



Notes of JFU CPA, Tax Advisors, and Digital Tools are prepared for sharing our thoughts on problems encountered in the course of our practice. Subscription is free. Questions and comments are welcome; feel free to write to the Editor, JFU Notes, [enquiries@jfuconsultants.com](mailto:enquiries@jfuconsultants.com)

We will soon open our cloud-based risk management system. Companies that wish to build a formal enterprise risk management system are eligible for a free trial. If interested, you may register your intention to participate at [JFU ONLINE REGISTRATION WEB PAGE](#). Space is limited.



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## Managing Risk for Growth

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When serving our clients, whether in audit, tax or risk consulting, we first must obtain an understanding of how a business is operated, and what makes it thrive or fail. In our experience, one factor that stands out as the defining difference is the commitment of all members within the organization to growth. Growth means a sustained rise in the value of a firm. Apart from this commitment of all members, success also requires an appropriate strategy for growth and a coherent business system with the capability required to deliver the performance. Enterprise risk management ("ERM") is especially helpful in this regard.

### ERM as a Steering Mechanism

ERM includes methods, processes, and strategies used by organizations to manage risks and seize opportunities related to the achievement of objectives. It is applied to carrying out strategies devised to achieve company goals. It is, in essence, a mechanism for steering an organization towards its goals and vision. Different organizations have different goals to fulfill various purposes, yet the primary goal of growth, or a rise in value over time, is common to every organization. With the value that growth brings, an organization can pursue other goals and purposes.

We would like to share some thoughts which provide readers a framework for creating building blocks that can be used to assemble a ERM system with a cloud-based technology platform we provide to digitize risk management.

## **The Building Blocks**

The building blocks are members' insights into various aspects of their own organization, units, and roles. For example:

- Historical path, milestones, and members' roles in the organization
- How the organization may further develop
- How the organization is governed
- How goals are set, performance planned and delivered
- Roles and duties in the organization
- How the organization is structured- its legal, functional, or divisional formats
- How the business is run- processes, mode of operation, roles, and performance
- How members are guided, tasks are controlled, and performance is ensured
- How risks are known and managed

## **Access to a Wealth of Personal Insights**

The personal insights of individual members are precious resources to an organization. ERM systematically improves an organization's attentiveness and responsiveness to downside or upside risks by crowd-sourcing member insights, which can be observations, new ideas, or potential solutions. The bottom-up approach also examines the prioritization of opportunities, enhances receptiveness to problems confronting the organization, and brings awareness to policies and monitoring measures devised to deal with problems.