

Towards Pervasive GRC

NORMALIZATION OF DEVIATION

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Repetitive ambiguous threats are normally underplayed

Think about it

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LET ME TAKE YOU ON A SMALL JOURNEY OF

two real life incidents

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SPACE SHUTTLE

CHALLENGER

Jan 28, 1986

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SPACE SHUTTLE

CHALLENGER

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73 SECONDS *later, it burns killing 7 people on board*

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Burden of evidence

Crash Reason: O RING FAILURE DUE TO VERY LOW TEMPERATURES

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SPACE SHUTTLE

COLUMBIA

Feb 1, 2003

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breaks up into **83,900** pieces minutes before landing, killing all 7 crew members

Crash Reason *due to Foam Strike*



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Risk vectors in an organization

Normalization of Deviation and Burden of evidence (Repetitive Ambiguous Threats are Normally Underplayed)



Jan 28, 1986, 73 Seconds after lift off,
Space shuttle Challenger burns killing 7
people
on board –

1. O ring failure due to very low temperatures
2. “Burden of evidence – Prove to me that some thing is wrong”



8.59 Am, Feb 1 2003, Space shuttle Columbia
burns and breaks up into 83,900 pieces minutes
before landing due to foam strike (19” x 11” 1.7 lb)

- 10 % of flights had similar foam strikes
- Foam strikes caused damage to almost every space shuttle program (65/79)
- Photographic evidences existed
- Originally considered very dangerous – threat level reduced to in family event to - in flight anomaly over the years as shuttles continued to land safely
- Mission management teams did not even discuss this in post launch meetings
- No serious efforts at alternatives

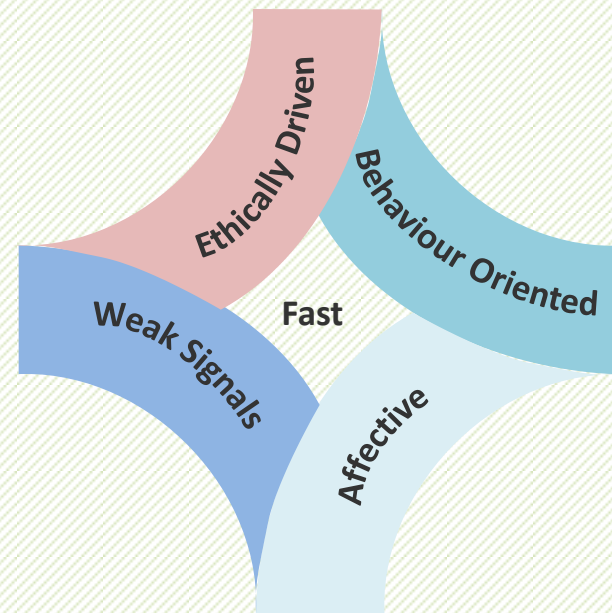
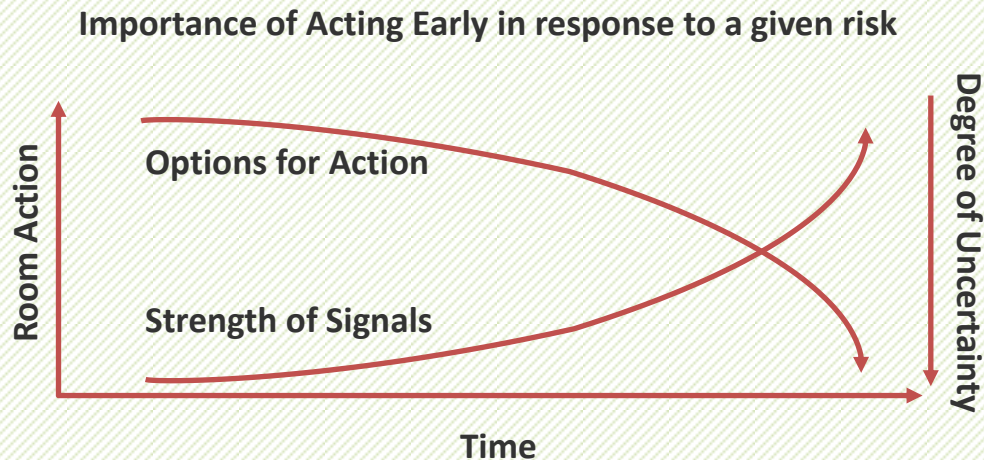


