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Risk and Financial Advisory


# Shift risk strategies, accelerate performance

May 2017

"If organizations anticipate disruptive forces and alter their strategy, leaders can take proactive steps and not only avoid being disrupted, but also become the disrupters in their industries."

**Chuck Saia, CEO, Deloitte Risk and Financial Advisory**

LEAD. NAVIGATE. DISRUPT.
Accelerating performance by embracing complexity

# Contents



# Foreword

## The champion race car driver Mario Andretti said it well: "If everything seems under control, you're not going fast enough."

The same holds true in today's fast-paced, complex business environment. To stay ahead, you need to lose a little control and take risk. Yes, taking more risks can lead to costly mistakes. But nobody became a champion race car driver or an industry leader by focusing solely on reducing risks and protecting existing market share.

The reality is that opportunity doesn't exist without risk. But when risk is taken strategically—with a value-focused approach—new opportunities to accelerate performance emerge. These opportunities have the ability to enhance reputation, market positioning, and competitive advantage.

This perspective on risk hasn't always been prevalent with business leaders, some of whom historically viewed risk management solely as a function to protect their current business model.

To understand how far organizations have shifted their risk strategies, Deloitte teamed with Fortune Knowledge Group to survey US-based executives at large organizations about their views on risk management as a means of accelerating business performance.

What we found was interesting. The majority of surveyed executives see risk management as a performance accelerator. According to the survey, organizations that are implementing a value-focused approach into their risk strategy and using it to innovate are industry leaders, growing their businesses faster and increasing market share. In this report, we refer to these organizations as "the implementers."

Our intention for this report is to spark a conversation around taking a value-focused approach to risk management and embracing complexity to accelerate performance. We believe that organizations that shift their mindset from risk averse to risk aware will be able to lead in their industry, navigate risks and opportunities, and disrupt through innovation.

Chuck Saia
Chief Executive Officer, Deloitte Risk and Financial Advisory.


**Executive summary**

*Survey data was collected from 300 US-based executive respondents. Supplementary one-on-one interviews with business leaders provided additional insights and experiences that are highlighted alongside the survey findings.*

The benefits of a value-focused approach to risk strategy are significant. The first benefit is heightened corporate performance. Organizations were more likely to achieve better financial and operational performance than their competitors. The second benefit is competitive advantage. Business leaders were better able to manage costs and improve customer relationships, creating competitive advantages. And third is enhanced brand and reputation. Organizations experienced improved risk protection and reputational resiliency.

But with change comes challenge. Most responding organizations appear to struggle with implementing a value-focused risk strategy. Even though 88 percent of respondents indicated that they recognize value creation as a key goal of their risk strategies, only two in five have been successful in its implementation. Being hampered by organizational silos was cited as a top risk-related failure in the past three years.

Timing is everything. Several important shifts are expected in the next three years, making it imperative for business leaders to react quickly. Cyber security is already top of mind. But despite the rapidly evolving nature of the threat, a little over half of respondents say that cyber risk is both a threat and an opportunity. For organizations, building a risk-aware culture and identifying opportunities for loss avoidance are becoming more important, while improving compliance is becoming less of a focus.

# 1. The benefits of change are significant: Elevated risk strategy rewards implementers

**A value-focused approach to risk strategy can heighten corporate performance**

More than one-third (114) of the executives we surveyed said they recognize value creation as a key goal of risk strategy and have implemented measures to achieve this goal. The survey also showed that the implementers are more likely to say they are industry leaders in profitability, revenue growth, speed to market, differentiated products or services, innovation, and risk management. Acknowledged industry leaders, such as GE, agreed with the premise that risk strategy enhances business value.

**A value-focused approach to risk strategy can help organizations gain a competitive edge**

The implementers say they have achieved a number of significant improvements among a wide range of strategic objectives. For survey respondents who recognized value creation as a goal of risk strategy, there were wide gaps between those who had already implemented value-creation measures compared with the rest. "Traditional risk management is about protecting revenue streams and preventing reputational harm. Now it's a much broader term," says Fernand Fernandez, vice president of Global Marketing and Customer Experience at American Airlines. "We have programs that create value for the customer and minimize the risk of being exposed to the cost of not meeting their connections. We're ensuring we are a good partner with the customer."

