RIMS-CRMP®

RIMS-Certified Risk Management Professional

# RIMS-CRMP Lexicon: Core Terms

24 Essential Terms for the RIMS-CRMP Examination

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# RIMS-CRMP Lexicon: Core Terms

These are the core terms every RIMS-CRMP candidate should know cold. Each definition is the one RIMS publishes, with its source named so you can trace it back.

Definitions alone will not pass the exam. Most items ask you to apply a concept rather than recall it. Use this to make sure the vocabulary is not what slows you down.

An expanded edition covers these terms plus the full vocabulary of all five domains, including the new task E.3, Manage Decision-Support Tools, with notes on how each term tends to be tested.

## B

### Benchmarking

The process of measuring the performance of an organization against external standards of reference that frequently come from similar organizations doing similar things.

*RIMS-CRMP Study Guide glossary*

## C

### Corporate governance

The system of rules, practices, and processes by which a company is directed and controlled.

*Investopedia, via the RIMS-CRMP Study Guide glossary*

## E

### Enterprise risk management

A strategic discipline that supports the achievement of an organization's objectives by addressing the full spectrum of its risk and managing the combined impact of those risks as an interrelated risk portfolio.

*RIMS, 2010*

# G

### Gap analysis

Comparison of an existing process or procedure (current state, what is) to a desired future state (what should be) in order to identify deficiencies or excesses in the existing process.

*ANSI/ASIS/RIMS Risk Assessment Standard RA.1-2015*

# K

### Key performance indicator (KPI)

Measures of deviations from expected outcomes to help a firm see how it is performing.

*RIMS, Transitioning to ERM, 2014*

### Key risk indicator (KRI)

Leading indicators of risk to business performance, giving early warning about potential risks.

*RIMS, Transitioning to ERM, 2014*

# O

### Organizational resilience

The ability of an organization to absorb and adapt in a changing environment to enable it to deliver its objectives and to survive and prosper.

*ISO 22316:2017*

# P

### PESTLE analysis

An acronym for Political, Economic, Social, Technological, Legal, and Environmental, identifying the categories used to analyze internal and external environments. Other forms include PEST and PESTEL.

*RIMS-CRMP Study Guide glossary*

# R

## Risk

The effect of uncertainty on objectives.

*ISO 31000:2018, ISO Guide 73:2009*

## Risk appetite

The total exposed amount that an organization wishes to undertake on the basis of risk-return trade-offs for one or more desired and expected outcomes.

*RIMS, Exploring Risk Appetite and Risk Tolerance, 2012*

## Risk attitude

An organization's or individual's view or perspective of the perceived qualitative and quantitative value that may be gained in comparison to the related potential loss or losses.

*RIMS, Exploring Risk Appetite and Risk Tolerance, 2012*

## Risk champion

Any person in an organization who is a leader and influences peers regarding the value that risk management adds to the organization.

*RIMS-CRMP Study Guide glossary*

## Risk culture

The beliefs, values, norms, and traditions of behavior of individuals and groups within an organization that determine the way in which they identify, understand, discuss, and act on the risks the organization confronts and takes.

*RIMS, Exploring Risk Appetite and Risk Tolerance, 2012*

## Risk governance

Encompasses the oversight, practices, and respective roles and responsibilities for risk within an organization's unique corporate governance.

*RIMS-CRMP Study Guide glossary*

## Risk management

Coordinated activities to plan, direct, control, and make decisions concerning the effects of uncertainty on objectives.

*Adapted from ISO Guide 73:2009*

### Risk owner

An individual accountable for the identification, assessment, treatment, and monitoring of risks in a specific environment.

*Elliott, 2014, p. 3.5*

### Risk portfolio

A broad collection and range of uncertainties that can affect an organization's future.

*RIMS-CRMP Study Guide glossary*

### Risk tolerance

The amount of uncertainty an organization is prepared to accept in total or more narrowly within a certain business unit, a particular risk category, or for a specific initiative.

*RIMS, Exploring Risk Appetite and Risk Tolerance, 2012*

### Root cause

Underlying or initiating risk source or driver that produces certain outcomes or changes the impact of an outcome or outcomes. Commonly used to describe the point in a chain of events or conditions where an intervention could reasonably be implemented to improve performance or prevent an undesirable outcome.

*Adapted from ANSI/ASIS/RIMS Risk Assessment Standard RA.1-2015*

### Root cause analysis

Multiple risk assessment techniques and approaches, at times applied in a series, which are designed to identify the underlying or initiating risk sources or drivers.

*ANSI/ASIS/RIMS Risk Assessment Standard RA.1-2015, p. 93*

## S

### Strategic risk management (SRM)

A business discipline that drives deliberation and action regarding uncertainties and untapped opportunities that affect an organization's strategy and strategy execution.

*RIMS Strategic Risk Management Implementation Guide, 2012*

### SWOT analysis

An acronym for Strengths, Weaknesses, Opportunities, and Threats, and an analytical approach for environmental scanning that combines internal and external context with obstacles and accelerators to success in achieving objectives.

*RIMS-CRMP Study Guide glossary*

# V

## Value chain

A high-level model developed by Michael Porter used to describe the process by which businesses receive raw materials, add value to the raw materials through various processes to create a finished product, and then sell that end product to customers.

*Investopedia, via the RIMS-CRMP Study Guide glossary*

## Value chain analysis

A strategy tool used to analyze internal firm activities. Its goal is to recognize which activities are the most valuable, that is, the source of cost or differentiation advantage, and which ones could be improved to provide competitive advantage.

*Strategic Management Insight*

*Definitions are drawn from the RIMS-CRMP Examination Study Guide glossary and the sources named with each entry.*

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