

Executive Summary

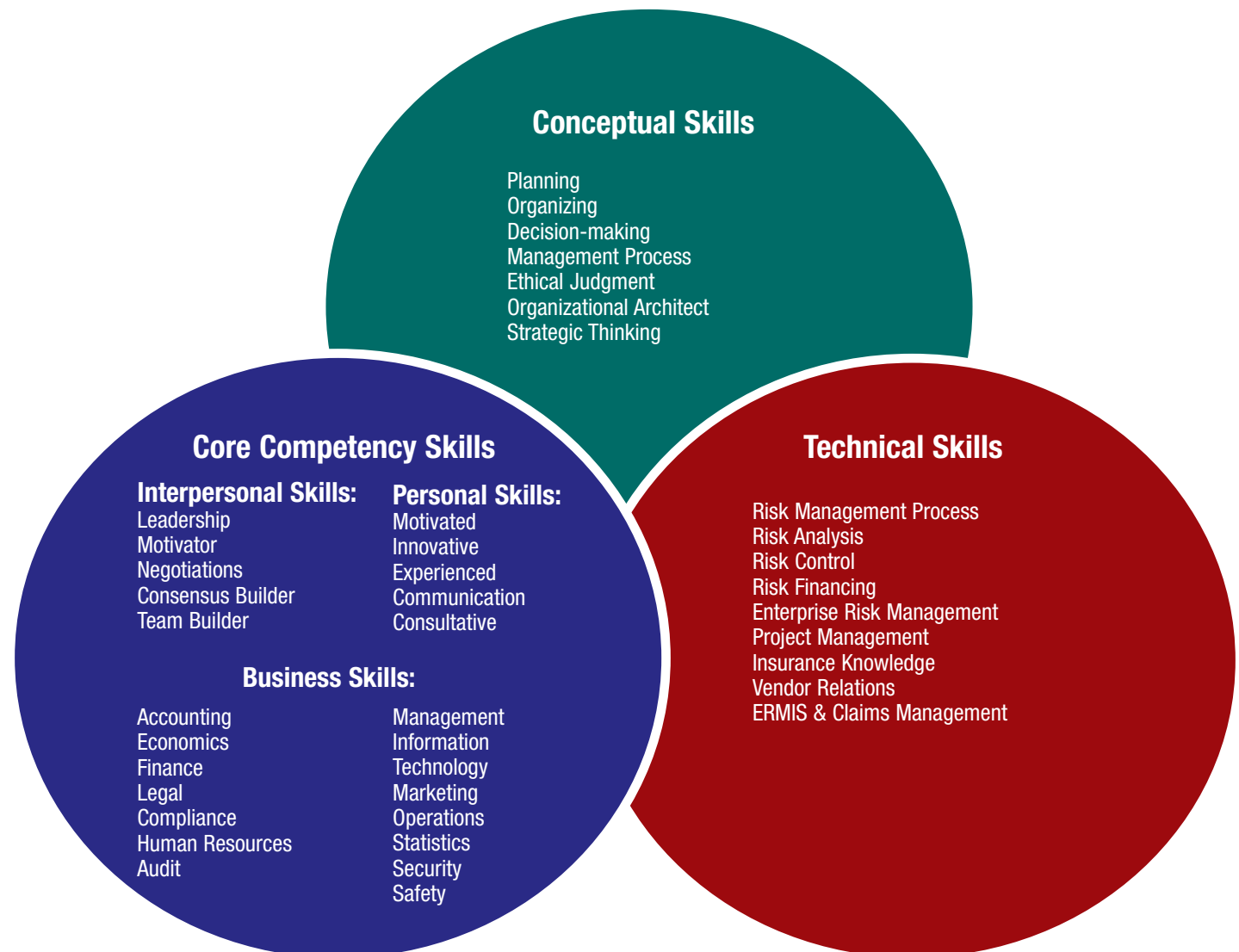
The core competency model developed by the Risk and Insurance Management Society (RIMS) Professional Development Advisory Council (PDAC) reflects components of the best practices and best theoretical models, proffered by RIMS Fellow Advisory Council, the American Society for Training and Development, and basic business management texts. Our proposed model for RIMS takes the best ideas from many models and modifies them to reflect the many different skills required for risk management.

This model can be used by RIMS members for position definition, professional development, communication, and many other purposes.

It is a dynamic rather than static model to be reviewed every two to four years as business and risk management environments change. The model consists of three skill sets – core competency skills, technical skills and conceptual skills. The diagram represents different skill sectors and does not connote different levels of importance or an evolution in an individual risk manager's expertise.

Following the model is a description of the individual skills.

Risk managers of all levels must know their own industry dynamics, its economics, operations, staff, customers, competitors and other business partners and stakeholders.



CONCEPTUAL SKILLS

This is the strategic layer which requires the ability to understand all the organization's activities, how the pieces fit together, and how the organization can achieve its strategic goals. These skills include the ability to adopt a horizontal, portfolio approach of ERM.

These skills include:

Planning: Determine appropriate goals for an enterprise; goal oriented; sees the big picture; maintains a global perspective.