Survey respondents were asked in which areas their organization's approach to risk has been most effective in enhancing value. Forty-eight percent of implementers say they have improved their organizations' cost-effectiveness by integrating value creation into their risk strategy, compared with only 31 percent who haven't implemented such measures. The implementers have also been particularly effective in improving client loyalty (41 percent versus 26 percent). This suggests that risk management, when integrated into business strategy, can create value in both the front office (helping to strengthen relationships with clients and enhancing brand reputation) and the back office (controlling costs).

> "Risk management is a tool to gain strategic advantage over the competition."
>
> **Ashutosh Banerjee, the Head of GE's Diagnostic Cardiology Business Unit**

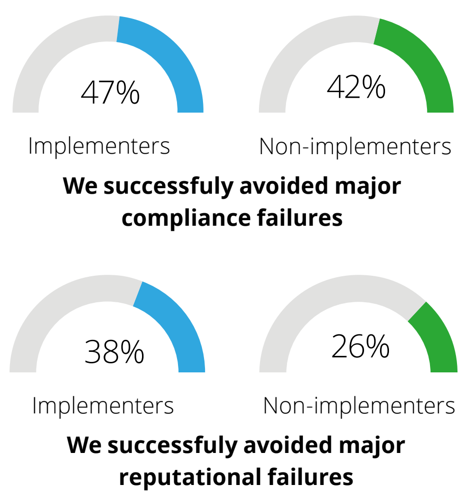
**Implementers of value-focused risk strategy are industry leaders**

% of respondents who say they are leaders in their industry in the following categories

| Category | Implementers | Non-implementers |
|---|---|---|
| Differentiated products/services | 31% | 18% |
| Profitability | 25% | 22% |
| Risk management | 25% | 22% |
| Revenue growth | 20% | 12% |
| Speed to market with a new product/service | 19% | 17% |
| Innovation | 18% | 13% |

**Where implementers' approach to risk has the most impact**
% of respondents


**Where implementers have had the greatest risk-related successess**
% of respondents




> "There are a lot of reasons businesses can be disrupted, but if the organization can anticipate these forces and alter its strategy, there's an opportunity to change the business model and the path forward. The organization can take proactive steps and not only avoid being disrupted, but also become the disrupter in their industry."

**Chuck Saia, CEO, Deloitte Risk and Financial Advisory**

"When we talk to chief executive officers, it's clear they don't look at risk the way risk professionals do," says Chuck Saia, CEO, Deloitte Risk and Financial Advisory. "A CEO is focused on strategic risks that are hard to define, measure, and track. It's important for risk professionals and the CEO to speak a common language."

### A value-focused approach to risk strategy can enhance brand and reputation

Survey results show that implementers experience enhanced reputation resiliency. Respondents identified their greatest risk-related successes and failures in the past three years. The implementers say their biggest success was in avoiding major compliance failures (47 percent), and they're better than non-implementers in avoiding significant reputational damage (38 percent and 26 percent, respectively).

A value-focused approach to risk strategy helps with traditional risk objectives, such as preventing reputational damage, and with value-creating objectives, such as improving client relationships. Jackie Rice, Target's chief risk and compliance officer, said, "We absolutely consider both—mitigating risks that could impact our ability to achieve our business objectives, but then also unleashing value in our growth opportunities where we may be, in some instances, too risk-averse."

We asked the survey population to identify where their organizations' value-focused approach to risk strategy has been most effective in accelerating performance.

Here's what we found: improving stakeholder confidence (41 percent); increasing operational resilience (40 percent); improving cost-effectiveness (39 percent); and identifying and capitalizing on new opportunities (36 percent).

> "One of our beliefs is enabling smart risk taking."
>
> **Jackie Rice, Chief Risk and Compliance officer, Target**

# Case Study: Merck

"To ensure you have the right risk posture, you should not be dependent on the organization that is executing, but there must be an independent check and balance across the organization."