President Bush said “In an age when space
flight has come to be seen as almost
routine, it is easy to overlook the
dangers”

Ref: HBS Teaching case 9-304-
090

An effective approach

A Regimen of Responding to Weak Signals Backed By Program-managed Mitigation & Validation

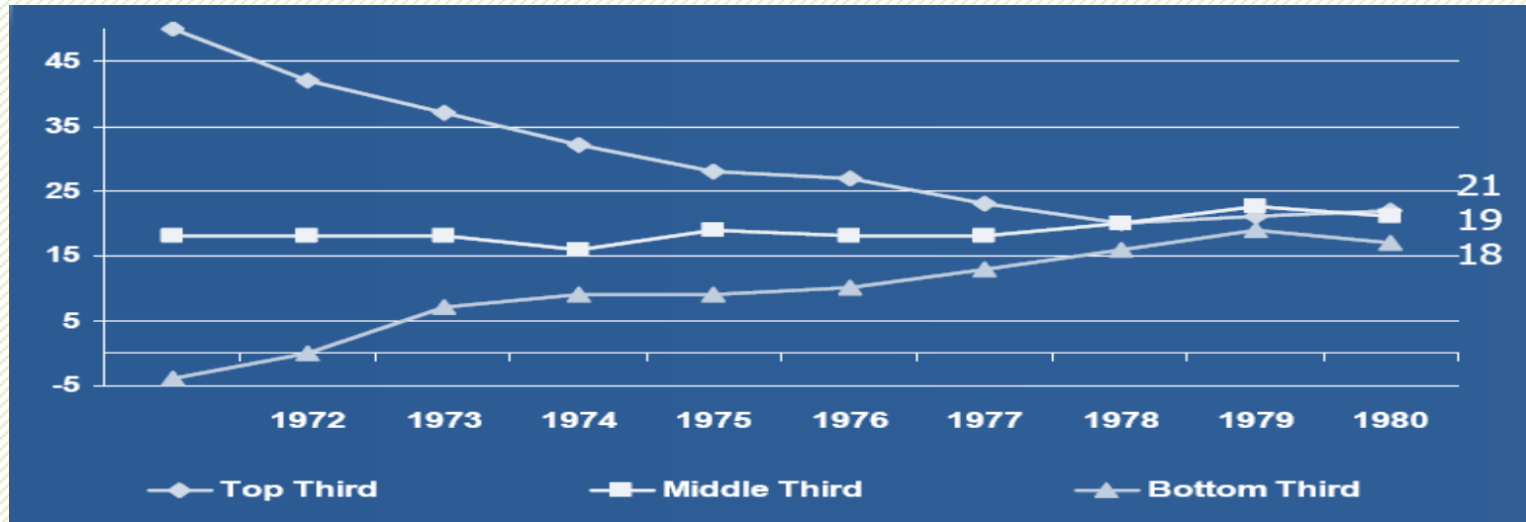


Greatest risk for an organization is staying relevant - Sustainability is not a given



