









Challenge	Consideration
 <b>Incentive programs</b> that reward short-term performance may create <b>unsustainable models of profit and companywide risks</b> .	 How compensation and culture can <b>impact risk</b> taking by the company. Does it encourage risk taking <b>within or outside</b> the bounds of the <b>company's risk appetite</b> ?

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 M&A can sometimes <b>fail to deliver the anticipated value</b> .	 The viability of the M&A deal to <b>deliver anticipated returns under different and stressed economic scenarios</b> .



Challenge	Consideration
 The global <b>financial crisis</b> made liquidity risk more salient and <b>increased the cost of capital</b> to those with high leverage and low ratings.	 Current <b>liquidity and cash reserves</b> , and stress test the ability to <b>navigate a future credit crisis</b> . Work to ensure sufficient lines of credit from traditional and alternate sources of capital.

Challenge	Consideration
 Unexpected <b>"black swan"</b> events often caught companies by surprise, leading to value-killer losses.	 Deploying broader <b>scenario planning and stress tests</b> to envision and plan for the consequences of a <b>broad range of risks</b> and rare events.

Challenge	Consideration
 Almost 90% of the companies suffering the <b>greatest losses in value were exposed to more than one type of risk</b> . In most cases, an event exposed one major weakness that cascaded through the organization.	 Not looking at risks in isolation, and <b>construct scenarios to assess what could go wrong</b> in confronting the event and subsequent events across an enterprise and the ecosystem. Identify and evaluate buffers that help <b>mitigate against cascading risks</b> .