**Clark Golestani, Executive Vice President and Chief Information Officer, Merck**

**Merck sees managing compliance risk as an opportunity to perform better**

Regulatory compliance is a strategic objective that has grown in importance following a wave of rules governing corporate activities, introduced in the US and elsewhere in the past few years. According to our survey, compliance is the business goal most likely to create elevated risks for the organization (46 percent say so; the second goal, geographic market growth, is far behind with 33 percent). Increased regulatory risk is the biggest risk-related challenge facing organizations (42 percent say so, far ahead of geopolitical instability, which comes in second with 31 percent).

Compliance risks are seen as particularly urgent by the 60 respondents who work in life sciences. Forty-two percent of the life sciences executives who took the survey see compliance risks as very urgent, compared with 33 percent for the respondents in other industries. But this doesn't necessarily mean that compliance has to slow down the business, if value creation is part of the risk strategy. Correctly anticipating regulatory changes and planning product-development processes based on these predictions can provide organizations with a competitive edge.

The key is to ensure that compliance is a means of business improvement and not just an end in itself.

For Merck, compliance is so deeply embedded in its processes that it's seen as a source of opportunity and not just a risk to be managed. "Ensuring global compliance at every level is really a mainstay for the organization," says Clark Golestani, executive vice president and chief information officer of Merck. "It's part of our ethics, our focus, and our reputation. We view compliance as a necessary ingredient to ensure that the trust in, and the quality of, our products are of the highest levels.

"Managing risk effectively gives us confidence to adopt new capabilities quickly without exceeding our risk appetite—which benefits our business and ultimately the patients we serve." This applies to the major aspects of its operations. Business units at Merck are the first line of defense in terms of managing risk, but there is a governance structure of checks and balances. "Product approvals and the like need to be rooted in organizational policy," says Golestani. "You need to have an organization that drives policy and ensures the policies are appropriate. That same organization will see whether the new products in development are adhering to the policy."

# 2. With change comes challenge: Organizations struggle with risk strategy implementation and silos prevail

Most organizations understand that risk management can accelerate performance. In fact, 88 percent of respondents say their organization has recognized that value creation is an important goal of risk strategy. Despite the high level of recognition, only 38 percent have implemented measures to achieve this goal (the 114 implementers). Why is there such a big gap between recognition and implementation, and how can organizations create an environment that will integrate value creation in their risk strategy?

"The first challenge is to enable the strategic planners to work with the risk management group and figure out how to add a risk lens in the planning process," explains Chuck Saia, CEO, Deloitte Risk and Financial Advisory. "Risk managers will identify the key risks in achieving a certain goal and provide an objective, consistent perspective of the risks, while monitoring them."

### Risk strategy is a rising priority for senior leaders

According to the executives who participated in our survey, responsibility for risk needs to reside at the highest level for organizations to succeed in taking a value-focused approach to risk strategy. There are clear signs that their involvement is on the rise.

**Most respondents see the role of value creation in risk strategy**

% of respondents

| | |
|---|---|
| 38% | We have recognized value creation as a key goal of our risk strategy and we have implemented measures to achieve this goal. |
| 38% | We have recognized that value creation as an important goal of risk strategy and we have plans to implement this approach. |
| 12% | We have recognized value creation as an important goal of risk strategy and we have NOT yet acted on this priority. |
| 5% | We consider the principal objective of risk strategy to be to protect value and have not addressed opportunities to use it to create value. |
| 1.3% | We consider risk management to be an operational issue that is managed independently across business units and functions. |

88%

Survey data reveals that senior leader involvement has increased in the past three years in four categories (reputation, investors' confidence, operational efficiency, and customer loyalty). Only in the area of regulatory compliance has the level of very active involvement stayed the same.

The active participation of senior leaders is seen as a significant advance in creating a risk-aware organization, in which the experience and knowledge of the entire workforce are used as a means to excel. When asked to cite their biggest risk-related success in the past three years, expanding senior leaders' participation in setting risk priorities (42 percent) is second only to avoiding compliance failures (44 percent). The organization's top executives not only need to decide the priorities for risk management, but they must also ensure they fit the business strategy of the organization. When asked about the most important outcomes of the organization's current risk strategy, one of the top three is a better alignment of risk appetite with overall strategy (36 percent). This is essential if organizations are to prioritize the risks to manage and get the biggest performance benefit from creating value through their risk strategy.

