

Note from Carol: Please focus on content on this presentation. This report was originally created using the client's template, so the formatting is now skewed with the removal of the template.

Enterprise Risk Management

Corporate Risk Assessment

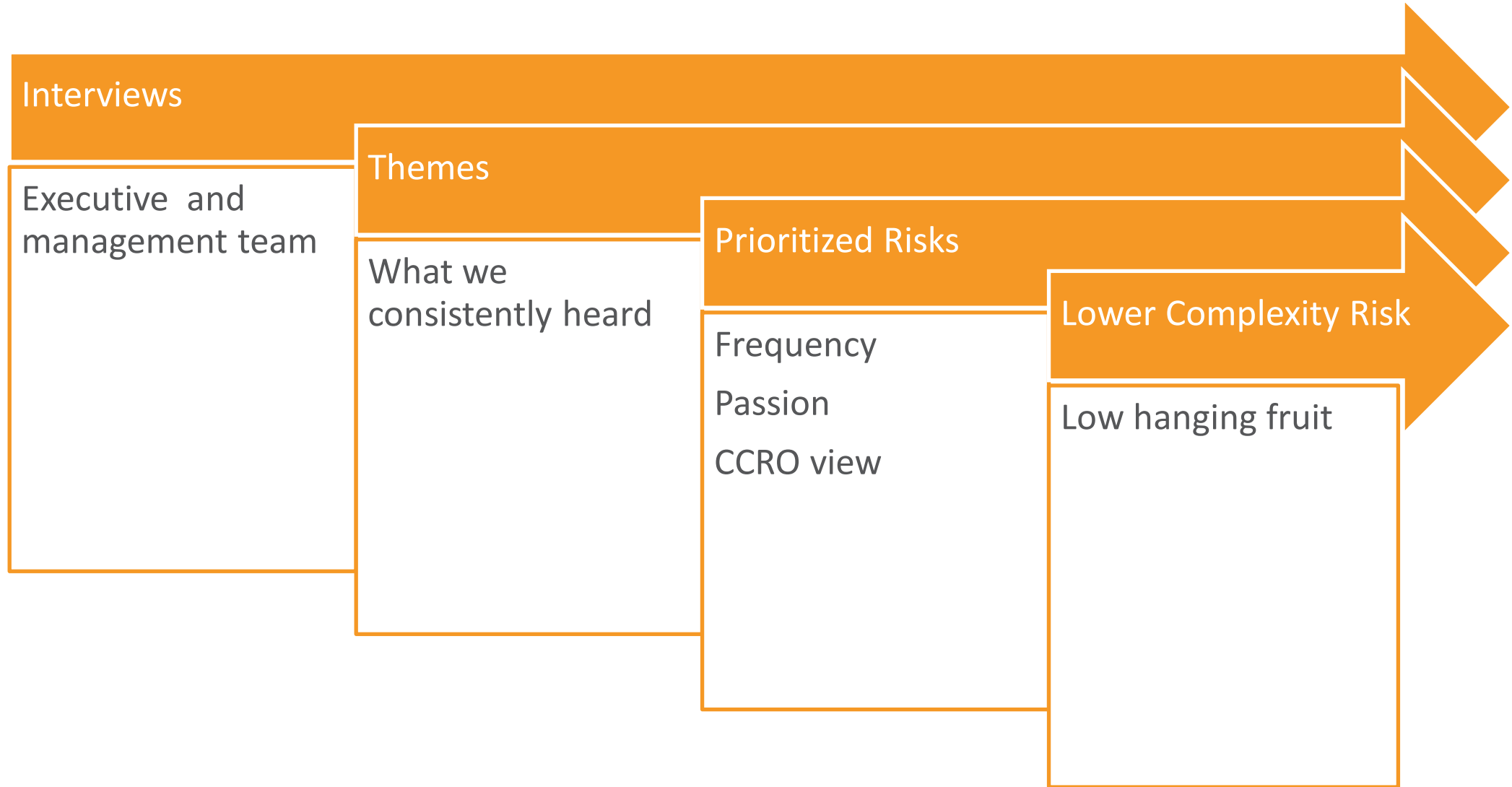
October 20YY

What we will cover today

- What I heard
- Discussion
- Next Steps and Agreement

The Risk Assessment

