CGMA® SUMMARY

WHAT DOES IT TAKE TO BE A RISK LEADER?

A guide to risk leadership
INTRODUCTION

The risk landscape is constantly evolving and becoming more complex. Being able to identify and ‘manage’ all the risks to an organisation is no longer possible.

The increasing complexity of the business environment calls for a new approach to managing risk, one that promotes resilience in a heavily interconnected and integrated world. An organisational risk leader will help drive the success of the business and take charge of the risk agenda.

CGMA designation holders are well prepared to take on this role.

FIGURE 1: What does it take to be a risk leader?

- Helps board set the risk appetite in line with the business model and acts as wise counsel and effective challenge to CEO, board and broader business
- Aligns business with balanced risk/reward approach for effective commercial business decisions
- Navigation of board and executive relationships

- Creates vision and purpose for the risk function; inspires excellence in business partnership to create credibility and value
- Creates an enterprise-wide function that balances framework, policy and process with forward-thinking capability and navigation
- Constantly considers future challenges including succession and ‘future-proofing’ function

- Creates and maintains a pragmatic, business-focused framework, utilising management information to support risk/reward business decisions and culture
- Considers internal and external factors in the design and coverage of the function: creates a fluid structure; able to continually improve, adapt and evolve
- Creates a risk function that can partner the business, enabling it to take ownership of risk with the risk function being the guardians

- Risk’s ‘culture-carrier’; establishes the right culture with the board and senior management team
- Understands the present status of risk culture and drives a winning strategy to a mature culture that is right for the business
- Creates an open culture where learning from mistakes is possible. Builds a network across the business to embed appropriate risk culture

The experience and qualities required to fulfil these requirements
How to develop the skills of a risk leader

An effective risk leader creates and promotes a culture of quality decision making. Management accounting is at the heart of quality decision making, guided by the Global Management Accounting Principles©. Risk management is one of the practice areas of the principles, and risk leaders who adopt the four principles of influence, relevance, value and trust will be perfectly positioned to deliver on the key components of the role to enable quality decision making for the organisation.

Learn more about the principles at cgma.org/principles

The CGMA Competency Framework is the foundation that demonstrates the relevance and capabilities of a CGMA as a trusted finance and business strategist. The Competency and Learning website provides access to online courses and resources to assist future risk leaders improve their skills and knowledge on risk management.

Enhance your skills and knowledge at competency.cgma.org

Learn more about risk leadership
See the full Tomorrow’s Risk Leadership guide and toolkit at cgma.org/riskleadership
Read more about the current risk landscape, risk oversight and the importance of risk leadership in organisations at cgma.org/risklandscape

FIGURE 2: What are the qualities of a risk leader?