DAVID AND GOLIATH: CONQUERING THE RISK CHALLENGES OF THE SMALLER INSTITUTION
Credit Where Credit Is Due

Edward J. Guy
Risk Management Director
Oregon Institute of Technology

Sandy Serbalik
Director of Risk Analysis and Project Management
Siena College

Joyce K. Fred
Risk Officer
Tulane University
TOPICS TO BE COVERED

+ The Reality
+ URMIA Survey Results
+ TAMUS Smaller Institutions Comparison
+ Informal vs. Informal Risk Management
+ The Blue Skies & Puffy White Clouds Concept
+ The “Goliath” Risk Challenges
+ The “David” Solutions: Conquering the “Goliaths”
+ Tying It Together With The Practical
+ Resources and Partners
+ Questions
THE REALITY
“DAVID:” THE SMALL AGENCY RISK MANAGER

- Drive Safe Institute of Transportation
  - Title: Director of Risk Management
  - Reports to VP of Finance and Administration
  - % of FTE devoted to risk functions – 50%
  - Areas of Responsibility
    - Loss Control
    - Occupational Safety
    - Emergency Preparedness
    - Fire Safety
“SALLY:” THE SMALL CAMPUS RISK MANAGER

- Small Town University
  - Title: Director of Risk Analysis and Project Management
  - Reports to VP of Finance and Administration
  - % of FTE devoted to risk functions – 50%
  - Areas of Responsibility
    - VP’s Projects and Planning, including role in emergency planning, response, communication
    - Research, resource sharing, collaboration, risk identification and assessment, heat maps, and briefings for the VPFA and Board of Trustees Audit Committee
URMIA 2011 SURVEY RESULTS
UNDERSTANDING TODAY’S INSTITUTIONS OF HIGHER EDUCATION

+ Higher education members with $\leq 6,000$ FTE
  - Do you have “other” additional responsibilities?

+ Higher education members with $> 6,000$ FTE
  - Do you have “other” additional responsibilities?
URMIA SURVEY RESULTS FOR RISK MANAGERS WITH “OTHER” RESPONSIBILITIES

(URMIA SURVEY, JUNE 2011)

+ Higher education members with ≤ 6,000 FTE
  - # Respondents – 48
  - Yes – 33 (69%)
  - No – 15 (31%)

+ Higher education members with > 6,000 FTE
  - # Respondents – 55
  - Yes – 35 (64%)
  - No – 20 (36%)
WHAT OTHER DUTIES AS ASSIGNED?

- Risk Assessments
- Insurance Procurement
  - Enrollment
  - Inventory Management
- ERM
- Insurance Language Contract Review
- Liaison
URMIA RESULTS COMPARISON TO TAMUS
TAMUS FTE COUNTS

- Only 1 member above 6,000 FTEs
- 9 members between 1,000-2,000 FTEs
- 4 members between 500-750 FTEs
- 8 members have less than 500 FTEs

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INFORMAL VS. INFORMAL RISK MANAGEMENT
INFORMAL VS. FORMAL RISK MANAGEMENT

- Can manage risk through policy (a hammer) or
- Manage risk through cooperation and shared interest
- Common goals:
  + Safety of persons and property
  + Asset Protection
  + Financial avenues of recovery
  + Reputation
INFORMAL VS. FORMAL RISK MANAGEMENT

The Biggest Hammer In The Toolbox!

- System Regulation 24.01
  - Procurement Of Insurance Through System Risk Management
  - Obligatory participation in certain TAMUS Insurance Programs
  - But note what is missing.....................
Development of member risk management structures and functions:

- The System is silent in a formal sense on how risk management is framed at member institutions.

- Left to each member administration to determine how best to structure risk management functions.

- Obviously System Risk Management has and will continue to be a resource.

