



## Enterprise Risk Management Complacency Is No Longer an Option

ADVISORY

KPMG's ERM service offering is not a one-size-fits-all proposition. Whether you are working to achieve and maintain compliance, develop a mature risk management process, or ultimately build an advanced strategic tool, KPMG's roadmap and advisory services can guide you on the way.

Corporate executives are under relentless pressure to better understand the risks facing their organizations and how risks may affect corporate strategy. Yet many organizations have no reliable mechanisms for gathering enterprise-wide information, let alone identifying, analyzing, and monitoring risks to make risk-informed decisions.

The market has clearly indicated that complacency in today's risk management arena is no longer an option. There is greater volatility in financial markets, business cycles, and market needs. Organizations and the competitive environment in which they operate have become increasingly complex, with brand protection critical to corporate leaders. Leaders face intense pressure to improve performance, reduce operating costs, and optimize revenue streams. Regulatory scrutiny

has drastically intensified. Transparency in risk management practices in this business environment is paramount.

### How KPMG Can Help

KPMG's Enterprise Risk Management (ERM) Services can help your organization create a sustainable program for enterprise risk management, assisting in the development of a practical road map, transferring knowledge, and providing training to your organization to ultimately support

### A Practical Road Map

ERM has to be practical to be implemented in the normal course of running your business. To remain at the "conceptual level" or build a layer of bureaucracy adds no value to your organization. Following is an overview of the steps that comprise KPMG's recommended approach for a practical ERM program.

### Gaining leadership consensus with focused risk identification and evaluation.

In the first phase, KPMG can help you gain an understanding of your enterprise-wide risks, assess your processes and capabilities to manage those risks using KPMG's proprietary Risk Maturity Framework, and build consensus around future risk management aspirations. In addition, KPMG can assess the company's balance sheet to determine the organization's financial ability to absorb the impact of unforeseen events and gauge whether possible outcomes are in line with management's appetite for risk and tolerance for loss. The results gathered from this evaluation provide the foundation to formulate a risk management program that is appropriate for the company's risk profile, appetite, structure, and culture.

**Positioning risk management and communications to help you run your business better.**

Essential to a successful ERM program is a practical implementation plan that manages existing risk information and evaluates new risks. KPMG can help you devise an ERM implementation plan that allocates resources, includes project management and change management considerations, and evaluates ERM technology tools to help enable your ERM program. The focus of KPMG's implementation approach is to help your organization become self-sufficient at managing risk—providing management with all the necessary training, methodologies, and templates.

**Improving business decision making and accountability for risk.**

A successful ERM program also provides management with a framework that aligns future risk decision making with corporate strategy. The decision-making framework can provide management with integrated risk response tools and matrixes, risk tolerance parameters, key risk indicators, sensitivity analysis (e.g., controllable versus uncontrollable risks, discrete versus ongoing risks) and early-warning systems, compliance strategies, and governance processes.

**Establishing a culture where people think through risk and take action.**

With the enhanced risk information from your ERM framework, KPMG can assist your organization as it commits to improving the risk-reward correlation and optimizing risk, control, and performance. This stage provides the opportunity to reallocate resources, bring risk levels within the company's risk appetite, and focus on areas where the company can take more risk.

**Complacency is not an option in today's marketplace.**

Adopting an ERM program can protect your corporate brand and value proposition.

**KPMG methodology**

Our Internal Audit services are continuously adapted to client demands and focus on the following:

- Extensive professional experience in the traditional and ground-breaking fields of internal audit services
- Ongoing co-operation with the company management and departments of KPMG furnishing other services
- Use of automated internal auditing tools right from the start
- The global professional background to KPMG's internal auditing methods means that rapid responses can be given to any questions that arise.

**The next step**

KPMG in Hungary draws on its global background as part of a network of professional services firms in providing internal auditing services that are extremely diverse. More information is available on the outsourcing or co-sourcing of internal auditing as well as on the details of the K'Sprint service enhancing the value of internal auditing and the contract compliance services.

We would also be pleased to meet you in person, to tell you more about what we do.

**Contact:**

**KPMG in Hungary's Internal Audit practice**

**Tamás Gaidosch**, Partner  
Tel.: +36 (1) 887-7139  
e-mail: [tamas.gaidosch@kpmg.hu](mailto:tamas.gaidosch@kpmg.hu)

**István Henye**, Partner  
Tel.: +36 1 887-7202  
e-mail: [istvan.henye@kpmg.hu](mailto:istvan.henye@kpmg.hu)

**Tibor Pósa**, Manager  
Tel.: +36 1 887-7283  
e-mail: [tibor.posa@kpmg.hu](mailto:tibor.posa@kpmg.hu)

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