"The idea is not to bolt risk management onto strategic planning but to integrate risk tools into the existing business management processes."

**Chuck Saia, CEO, Deloitte Risk and Financial Advisory**

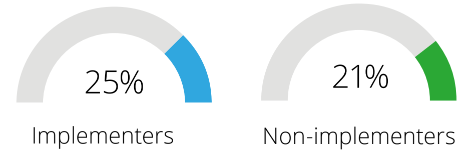
### Creating a risk-aware culture

To implement value creation as a key part of risk strategy, senior management must lead the way, and it must also educate the business units to accept responsibility for managing risk. At GE, Ashutosh Banerjee, the general manager of the organization's diagnostic cardiology business, makes no bones about it: "As the business leader, I own the risk management."

At IBM, risk management is structured along the three lines of defense: business units, risk professionals, and internal audit.

**Top risk-related successes**
% of respondents


**Silos impede performance improvements**
% of respondents




**We have been hampered by organizational siloes in setting risk management priorities.**

"If you look at the three levels of defense, the reality is your first, and most important, level of defense is the teams building a product. It has been a change-management exercise to get that philosophy and the automation of the controls into the product development teams so they can do that and take that as their primary responsibility."

**Jeff Smith, Chief Innovation Officer, IBM**

The idea is, if organizations ensure that business leaders have primary responsibility for managing risk, they can integrate more effective value creation in their risk strategy, since the business leaders are ideally positioned to see both the risk and opportunity of any corporate deal, venture, or investment. By seeing both sides, they can simultaneously protect and create business value. Only then can they excel.

For some, this is still just a theory. To make it a reality may require a change of attitude on the part of the business units, as is the case at IBM, since some business leaders may be reluctant to take on the role. They may be more familiar with the traditional structure in which risk management is siloed and risk officers' primary aim is to preserve value while ensuring the business units don't overstep the risk parameters.

**Breaking down silos is key to successful risk strategy implementation**

Siloed functions are barriers to accelerated performance. When we asked the implementers to describe their greatest risk-related failure in the past three years, the most frequently cited issue (25 percent) is organizational silos that hindered setting risk-management priorities. It's mentioned even more often by implementers than by those who haven't implemented this integration (21 percent). Only by taking an enterprise-wide approach to risk—and by prioritizing the risks to be managed—can organizations maximize the potential for value creation from risk strategy.

**Organizations will accept greater risk to improve efficiency and market share**
% of respondents

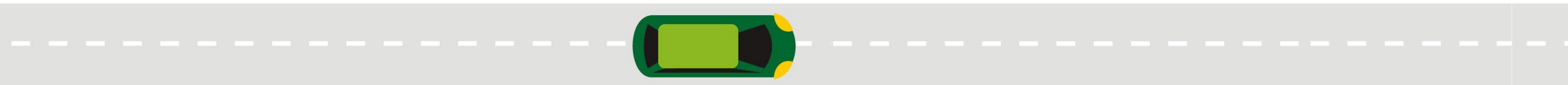

### Taking business objectives into account when deciding which risks to take elevates strategic risk management

Organizations must be able to measure the degree of potential threat, the likely business impact, and the appetite for risk. They may find they have a higher tolerance for risk in a key strategic area than their current risk parameter would indicate. If so, they may see that they can afford to assume a greater risk than they're currently taking in pursuit of the objective.

Respondents say that risk appetites are highest for operational disruption/efficiency issues and for customer loyalty and market share losses, with 36 percent and 34 percent, respectively, reporting very high or high risk appetites. Risk appetites are considerably lower for investor confidence/market capitalization risk (22 percent) and brand/reputation risk (21 percent) and even lower for regulatory risk (10 percent), reflecting the survey finding that compliance is most likely to create elevated risks.

