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CRO Analytics

In many organizations, two types of analytics are being practiced at any given moment. On one end of the spectrum is pulling together numbers and generating some supporting visualizations. On the other end is the ability to identify complex, nonlinear relationships between different domains of the business while using different types of data. CROs live on the latter end of the curve, securing complex data sets and doing the hard work to convert it into insights the organization can use to better plan for the future and standardize decision-making to align with organizational risk management goals.

As the issue of risk increasingly becomes a core strategic concern for many businesses, CROs are facing increasing pressure to identify a wider range of risks and better understand the impact of differing economic environments on business risk and performance. As a result, they need better ways to collaborate with their peers across the business—and secure consistent, reliable data to drive smarter insights. Culturally, this can be a shock, especially when CROs collaborate with peers who are accustomed to making more qualitative decisions.

What’s at stake

CROs today are expected to bring clear insights that shed light on creating sustainable business performance in a range of potential business environments. In that context, business analytics may be one of the most powerful tools at their disposal. Put simply, risk-focused business analytics is an important ingredient in developing and sustaining a competitive edge—at a time when risk issues affect business strategy more than ever.

Analytics connections with other roles

CFO | Looking for risk-based insights on business planning, capital adequacy, and balance sheet management.

CEO | How do we optimize resources in light of our risk appetite? How will we perform in different risk environments? These are the types of questions that CROs can help CEOs address.

CMO | There are a host of issues on which the marketing and risk functions must collaborate. Product design and pricing are among the most important.

Crunchy questions for CROs

As CROs begin to expand their reach throughout their organizations, it helps for them, as well as their peers, to know exactly which types of questions they should be answering with analytics. It's also important to be able to zero in on what we call "crunchy questions"—highly detailed business inquiries that pave the way for action. Here are a few representative examples.

Risk portfolio

- What is our risk profile—and how does it match up with our risk appetite?
- What specific exposures should the firm worry about?
- How is our financial performance affected by risk, in terms of impairment or Value at Risk?
- What are our capital requirements, in light of our risk profile?
- If we suddenly faced a stressed risk environment, how would we likely perform?

Business decisions

- What new business should we take on? What should we decline?
- If we decide to take on new business, what price should we ask?
- What new products or services should we develop—and how should we manage their risk profiles?
- Are our business processes effectively controlled?
- How can we secure the maximum return in the face of constrained resources?

Strategy

- Where exactly is our organization's risk appetite misaligned with our business strategy?
- Which early warning signs may help us avoid strategic missteps in the future?
- How should we adjust compensation to reward risk-intelligent behavior?
- What is the specific impact of the shifting regulatory environment on our business?
- How strong or weak is our risk culture today?