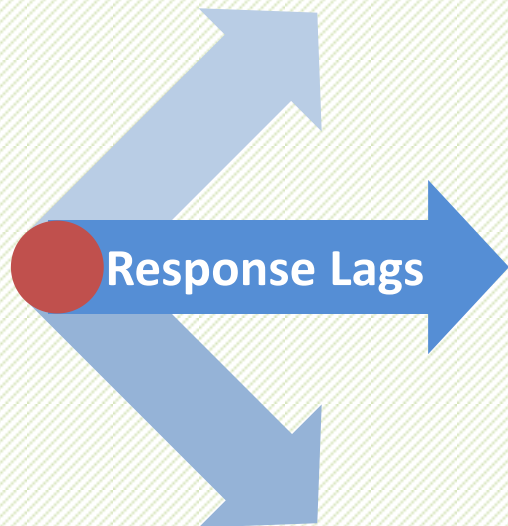
Regression Towards the Mean

Most Competitive Advantages are Fleeting



From the teaching notes of David Yoffie – HBS

Sources of Sustainability



Some Activities are **Much Harder**
to Replicate Than Others



Price

< 60 Days



Advert

< 1 Year



Innovation

< 2 Years



Manufacturing

< 3 Years



Distribution

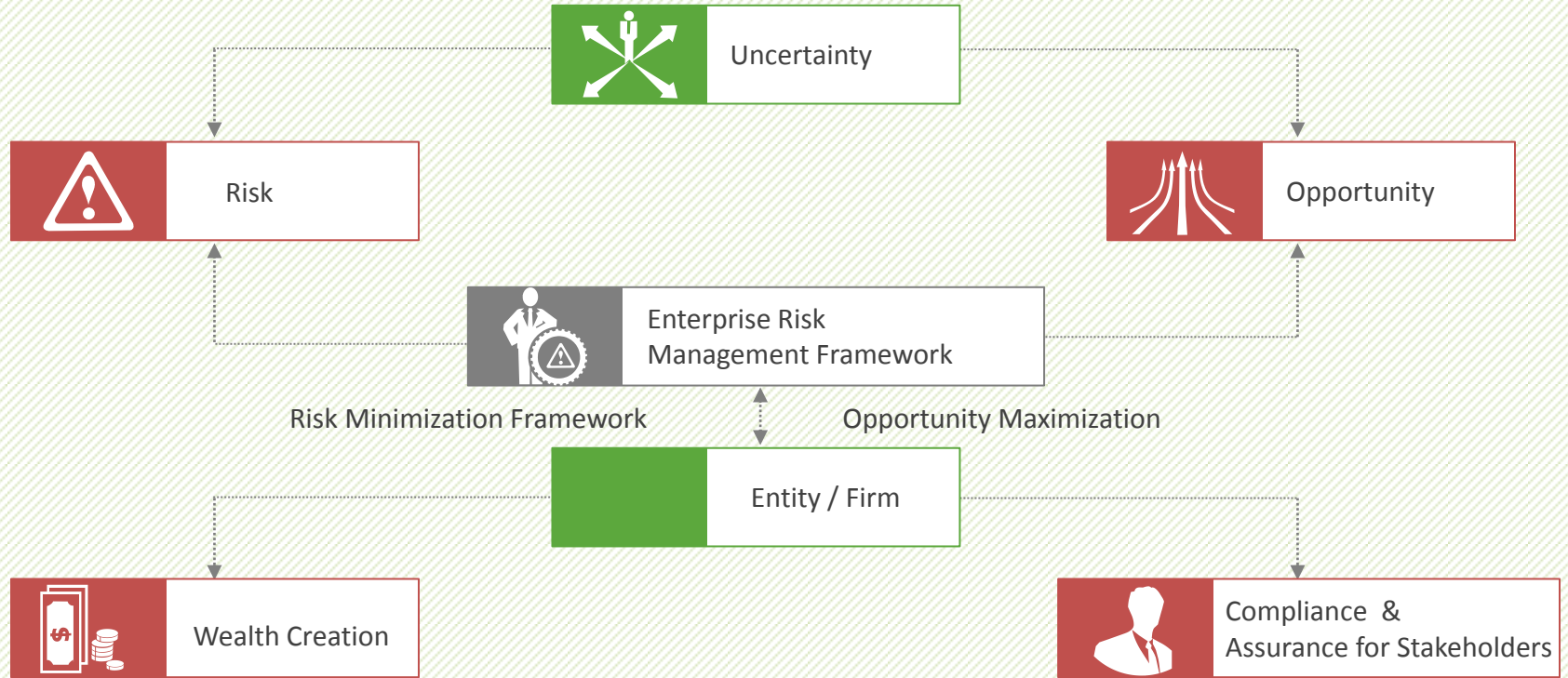
< 4 Years



Hm Resources

< 7 Years

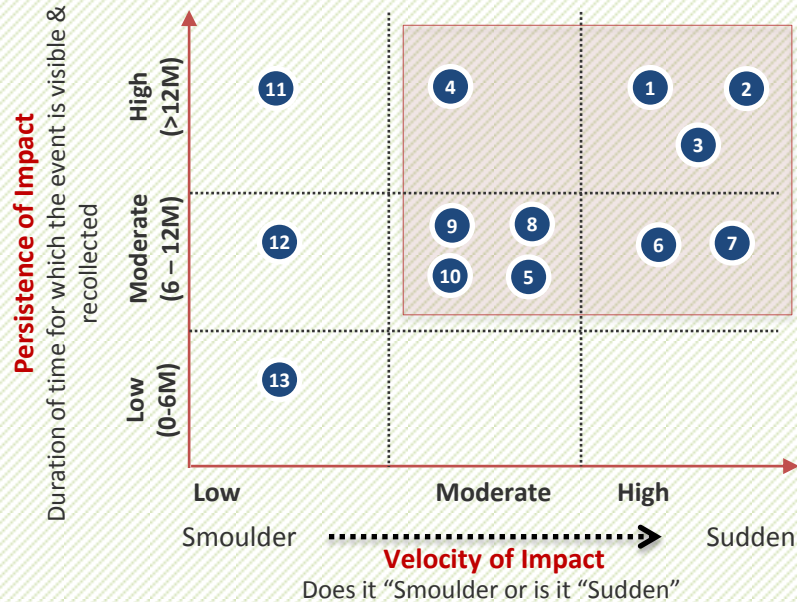
Stakeholder need for GRC



Enterprise Risk Management Optimizes Risk, **Does not Eliminate It**

Risk Inventory Top Risk Grid

Persistence & Velocity of Impact

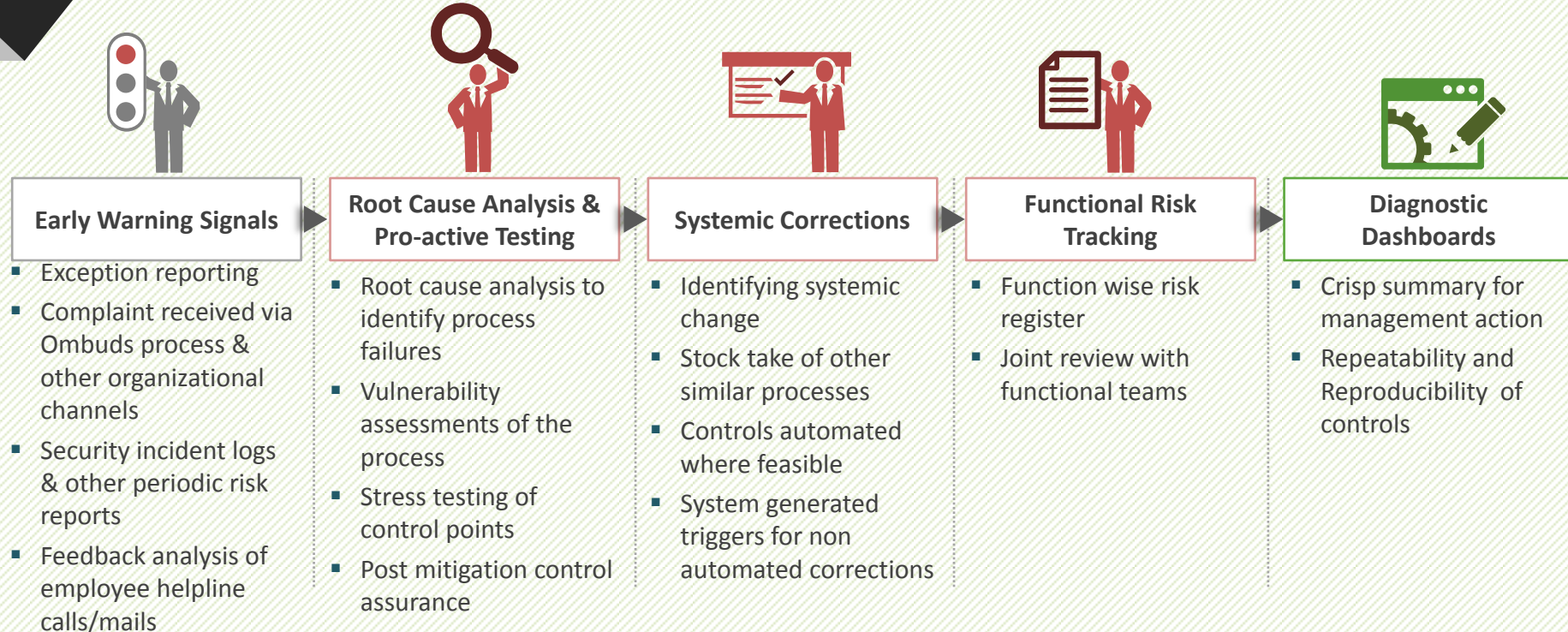


List of Risk Drivers

1. Information Security, Intellectual Property & Data Privacy
2. Regulatory Compliance
3. Cyber Security
4. Service Delivery
5. Predictable Financial Performance
6. IT Systems & Operational Resilience
7. Corporate Behavior & Governance
8. Stakeholder Communication
9. Workplace Environment & Culture
10. Execution of Strategy
11. Operational Efficiency & Speed
12. Management Vision & Leadership Stability
13. Innovation in Services