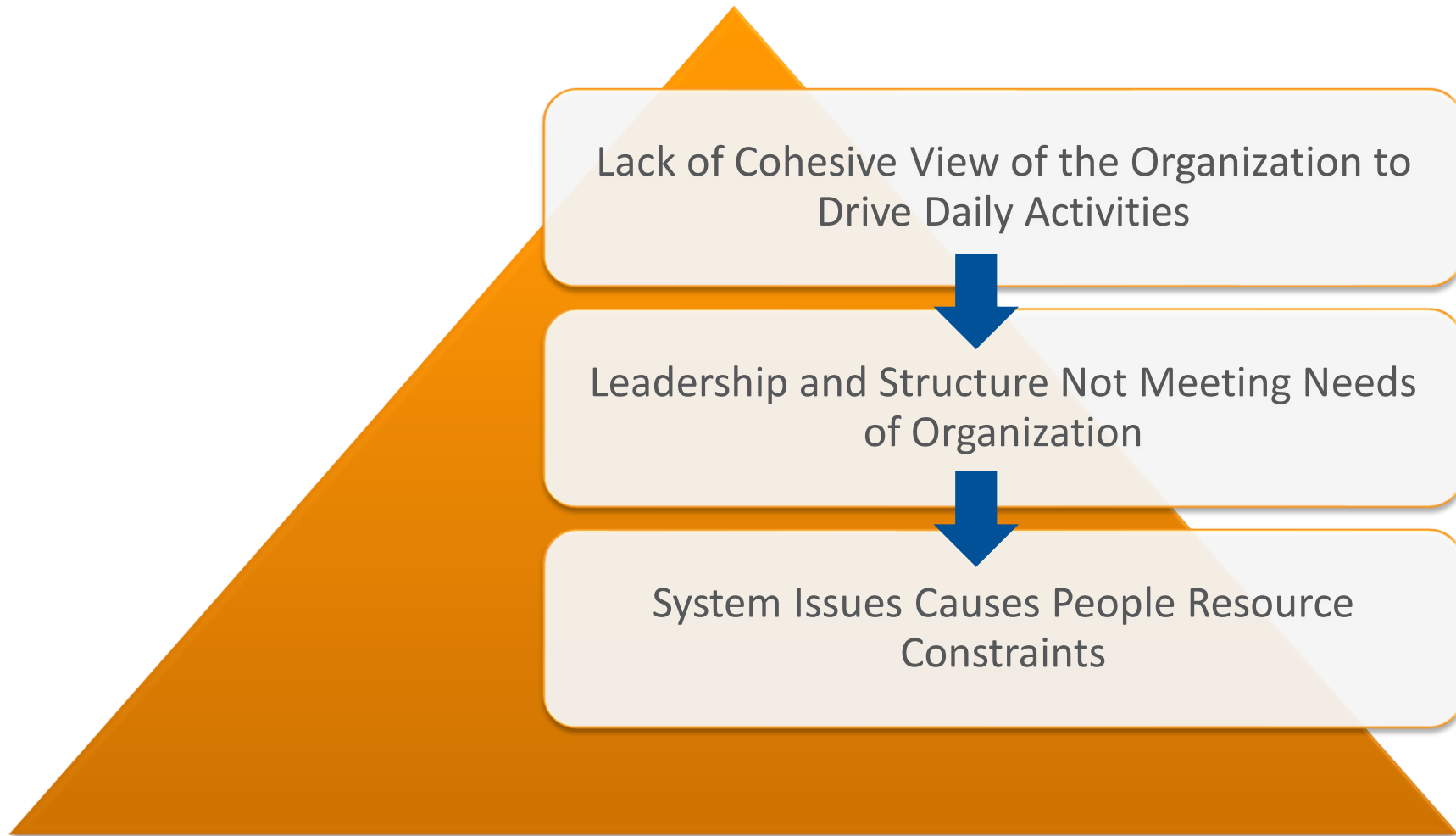
Corporate Risk Assessment – The Process



Themes



Top Risks



Top Risk: Lack of Cohesive View of the Organization to Drive Daily Activities

- **What we heard:**

When we asked employees about the vision for ABC Organization, they would frequently either quote or summarize the mission OR provide us with their version of the vision for ABC Organization.

