



665 Rodi Road Suite 305  
Pittsburgh, PA 15235  
Phone: 412.244.0440  
Fax: 412.244.9090  
[www.HMAmembers.org](http://www.HMAmembers.org)

---

## “Enterprise Risk Management”

At HMA’s National Conference and Expo, John K. Smith, President and CEO of Pennsylvania Lumbermens Mutual Insurance Company, took the microphone, not to conduct an insurance presentation, but rather to discuss the what-why-how of an **Enterprise Risk Management** program.

- Enterprise Risk Management is a business decision process to identify and analyze known and emerging risks. Manage enterprise risks. Anticipate imminent and long-term risks. And manage uncertainty.
- The creation of an Enterprise Risk Management (ERM) program provides knowledge to capitalize on opportunities. Avoid pitfalls of the unknown. Anticipate and mitigate the impact of adverse events. Improve compliance oversight. Foster culture and collaboration amongst organizational divisions. Enhance leadership through informed decision making.

### **Are you Prepared?**

Are you prepared for the insurable risks – property, liability, catastrophe, auto liability, auto physical damage, workers compensation? And what about cyber risk, systems risk, product failure, succession planning, competition, capital availability?

“Risk is our past, present and future,” Smith said. “And it deserves a seat at the table. Thinking about and planning for risk, opportunities, and challenges is how a business grows, or doesn’t.”

### **Set the mission and objectives upfront**

The Leader – Owner, CEO – determines the strategic approach to risk; interacts with external advisors; establishes the structure for risk management; understands the most significant risks; manages the organization in a crisis.

The Manager – builds a risk aware culture within; sets and follows up on risk management performance targets; successfully implements improvement recommendations; identifies and reports changed circumstances and evolving risks; reports recommendations for improved risk management techniques to senior management.

Employees – need to understand, accept and practice risk management techniques; report inefficient, unnecessary, or unworkable processes and controls; report evolving risk exposures to management; report loss events and near miss incidents; cooperate on incident reviews.

And communicate! Risk should be a part of every conversation and every business decision. It is critical that your **ERM** has buy-in at all levels, and must be continually evolving. If the

call comes, do your employees know what to do? Do you have work-arounds in place? Are you prepared for what is next?

### **Continuing the Conversation**

In conjunction with Smith's presentation, four HMA members, recently impacted by the "challenges" of life and the risks associated with doing business in the modern world, joined him to share their personal experiences and to further emphasize the importance of being prepared.

- **Jeff Hanks**, President of Bill Hanks Lumber Company, Danbury, N. Car., discussed the "true cost of a fire."
- **Bob Miller**, Director of Strategic Planning at Frank Miller Lumber Company, Union City, Ind., discussed "Cyber exposures" and the risks confronting us all.
- **Hal Mitchell**, President of Atlanta Hardwood Corporation, Mableton, Ga., shared his company's "Strategic approach to the export market."
- **Pem Jenkins**, President of Turn Bull Lumber Company, Elizabethtown, N. Car., speaking from his customized wheelchair, recounted how it was business-as-usual, when the "unthinkable" happened to him.

These informative and inspiring testimonials, as well as John Smith's audio recording and PowerPoint presentation, are available in the Members Only section of [www.HMAmembers.org](http://www.HMAmembers.org).