Organizing: Create an ERM department; staffing; build relationships with other stakeholders; create a risk management culture; leverage diversity.

Decision Making: Recognize and analyze problems and make difficult choices under uncertain conditions in dynamic global environments; use benchmarking to compare appropriate data; show good judgment.

Management Process: Know the basic five step management process of creating a program, analyzing opportunities, identifying solutions, the decision process, and system administration.

Ethical Judgment: Know ethical theories; demonstrates a high level of ethical behavior - as evidenced by compliance with the fiduciary duties of care (competency and due diligence), disclosure (transparency), and loyalty.

Organizational Architect: Able to build business relationships, strategic alliances, and partnerships as well as being able to secure mutual benefit from such arrangements..

Strategic Thinking: Employ a sense of vision to create new innovative concepts, products, and solutions.

TECHNICAL SKILLS

This is the operational layer where many of the traditional duties and specialized skills of risk managers come into play.

Risk Management Process: Understand risk management model; adapt a model to the organization's needs; understand how risk creates value. Know the risk management process of creating a risk program, analyzing risks, identifying solutions, using a decision process, and system administration.

Risk Analysis: Link risk initiatives into critical business drivers; perform risk identification, measurement, and analysis applying statistical concepts; create valid risk forecasts; perform risk mapping and risk profiling; determine the cost of risk.

Risk Control: The ability to apply risk control theories to create prevention, reduction, enablement, and enhancement tactics; can create emergency response and business continuity plans.

Risk Financing: Thoroughly understand risk retention plans and risk financing transfers, including insurance, alternative risk financing, and hybrid plans; prepare allocation to cost centers.

Enterprise Risk Management (ERM): Understand the techniques and processes for optimizing risk taking decisions with in an organization.

Project Management: Understand how to successfully design and implement projects; can prepare risk management reports.

Insurance Knowledge: Understand the basics of 1) contract provisions and legal doctrines; 2) claims management; create portfolios of and place insurance coverage; be knowledgeable of global insurance markets; pricing; risk aversion; regulation; and able to negotiate, write and renew insurance contracts.

Vendor Relations: Establish and maintain agent/broker relationships; develop other vendor relationships (third party administrator (TPA), RMIS, legal, safety, etc.).

Risk Management Information Systems (RMIS):

Implement and operate comprehensive RMIS and claims management systems.

CORE COMPETENCY SKILLS

These form the basis upon which all competent managers stand. These skills are sometimes considered the "soft" interpersonal, or personal skills, but they are also in fact the basic business management skills.

Interpersonal:

Leadership: Ability to influence others' behavior toward the enterprise's goals; having a high emotional intelligence; can build trust while maintaining confidentiality.

Motivator: Ability to inspire others to pursue the enterprises objectives.

Negotiations: Ability to listen and to manage conflicts and achieve compromise while meeting meaningful goals and respecting other parties' perspectives.

Consensus Builder: Ability to merge many ideas into a cohesive plan.

Team Builder: Ability to unify workers to achieve a common goal.

Personal:

Motivated: Inspired to succeed and the ability to help others achieve their goals as well as being driven to deliver on goals.

Innovative: Ability to be creative and inquisitive; seek new solutions to challenges; and able to be adaptable, flexible, and open to change.

Experienced: Possesses adequate practical experience in appropriate disciplines.

Communication: Ability to listen and understand others' points of view and to articulate tactfully and respectfully one's own perspective orally, in writing, and in presentations.

Consultative: Ability to advise the organization's various divisions on how they can manage their particular risks.

Business Skills:

Accounting: Understand the basic accounting concepts of transaction recognition, matching, and conservatism, and the ability to prepare financial reports.

Economics: Understand micro and macro-economics, demand and supply, equilibriums, income, employment, and fiscal policies, money and banking, and resource allocation.

Finance: Know capital structuring, capital budgeting, working capital management, analyzing financial statements, ratio analysis, the time value of money, portfolio theory, capital market transfers, asset/liability matching and financial engineering.

Legal: Understand the legal components of the risk management industry.

Compliance: Know the fiduciary duties to identify, disclose, and manage an organization's risks.

Human Resource: Understand labor demand and supply, employment process, diversity management, training and development, and compensation and benefits.

Management: Plan, organize, lead, control, and allocate resources.

Information Technology: Understand the essential components and requirements so as to assist in designing an RMIS; networking.

Marketing: Know market SWOT (Strengths, Weaknesses, Opportunities, and Threats) analysis, product development, pricing, packaging, promotions, and distribution; keep up with key industry trends and developments; know key customers and competitors; know how to differentiate their organization from competitors.

Operations: Knowledge of how a business functions, process design, capacity planning and scheduling, inventory management, and quality control.

Statistics: Understand data collection, description, modeling, probability, hypothesis testing, regression, time series analysis, decision analysis, trend analysis, and forecasting.

Security: Securing the physical assets and premises of the enterprise. Ensuring personal security of staff as well as ensuring of intellectual property and data management systems.

Safety: Protecting the physical well-being of personnel against work-related accidents, injuries, or other debilitations.

Audit: Review the accuracy of an organization's internal control systems and financial operations.