**Topic:** Enterprise Risk Management

**Question:**

Chapter 18 presented special risk management issues with Blue Wood Chocolates, and chapter 19 presented various financial risks at Kilgore Custom Milling. If Blue Wood Chocolate and Kilgore Custom Milling are to develop a risk management framework, who should lead the process at each company? Should a Chief Risk Officer (CRO) be appointed? If so, to whom should he/she report and have access to? How could smaller companies without the resources for a dedicated CRO deal with ERM? What is the role for the board in such a process?

**Instructions:**

* Need 3 Responses for other student posts with APA references
* Minimum 150 words for each response (use uploaded document to see other student posts)
* Textbook attached
* No plagiarism please.

**Initial Post 1:**

In any organization, CFO plays a major role in keeping its financial health safely. They also manage the Financial risks or threat that causes loss to the company.  In its efforts and results. The discipline  of  Risk  Management  is  rapidly  evolving;  risk  management  practitioners  are increasingly shifting their focus from pure operational risks such as health and safety or financial risks to a broader perspective of Enterprise Risk Management (ERM) (Bugalla and Kallman, 2012). ERM is evolving and becoming more strategic. To highlight strategic risk dimensions, executives should expect board members to ask and be prepared to address more strategic risk questions when asked. A fractional or full-time CFO is the first line of defense to develop and maintain adequate risk management and mitigation for today's companies from overall financial compliance to the IT department.

For many years, mainstream finance questioned the need for corporate risk management arguing that stockholders only care about systematic risk (beta), so investing resources to reduce unsystematic risk was wasteful (Lintner, 1965; Sharpe, 1964).

               At Blue Wood Chocolates, When Sally Holton arrived the business running very low, stock price reduced, performance and productivity is not great and hence there is a huge debt and pressure from the banks, The biggest challenge for Sally is to take charge and perform the analysis of the business for the past few years to come up with a solution. The CFO is responsible to make the financial-related decisions and to be prompt when there is an impact due to the financial criteria of an organization. AT the initial times of Sally’s hire, she does not have any background and data on the reports to understand the current situation.

               Same with KILGORE CUSTOM MILLING, the team management is very underperforming and this is caused due to lack of resources. Steve tried to help overcome this problem but due to the on-time deliverables and commitment made to the customers, they were not able to reach the target in the manufacturing of required supplies. This led to poor results.

               In both cases, I believe that have a CRO to deal with risk management might help the company to analyze the risks and help the team and management to be prepared with the solution process. The team can collaborate and work to have a successful business growth. Conducting workshops, Training, secured monitoring can help to avoid these risks.

**Initial Post 2:**

Every enterprise either developed or developing is always at the risk of facing financial risk or rather financial threats, which calls for the development of the risk management framework. The risk management framework requires a dedicated chief risk officer who will be able to oversee all the operations that will assist in preventing financial threats and introducing strategies that are associated with avoiding financial risks. The following discussion aims to elaborate on the roles of Chief Risk Officer and the application of Enterprise Risk Management by smaller companies who have a shortage of resources to employ a chief risk officer.

The risk management framework is the criteria that aim at providing secure strategies for preventing financial threats at a particular company. Chief Risk Officer is responsible for offering a useful framework for selecting the appropriate security controls for a system which are necessary to safeguard individuals, operations, and assets of the organization (Giannakis, & Papadopoulos, 2016). The chief risk officer is responsible for identifying, analyzing, and mitigating internal and external risks in an organization. Though the chief risk officer is a senior executive officer, he reports to the chief executive officer and the board of directors. When the risk is identified, and at large, the principal administrative officer reports to the CEO and the board of directors takes the appropriate action to mitigate the risk.

Since many small companies cannot be able to secure a chief risk officer for enterprise risk management as the research shows, they can utilize input from insurance companies and legal advisors to identify and mitigate risks. The functions of the boards in the process of financial risk management are to come up with term solutions to eradicate and prevent internal and external business risks.

In conclusion, a chief risk officer is responsible for managing operations in the company. Also, he is reliable for identifying, evaluating, reporting, and overseeing the organization's risks that are internal and external.

**Initial Post 3:**

CFO is the individual to lead the way toward creating hazard the executives system in Blue Wood Chocolate Company while Operation administrator should to be the one driving the procedure of hazard the board structure in Kilgore Custom Milling Company. They should to name Chief Risk Officer (CRO) who the person in question would answer to the CEO of both Blue Wood Chocolate and Kilgore Custom Milling. Little organizations address the issue of hazard by offloading it on insurance agencies by defending business with approaches. In any case, in the event that there is a sort of protection private company requires, at that point it is general obligation protection. This sort of protection approach helps independent company in defending from claims over laborer's genuineness, item disappointment just as different issues that can emerge (Müllner, 2016). The dynamic oversight job of sheets of chiefs can help reinforce an organization just as better set them up to address huge hazard exposures. Be that as it may, Enterprise Risk Management advances hazard mindfulness and thshould processes a proactive organization of those dangers. In this manner, board individuals should to be engaged with overseeing hazard the executives strategies and help the executives manage key hazard matters (Choo and Goh, 2015).