Target conducts regular opinion surveys of its employees at headquarters, stores, and distribution centers to evaluate "how the organization is feeling about the level of risk and risk taking that we're comfortable with," says Jackie Rice, chief risk and compliance officer at Target. "When we take the pulse of the organization, smart risk taking is very explicitly called out as something we can do better," she says. "My team talks about what it means to take smart risks, and how we can help make the organization more risk tolerant and risk resilient. It's a matter of ensuring that the organization understands that we should test and repeat, and if we fail, we should fail fast and learn from it."

One of the areas in which a value-focused risk strategy can help organizations is in making bolder bets on which technologies to adopt. Risk-management strategies have been largely successful in improving organizations' ability to invest in and exploit new technologies. About half say it has enabled them to make larger investments in new technologies (52 percent), as well as build an environment that's comfortable with adopting them (50 percent). An additional 28 percent say that it has enabled them to take chances on promising, but unproven, technologies. These are hallmarks of a bolder corporate strategy.



# Case Study: GE

"We are continuously at work to update our gold standard algorithms and add more clinical features to ensure more disease states are caught early, and we can partner with health care providers to save more lives from cardiac disease."

**Ashutosh Banerjee, General Manager, Diagnostic Cardiology Business, GE**

**Managing customer risks leads to product improvements**

A focus on the customer is a very important goal of business strategy and therefore a focus of risk management. In the survey, 34 percent of respondents have a high (or very high) appetite in the area of customer loyalty, second only to operational resilience. In fact, senior leaders are much more heavily involved now in managing risks around customer loyalty (37 percent say they're very actively participating in this area compared with 29 percent three years ago).

For GE, a large, diversified manufacturer, customer insights are a source of innovation, some of which are derived from the way it manages risk. Ashutosh Banerjee, general manager of GE's diagnostic cardiology business, says risk management is a tool used to discern what the competition will do and what customers want. One such tool is called "a customer satisfaction opportunity (CSO)." Banerjee says: "We see a customer complaint as an opportunity. The CSO is filled in by customer service managers and monitored by loyalty leaders. We believe the customer determines our success. The CSO shows pain points that may yield improvement ideas."

GE prides itself on never taking its eye off the customer. In Banerjee's case, these are the hospitals that buy electrocardiogram machines. "Our customers are the best indicators of what is going on around us," says Banerjee. "Any risk management process should be centered around the customer; it should start with the customer and flow into the internal data." The information can be used to create better products and services for GE.

CSO data, for example, can improve an algorithm that's at the heart of GE's diagnostic cardiology business. For many years, GE has been improving the so-called "12SL" algorithm. This stands for 12 simultaneous leads, enabling doctors to acquire an electrocardiogram of the heart from 12 leads at the same time.

# 3. Timing is everything: Organizations should be prepared to react to a changing landscape

Organizations expect to see a significant reordering of strategic, risk-related priorities in the next three years. Right now, the highest priority is improving regulatory compliance (54 percent), reflecting the expansion of government rules in recent years and tighter supervision across industries. In second place (35 percent) is the priority of building a risk-aware culture. But in three years, a risk-aware culture becomes the most important priority, with 43 percent of responses, which is far ahead of compliance, with 27 percent.

Creating such a risk-aware culture is likely to make it more important to integrate value creation into an organization's risk strategy. In some ways, being aware of risks is the opposite of being averse to them, because the former considers the potential to create value and isn't focused entirely on protecting value. There are indications of this at IBM.

"Risk is everybody's business. This is driven by customers, who are demanding risk-free products," says Jeff Smith, IBM's chief information officer. "Customers today want more business value implemented and created in a shorter amount of time. As we do that, we've got to make sure that in every new piece of business value or function that we deploy for our customers that we've got good risk assessment and act to lower our exposure. So it has to become part of everyone's role to make sure that this is embedded in how we do things."

