt your work. The vulnerability assessment process was developed by the team to meet the National Fire Protection Association’s NFPA 1600 Standard on Disaster / Emergency Management and Business Continuity Programs. We look at the whole picture, and because our team comes from across the university, we’re able to address conflicting policies and procedures right away. The goal is to help your department be better prepared for emergencies or disruptions and minimize their effects.

How can a vulnerability assessment help your department?

**Identify** the natural, human-caused, and technological threats to your department, your staff members, and their mission.

**Develop** practical solutions and recommendations about how to address those threats.

**Receive** strategic support from the assessment team to mitigate the threats your department faces.

**Provide** third-party, independent, and expert support for planning and investment priorities within your department that reduce vulnerability.

**Facilitate** the implementation of “best practices” and benchmarks.

**Inform** decision making about resource allocation during emergencies by developing a realistic picture of the resources your department needs.

Still not sure if you need a vulnerability assessment?

Does your department:

- Have a high daily traffic count or population?
- Conduct sensitive research or highly vulnerable operations?
- Have a significant insurance claim history?
- Generate significant revenue or expenditures?

If you answered yes to any of these, we recommend a vulnerability assessment.

To request a vulnerability assessment, contact the UO Emergency Management and Continuity program.

541-346-8070
uoem@uoregon.edu

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Any department director can request a full or partial vulnerability assessment.

A full assessment encompasses all the aspects depicted above while a partial assessment can address one or several focus areas.

Not sure what fits your department best? Contact the Emergency Management and Continuity Program with questions or for a recommendation.
Campus Incident Management Team (IMT)

- The UO Incident Management Team (UO-IMT) provides the command and control infrastructure that is required to manage the logistical, fiscal, planning, operational, safety and campus issues related to any and all incidents/emergencies.

- All IMT members hold or are working toward FEMA All Hazards Type III position specific certification.
UO-IMT
University of Oregon Incident Management Team

Purpose
To provide the command and control infrastructure that is required to manage the logistic, fiscal, planning, operational, safety, and campus issues related to any and all incidents or emergencies.

All IMT members are working towards a FEMA Type 3 position specific training certification and completion of a position specific taskbook.

Meeting Frequency
Once per month

Meeting Time
12 - 1:30 p.m.

Meeting Location
Enterprise Risk Services, VFA training room and EOC

IMT Director
André Le Duc
Executive Director, Enterprise Risk Services

Athletics
Vicki Strand

Budget & Resource Planning
Kelly Wolf

Campus Operations
George Hiebert
Brutt Rogers

Enterprise Risk Services
André Le Duc

Finance & Administration
Gregg Stripp

Government & Community Relations
Matt Roberts

Health Center
Sandy Scheetz
Mike Eyster

Housing
Allen Gidley

Information Services
Tony Saxman

Infographics Lab
Ken Kato

Police
Carolyn McDermott

Research, Innovation & Graduate Education
Pete Deshpande
Kelly McIver

Senior VP & Provost
Krysta Dillon
Emma Stocker

Emergency Management & Continuity
Don Elting

Environmental Health & Safety
Guynn Daniels

Risk Management
Deb Donning

Student Affairs

President, Office of the
Greg Rikhoff

Registrar, Office of the
Sue Eveland

Research, Innovation & Graduate
Education, Office of
Moira Killie

Senior VP & Provost
Margaret Mahoney
Kim Evans

Student Affairs / Dean of Students
Mike Eyster
Paul Shang
Examples

• Incidents
  • Work Stoppage
  • Winter Storms
  • Power Failures
  • Fires

• Academic Programs
  • International Programs

• Large Scale Event
  • Football
  • World Juniors 170 Countries

Source: TrackTown USA / University of Oregon Emergency Management & Continuity Program
Creating Resilient Universities
Advancing ERM & Organizational Resilience on Campus

Questions

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