- But there is room for personal empowerment at the member level.
THE BLUE SKIES, WHITE PUFFY CLOUDS, RAINBOW, BUTTERFLIES, UNICORNS AND SUNSHINE INFORMAL PRACTICAL APPLICATIONS TO RISK MANAGEMENT
INFORMAL RISK MANAGEMENT TECHNIQUES

- Informal approach
- About relationships
- Investments of small increments of time
- Empowerment of those around you
- Added value to your customer
- Education
- Sales...........yep, even risk managers do it!
THE GOLIATH RISK CHALLENGES
THE “GOLIATH” RISK CHALLENGES

Risk Manager “Extraordinaire”

*Jack of All Trades, Master of None*

- Lack of training / expertise in risk management
- Multiple roles and responsibilities
- Conflicting roles and responsibilities
- Overextended work loads (i.e. burn out)
THE “GOLIATH” RISK CHALLENGES

Limited Resources
or “No” Resources

- Limited / decreased operating budgets
- Salary freezes / furlough days
- Hiring freezes
- Reduction in staffing levels
- Threat of elimination of risk management “department”
THE “GOLIATH” RISK CHALLENGES

The Organizational Structure
or the “Lack Thereof”

+ Unclear reporting lines
+ Lack of authority
+ Lack of support from senior leaders
+ Limited understanding, buy-in, accountability of
  university community
THE “GOLIATH” RISK CHALLENGES

Misconception of “Risk Management”

The Perception versus the Reality

+ Perception of risks:
  - Managing insurance claims
  - Reviewing financial loss (i.e. the bottom $$)
  - Reacting to an occurrence

+ Reality of risks:
  - Strategic, operational, reputational, compliance, technology, financial, security, political, etc.
  - Proactive before an occurrence can happen
EXAMPLES OF REACTIVE RISK MANAGEMENT:

- Member institution provides real machetes to class dance participants.........and a student suffers a severe laceration to his calf while performing the dance in practice...........

- Member institution has a student group use a dry paint substance as part of a celebration and gets paint on 27 vehicles.......
THE “GOLIATH” RISK CHALLENGES

Best Practices

“How was I supposed to know that?”

- Lack of standardization of risk practices
  - Silos of policies/procedures
- Decentralization of risk operations
  - HR, EHS, Security / Public Safety, Academics, Student Affairs, Athletics
- Insufficient communication models
  - Clarity and unity of risk awareness
THE “DAVID” SOLUTION: CONQUERING THE CHALLENGES
CONQUERING THE CHALLENGES

Risk Manager “Extraordinaire”

Jack of All Trades, Master of None

- Enroll in continuing education, professional development, self study (i.e. ARM, URMIA Library, webinars, roundtables)
- Tap into on-campus experts and outsourced brokers / agents (i.e. loss run and analyses)
- Analyze if the issue is indeed a risk issue and to not move over into other fields of expertise
- Form workgroups to share the burden of large and complex projects
Limited Resources

or “No” Resources

+ Look for organizations that can help with funding of education and projects (i.e. scholarships, grants, development funds)
+ Use “free” labor and expertise (i.e. brokers, academia, larger institutions, experienced colleagues, student interns / projects)
+ Consider other “perks” for incentives
+ Keep “risk” and the value of “risk services” on the radar of senior leaders
The Organizational Structure
or the “Lack Thereof”

- Meet with supervisors for clarity on reporting lines and definition of authority (relationships)
- Request permission to meet with senior leaders to determine their risk appetite and top risk concerns to tackle first for gaining support (relationships) (empowerment)
- Expand the ownership of risk management to the university community for buy-in and accountability (relationships) (empowerment)
- Everyone is a risk manager! (Yes....if!, relationships, empowerment)
THE “DAVID” SOLUTION: CONQUERING THE CHALLENGES

Misconception of “Risk Management”
The Perception versus the Reality

+ Expand the reality of risk services available *(relationships, time, education, empowerment)*

+ Work toward an enterprise-wide approach that adds value;
  - Build risk assessment and accountability into strategic and annual planning.
  - Our ERM process is a good tool in working to accomplish this *(education, time, value, empowerment, informal)*

+ Educate the campus and create a “best practice” & proactive culture rather than reactionary culture *(education)*
THE "DAVID" SOLUTION: CONQUERING THE CHALLENGES

Best Practices

“How was I supposed to know that?”