Smith says that, increasingly, resilience has to be built into the products. "We need to be

**Top priorities for supporting the business strategy**
% of respondents

| | Today | In 3 years |
|---|---|---|
| **Improving reporting and complainace** | 54% | 27% |
| **Building a risk-aware culture** | 35% | 43% |
| **Identifying opportunities for loss avoidance/reduction** | 30% | 35% |

**The most urgent risks**
% of respondents calling each type of risk "very urgent"

| Cyber | Reputation | Compliance | Strategic | Financial | Operational |
|---|---|---|---|---|---|
| 45% | 44% | 35% | 24% | 19% | 18% |

> "Risk is everybody's business. This is driven by customers, who are demanding risk-free products."
>
> **Jeff Smith, Chief Innovation Officer, IBM**

> "The data might detect trends that bring to light new risks, causing a course correction and better business results."
>
> **Chuck Saia, CEO, Deloitte Risk and Financial Advisory**

able to protect our data, our applications, the network, and digital services so customers can trust that when they get the efficiency and the speed of a new digital service that they're also getting the security and the risk management that goes along with it. I think that's the big opportunity."

Reflecting the need to protect data, survey respondents say cyber risks are now the most urgent challenge to the organization. Forty-five percent say it's a very urgent challenge, compared with 44 percent who say reputation risk is very urgent. Despite the seriousness of the threat from hackers and the frequency of publicized data breaches, 51 percent say that cyber risk is both a threat and an opportunity to become more agile. Forty percent say it's primarily a threat.

Interestingly, 57 percent of the risk officers surveyed see it as a threat and not an opportunity, compared with 39 percent who aren't in the risk function.

## Organizations are using new technology to shift to value-based risk measurement

Elevating risk strategy requires data, both quantitative and qualitative. The data can take the form of such things as employee opinion survey responses, observations of customer behavior, financial performance, and a wide array of external measurements. The quantity of information that can potentially provide useful insights is large. At Merck, the information technology function processes "a billion events a day," says Clark Golestani, executive vice president and chief information officer.

The way to collect and sift through such large amounts of information is data analytics; it's a major enabler of a risk strategy that integrates value creation. According to our survey, 41 percent of respondents say the sustained, intensive use of data analytics is central to their risk-management strategy. Twenty-nine percent say data analytics currently enables the organization to design a risk strategy that enhances business value. This proportion rises to 34 percent in three years' time.

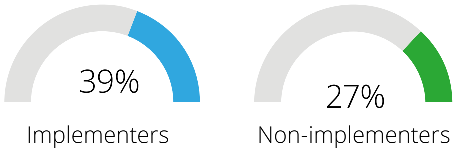
These are the responses for all 300 people surveyed. Of the 114 respondents who indicated that their organizations have already implemented measures to integrate value creation into their risk strategies, 39 percent say that, in three years' time, they intend to use data analytics for their risk strategy in a sustained, intensive way, compared with 27 percent of the organizations that have not implemented such measures.

"To figure out the risks in business strategy, organizations can use risk sensing to understand trends and spot early signs of an emerging risk," says Chuck Saia, CEO, Deloitte Risk and Financial Advisory. "In health care, for example, organizations could identify disrupters early by collecting customer surveys of doctors. The data might detect trends that bring to light new risks, causing a course correction and better business results."

Data analytics is a powerful tool when used effectively. At Merck, the data analysis used for risk management is leveraged to look for inefficiencies in processes and equipment. "The events that are machine-generated can be correlated to predict failure rates," says Golestani. "That way we can maintain greater uptime and minimize costs and interruptions by predicting when a failure might occur. We can then take corrective maintenance action."