While ABC Organization has a Strategic Plan, employees find it difficult to navigate and use the Strategic Plan to drive their daily activities.

- **Why a Top Risk:**

The organization lacks clarity in terms of its vision and best use of its strategic plan. A vision would drive the organization to future success, while a usable Strategic Plan will ensure that all employees are on the same path working towards the same vision.

- **Impacts:**

Wasted time, disparate projects that don't contribute to the long-term success, disjointed success stories, increased difficult to get big dollar impact investors

- **Complexity to Address:**

Moderate

Mission:

versus

Vision:

What We Heard: Lack of Cohesive View of the Organization to Drive Daily Activities

To raise and connect capital to underserved people and places, as well as serve them with meaningful data and analytics so that money can be put to the best use.

Internal vision for ABC is still emerging. Our work around race & inclusion is part of that, not all of that. The conversations we are starting to have about theory of change speaks to where there is opportunity internally.

It is going to be a national boutique sophisticated organization that provides nimble solutions to complex policy and financial problems.

Number one choice for impact investing.

To be a leading [company type] that accomplishes our mission: marshal data to make informed decisions in communities that need our assistance or need investment.

I don't know what the vision is for ABC Organization. It evolves based on who's voice is the loudest. We haven't done a great job for creating that vision for people. Whatever the flavor of the month is, we grab onto it. We don't do a good job of setting priorities.

Boutique financial firm.

Using financial tools in particular ways. Impact investing.

Becoming an anti-racist organization.

We will just keep getting bigger and bigger and have to add more people to handle the work.

My vision for ABC is a place of permanence. We are serving our communities with financial services in good times and bad. Data analytics is how you do it optimally. It is a tool, but not how you do it.

Top Risk: Leadership and Structure Not Meeting Needs of Organization

- **What we heard:**

Long-tenured executives don't provide new (outside) perspectives to the organization. Widespread confusion among staff and management about responsibilities. Lack of consistency in leadership messaging results in duplication in efforts and activities across departments. IT does not provide the services needed by the business departments.

- **Why a Top Risk:**

ABC Organization will not be able to grow into the leading [industry type] choice without reimagining the structure of the organization. Some departments need to be moved, titles and management responsibilities need to be reevaluated. The perception that the executive team is stagnant, does not provide any growth opportunities for middle management and front-line employees, and lacks new ideas and suggestions for how to manage the day-to-day and achieve long-term success.

- **Impacts:**

Demotivated high-quality employees will leave ABC Organization to work for other [industry type] for other mission-oriented job opportunities; hampered employee growth; employees confused about their role in the organization; higher and unnecessary expenses on software; employee inefficiencies

- **Complexity to Address:**

High

What We Heard: Leadership and Structure Not Meeting Needs of Organization

We have a staffing structure that is relatively flat, and we don't have a lot of opportunities for staff to move up and around. Management is stagnant, including myself. Opportunities for movement are limited. That creates a number of cultural and human resource challenges. That interrelates with having a staff that is measurably lacking in diversity. The lack of opportunities for moving around amplifies that problem.

In my own area, we are balancing a set of jobs/responsibilities that very often relate to different people. Actually, a problem across the org.

The extremely long tenure of our more senior management is a consistent source of tension. We need to be more open around it, let out the tension. How do we make sure we are clear and communicating about positives and negatives?

Line business activity - whether formal or informal - is working better than it has in the past. Decision-making still dysfunctional - due to executive team.

Let's clean slate the organizational structure. Talk about it for 4 hours and come up with the answer.

Programs sit outside Lending. Normalizing the resources for running programs. The stratification of programs between programs and Lending makes it very difficult.