+ Work toward an enterprise-wide standardization on common risk exposures (i.e. internships, volunteers, etc.)

+ Identify decentralized partners and stakeholders who tackle risk in their “arena” and build a campus wide risk team that meets regularly (i.e. risk councils, risk boards, committees, etc.)

+ Identify effective modes of communication for your institution’s culture and implement (i.e. websites, newsletters, presidential e-mails, risk summits)
THE “DAVID” SOLUTION: CONQUERING THE CHALLENGES

Examples of Projects and Missions for Risk Councils / Boards, Committees, and Workgroups

- Build frameworks for ERM
  - Champion risk awareness
  - Prioritize risk issues
  - Perform risk assessments
  - Educate and partner with key individuals
  - Promote successes
  - Implement processes/ procedures into operations
TYING IT TOGETHER WITH THE PRACTICAL
PRACTICAL SUGGESTIONS

- **Informal**
  - Don’t rely on “policy” or “procedures” for a basis in providing good risk management practices.
  - It is about a culture developed through an awareness of your value with customers.

- **Relationships**
  - Developing relationships and “adding value” to your customer’s objectives speaks for itself.
  - Make an effort to allocate a certain amount of time at meeting and developing relationships with people in areas of your greatest risk concern.
  - Don’t couch in terms of meetings. Make it informal. Build a personal relationship first before making if “formal”
PRACTICAL SUGGESTIONS

**Time**
- I know you don’t have time. None of us do
- Doesn’t provide us with the way out of enhancing safety and protection of assets for our institutions.
- Take it one step at a time
- Develop a three to five year plan (use your ERM as a base)
- Break the plan down into small more manageable steps
- Allocate a small portion of your week to the pursuit of those small objectives

**Empowerment**
- We have admitted you have no time
- Help people understand their role in the risk management objective. Develop your “army”
- Communicate the institution’s risk management objectives
- Empower faculty/staff through saying “YES.....IF”
PRACTICAL SUGGESTIONS

- **Value**
  - The Yes.......If you.......statement
  - Develop culture of saying yes, not no
  - Provide the path to “yes” that maximizes the safety, asset protection and reputation in a reasonable fashion

- **Education**
  - Awareness through risk management activities
  - Example of PVAMU’s Compliance Week
  - Educational awareness through small events and or functions
PRACTICAL SUGGESTIONS

- Stop Chasing The Risks!
  - Spend time developing relationships
  - Spend time partnering
  - Spend time developing culture
  - Spend time developing processes that support a culture of risk management
  - Spend time saying yes....if.........
RESOURCES AND PARTNERS
RESOURCES AND PARTNERS

Professional Organizations:
- URMIA (University Risk Management and Insurance Association)
- RIMS (Risk and Insurance Management Society)
- PRIMA (Public Risk and Insurance Managers Association)
- CSHEMA (Campus Safety, Health, & Environmental Management Assoc.)
- NACUBO (National Association of College and University Business Officers)
- NACUA (National Association of College and University Attorneys)
- NCAA (National Collegiate Athletic Association)
- ACP (Association of Contingency Planners)
- IIA (Insurance Institute of America)
Network with Colleagues and Experts

- “Local” institutions (i.e. community colleges)
- University systems and institutions
- Risk management councils / committees
- Co-ops, pools, self-insurance funds
- Local chapters of professional organizations
- Roundtables of statewide institutions
RESOURCES AND PARTNERS

Websites, Publications, Journals, Institutes

+ ANSI/ASSE Z690.1-2011 (American National Standards Institute)


+ Developing a Strategy to Manage Enterprise Risk Management in Higher Education (NACUBO)

+ ERM in Higher Education (URMIA White Paper)
Questions?