Functional Risk Management : Approach

Regimen of responding to weak signals, backed by program managed mitigation & tooling up repeat controls



Functional Risk Management: Pervasive Coverage

Collections Process Controls

Risk assessment of collections process has been done and controls have been implemented

IT Controls

Covers controls in IS applications and Infrastructure management process

Accounting Controls

Covers controls in accounting and financial reporting



Procurement Controls

Covers controls identified from investigations, vulnerability assessment, audits and anomaly detection rules

Treasury & Banking Controls

Covers controls identified from investigations and pro-active process vulnerability assessments

Payments & Reconciliation Controls & Anti Fraud Review

Covers controls in the Wividus (Shared Services) – Payroll processing, Bank reconciliations, payments etc



- Functional Risk Register for repeat controls – Automated control monitoring
- Stress testing of controls done to ensure control effectiveness
- Rule based Anomaly detection
- Pro-active process vulnerability assessment

Governance towards Pervasive GRC

Training

A Role Specific Training

- Intellectual Property Training for PMs, TMs
- COSE (Code of Sales Ethics) for Field Force
- COPE (Code of Procurement ethics) for Procurement, Finance, Wividus & related functions
- FCPA (Foreign Corrupt Practices Act) training
- Risk Management & Ombuds Training for Managers (WLP Program & pull based)

B General Risk Management & Compliance Training

- Risk 101 for all new joinees
- Risk & Compliance training in new joinee induction program

Review & Management

A Daily

- Daily dashboard of open Ombuds concerns

B Weekly

- Weekly Business risk report to CRO
- Weekly tracker on critical Ombuds concerns

C Fortnightly / Monthly

- Business risk dashboard to BU head
- Infringement Prevention Master dashboard
- Functional risk dashboard
- Fortnightly review with CRO

D Quarterly

- Review with CFO
- Review with CEO
- Review with Chairman
- Review with Audit Committee

E Annual

- Plan review & approval by Audit committee

Evangelization

- E-mailers, Posters on Risk Management & Ombuds
- Speaker in Internal/External Events
- Benchmarking with other corporates