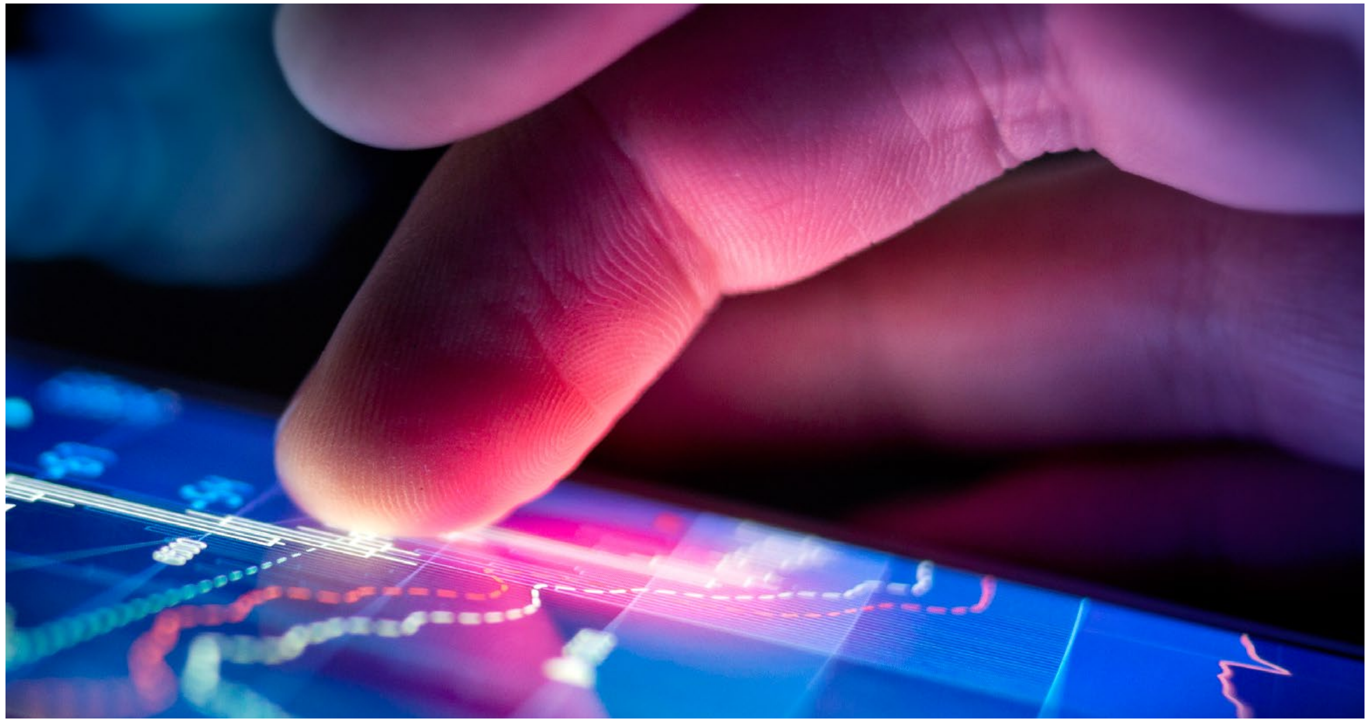
Our survey shows that the area of business where risk management has been most successful is improving operational resilience. Thirty-seven percent say so. As we noted earlier, risk appetites are higher for operational disruptions than almost any other area, and this is an area where organizations' approach to risk has been particularly effective in enhancing the creation of value. Predictive data analytics, for example, helps organizations predict where operational disruptions are likely to occur and remedy issues before they happen.

**More emphasis on information analysis**
% of respondents




**Intend to use sustained, intensive data analytics for risk management strategy in three years' time**

**The upside:** Elevated risk management creates greater business confidence and enables organizations to enhance their performance and resilience. Organizations can start by developing a risk-aware culture, strategy, and data-mining program.



# Case Study: IBM

"Data analytics will be a foundational element of every single business process..."

**Jeff Smith, Chief Innovation Officer, IBM**

**Deploying Watson to manage risk**

Data analytics is seen as a transformative tool of risk management. Ninety-five percent of respondents say their organizations are deploying it to improve the way they manage risks. Forty-one percent say that sustained, intensive use of data analytics is central to their risk strategy.

IBM is using its Watson software system not only for external purposes, such as improving decisions on lung cancer treatment, but also for internal purposes, such as risk management. Jeff Smith, the chief information officer of IBM, has been involved in deploying Watson services in the organization's customer service department so that, when something goes wrong, IBM can predict what the problem is and the root cause of it. Watson "reads all of the 'problem tickets' that have occurred historically which, in my case, is around seven million. We process that every day, and Watson will look for patterns and possible reasons for what has happened in each of those cases," says Smith.