We have people who should be individual contributors, not people leaders.

Top Risk: System Issues Causes People Resource Constraints

- **What we heard:**

Regardless of the department, system issues frustrate employees and management, requiring manual workarounds, duplicate work, and increased time to complete tasks. Manual workarounds could result in errors in reporting and transaction processing, resulting in employees being extremely stressed with the amount of daily work to get done. ABC Organization keeps adding more programs to manage without a view to the bigger picture.

- **Why a Top Risk:**

Broken or outdated systems are preventing ABC Organization from realizing its full potential as a CDFI. Also, employees are extremely frustrated with the state of two core software systems (FICS and Agresso). Employees are getting burned out (or are already burned out). While employees appreciate the understanding about the COVID situation, personal stressors add to work stress. Broken systems and processes are resulting in high risk compliance issues for RFIA.

- **Impacts:**

Decreased investor interest; lack of measurable results of successful programs; possible non-impactful programs; employee disengagement and dissatisfaction; decreased employee productivity; increased employee turnover; increased expenses for piecemeal systems.

- **Complexity to Address:**

Moderate (assuming properly resourced initiatives)

What We Heard: System Issues Causes People Resource Constraints

100% we have mismatch of resources to needs. We are under resourced - people, technology, processes - to keep things in line. It is a problem. Everything is running such that just one more drop of water will overflow. Any one thing will make things go bad.

Well behind where we should be in non-people systems.

We need automation. Example is we have a tenured staff person who does everything manually. If she were to leave, it is all in her head.

I think we have too many people as workarounds, mainly because of systems and processes issues. My overarching comment is also that we are top-heavy.

Capacity is one of our biggest weaknesses, especially as ABC continues to expand and add programs. It's a lot. We are more reactive and accepting to do something. But as we begin to be more proactive and planning, the development side will hit a wall on capacity.

We are deeply out of compliance for federal grants. It feels like a vulnerability without sufficient resources to support the compliance activities.

Short-term resource needs, especially in XX Department.

- Potential future system project staff capacity and burnout concern
- Lack of decision transparency between Executive Team and Management
- Inconsistency in communication strategy for internal info share
- Lack of communication strategy for sharing the strategic plan with employees

Recommendations

Recommendations: Lack of Cohesive View of the Organization to Drive Daily Activities

1. Create a written Vision Statement with a corporate mission, vision, and values
2. Revisit the Strategic Plan and better tie to Corporate Goals and Objectives
3. Create Annual Plan to focus on shorter term projects to achieve Corporate Goals and Objectives. Follow plans through to completion
4. Regularly communicate the Vision Statement, Strategic Plan, and Annual Plan to all employees

Considerations

1. Strength: Employees are hard-working, flexible, and work as a team. They should readily adopt the strategic planning documents once they are communicated.
2. Employees identified great opportunities during Risk Assessment interviews.
3. [Person Name] is a valuable resource to get this done

Recommendations: Leadership and Structure Not Meeting Needs of Organization

1. Re-evaluate the long-term needs of the organization based on the vision and strategic plan
2. Design a fresh, needs-based organizational structure
3. Identify the skill sets needed to support the organization to achieve the vision and strategic goals
4. Reassign, recruit, and properly handle management and executive changes
5. Develop an intermediate-term succession plan for executive and management teams.

Considerations

1. **Strength**: Some leaders have tremendous industry knowledge but not the right skills to manage people. Harness that knowledge in different roles.
2. Separate strong individual contributors versus people managers.

Recommendations: System Issues Causes People Resource Constraints

1. Complete assessment phase of System & Strategy Initiative (systems mapping).
2. Prioritize system issues (whether replace or repair).
3. Conduct a process improvement exercise for those departments not replacing systems.
4. Identify where departments need additional people resources.
5. Recruit and hire the appropriate roles.
6. Communicate with employees about progress!

Considerations

1. Strength: Employees want to stay at ABC Organization.
2. Strength: Employees bring solid and highly valuable experience and passion to their work.
3. Separate system issues from people constraints. Support your people.