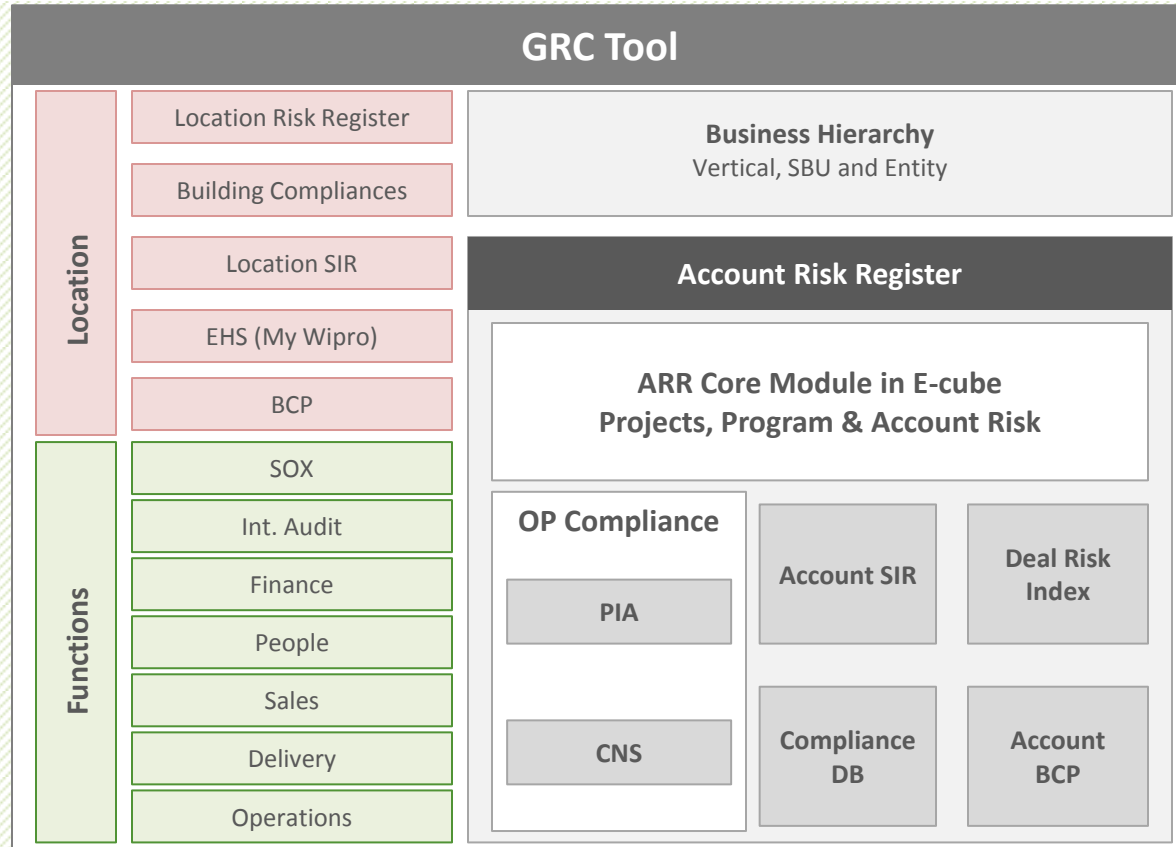
GRC Automation: Key Business Benefits



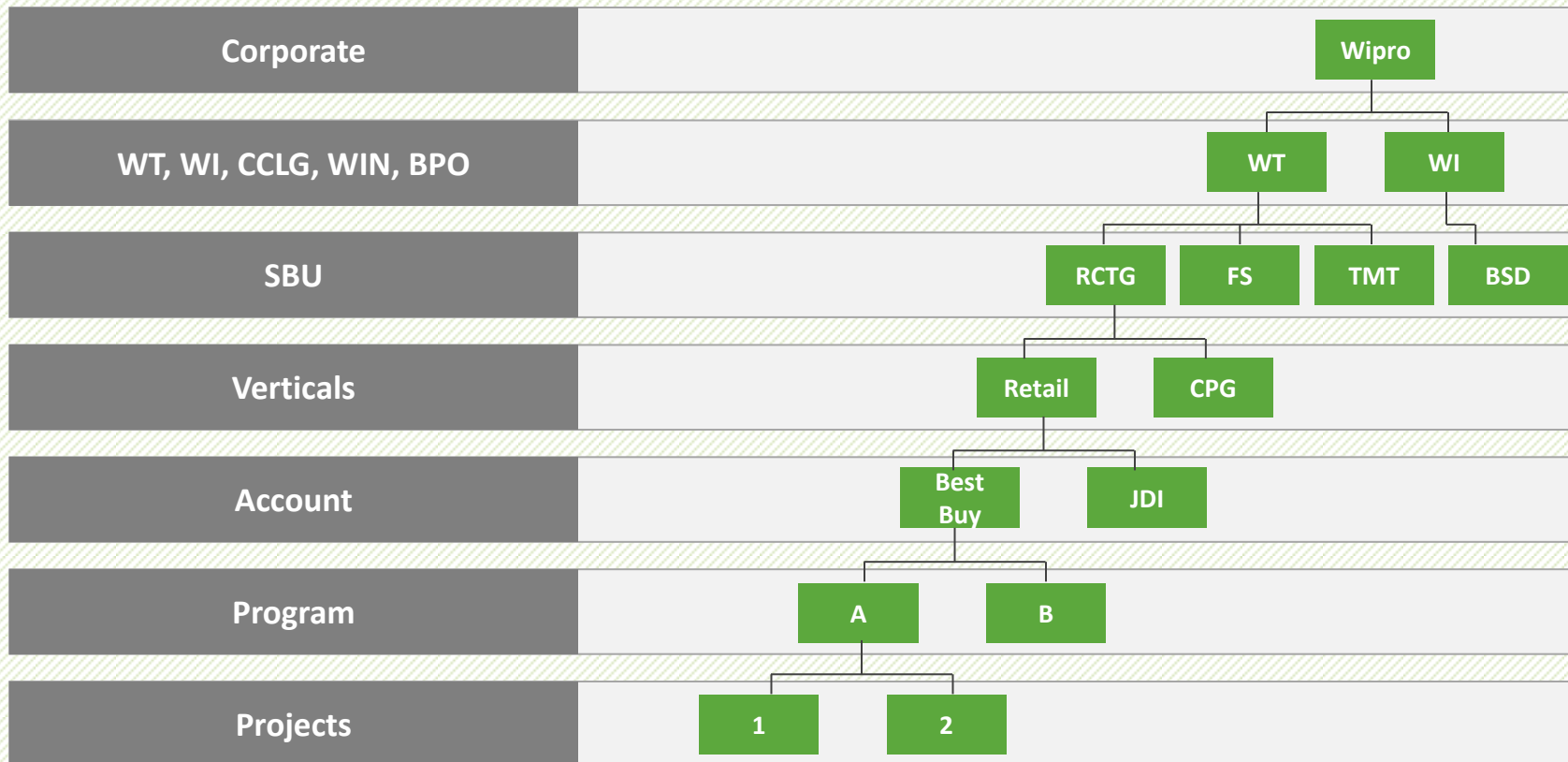
- 1 Rapid Access & Response**
To risks & mitigation across the Global organization
- 2 Rolled up Single Window view**
Risks are rolled up across the business, functional & location hierarchy to enable senior team decision making
- 3 Integrated Risk Management**
Across all business & functions in the Organization thru an unified framework
- 4 Pattern Analysis & Pro-active Mitigation**
Trend analysis on a continuous basis to address emerging risk trends
- 5 Management by exception**
Right risks to be surfaced to the leadership team for appropriate Risk governance & interventions
- 6 Continuous Control Monitoring**
Drive confidence & compliance thru global compliance library
- 7 Risk Intelligent**
Response to threats & opportunities

Addressing a Key Expectation Of Stakeholders, Management & Business Partners

GRC Architecture (High Level)



Risk Rollup – Business Hierarchy – Wipro Sample



Criticality of People



People are like stained-glass windows. They sparkle and shine when the sun is out, but when the darkness sets in, their true beauty is revealed only if there is a light from within.

Elisabeth Kubler - Ross
(Swiss American psychiatrist)



Reasonable people adapt themselves to the world. Unreasonable people attempt to adapt the world to themselves. All progress, therefore, depends on unreasonable people.

George Bernard Shaw



You may fool all the people some of the time, you can even fool some of the people all of the time, but you cannot fool all of the people all the time.

Abraham Lincoln

Inflection Points



VUCA Environment

- 1 The criticality of people
- 2 Sustainability of Differentiation
- 3 Courage of conviction
- 4 Acting on weak signals
- 5 Normalization of deviation over time
- 6 Governance and tooling

VUCA – Volatility, Uncertainty, Complexity, Ambiguity

Towards Pervasive GRC

An aerial night view of the Dubai skyline, featuring a prominent, illuminated skyscraper (the Burj Khalifa) on the right side. The city lights are reflected in the water, and a large body of water is visible in the foreground. The sky is dark with some clouds, and the overall scene is lit up by the city's lights.

Thank You