"When we get a call that there's a network down at a customer, Watson can take a look and say, 'That's similar to what happened three years ago at this other customer. Here is the problem with the highest probability and here is the highest probable root cause of those.' It is the learning engine that can look at different types of data and do analytics to give an operator a better feel for where the problem is," he adds.

"Data analytics will be a foundational element of every single business process that ultimately gets deployed because there's lots of content available to analyze what's working, where the patterns are, and give people better advice on where to begin work on rectifying the problem, rather than starting from ground zero on every issue. The reality is a lot of problems have been solved before in many different circumstances. We just hadn't had a good way before of collecting all the data and providing the analytics for people to use it," says Smith.

# 4. The road ahead for smart risk takers

Change starts in the driver's seat. In order to shift successfully to a value-focused risk approach, organizations can adopt several leading practices focused on strategy, culture, and measurement.

**Strategy:** Break down the wall between risk management and strategic planning. Start by inviting risk professionals to strategic planning sessions. Risk professionals and business leaders can and must share ideas on the threats and opportunities facing the organization. Only by openly discussing business problems can the two sides understand the other's point of view and act on this knowledge.

**Culture:** Create a culture where risk is everybody's business. Get leadership involved in risk conversations and educate professionals to understand their role in risk management. This change doesn't occur simply by telling employees that risk is everybody's business. Individuals must be trained to identify risks; to calibrate their response; and, ideally, to act on the knowledge that for every threat, there is a business opportunity.

**Measurement:** Employ data analytics to measure risk and predict trends. Data analytics is a major enabler of a value-focused risk strategy. Business has reached a level of complexity that demands a more scientific approach to the information generated inside and outside the organization. Technology is only as good as the people who use it. Data analytics requires skilled people to ask the right questions to uncover the most useful answers.

Ultimately, this report is a story of human judgment, in which executives understand that risk management is a means to achieve a lot more than protecting the business. For those who can use speed and the unexpected to their advantage, the future looks bright. Are you a business leader who's ready to take calculated risks? Consider transforming your focus—from a traditional enterprise risk management approach to one that's more agile and strategic—to reposition risk and accelerate your organization's performance.

Deloitte.

*This information in this report is from a survey conducted by Fortune Knowledge Group and sponsored by Deloitte Risk and Financial Advisory. It captures the views of 300 US-based executives on risk as a performance enabler versus a protector of value.*



**About Deloitte**
As used in this document, "Deloitte Risk and Financial Advisory" means Deloitte & Touche LLP, which provides audit and risk advisory services; Deloitte Financial Advisory Services LLP, which provides forensic, dispute, and other consulting services; and its affiliate, Deloitte Transactions and Business Analytics LLP, which provides a wide range of advisory and analytics services. These entities are separate subsidiaries of Deloitte LLP. Please see www.deloitte.com/us/about for a detailed description of our legal structure. Certain services may not be available to attest clients under the rules and regulations of public accounting.

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Deloitte Risk and Financial Advisory helps organizations turn critical and complex business issues into opportunities for growth, resilience and long-term advantage. Our market-leading teams help our clients manage strategic, financial, operational, technological, and regulatory risk to enhance enterprise value, while our experience in mergers and acquisitions, fraud, litigation and reorganizations helps clients emerge stronger and more resilient,

**FORTUNE Knowledge Group** provides in-depth and custom proprietary information for C-suite leaders. FKG works with global brands to develop industry-leading strategy, creative and distribution initiatives. Our team of experts delivers ground-breaking thought leadership content that drives and defines the way business is done.



## About the survey

FORTUNE Knowledge Group, on behalf of Deloitte, fielded a survey in 2016 of 300 US-based executives, of whom half is C-level executives and the remainder is directors, vice presidents, and senior vice presidents. The survey is tilted to poll predominantly business leaders; only 10% are risk officers. Thirteen percent are chief executive officers and 10% are chief financial officers. Two thirds of the organizations have revenues of $1 billion to $5 billion, and the rest have sales greater than this. The organizations are evenly distributed among five industries: consumer/industrial products, energy/resources, life sciences/healthcare, media/technology/telecoms, and financial services.