



## Riding the Waves of the Cycle

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## Risk Environments



- ▶ Boom Times - Risk low, profit increasing
- ▶ Recession - Risk high, profit decreasing
- ▶ Uncertain - Risk and profits unpredictable
- ▶ Moderate - Predictable range for risk and profit

# Best Times for Particular ERM Approaches and Views



- ▶ Boom Times - Profit Maximizer, Risk Trading
- ▶ Recession - Conservator, Loss Controlling
- ▶ Uncertain - Pragmatist, Diversification
- ▶ Moderate - Risk-Reward, Risk Steering

# Rational Adaptability



- ▶ Identify changes in risk regime
- ▶ Shift risk perspective
- ▶ Modify the ERM program
- ▶ How?
  - ▶ All four risk perspectives represented in risk committee