How to hire a great Chief Risk Officer

A guide to the recruitment of Chief Risk Officers and other senior risk professionals

THE INSTITUTE OF OPERATIONAL RISK

An IRM Group Company

irm

Developing risk professionals

Contents

Foreword

Effective risk leadership is an essential component of a healthy risk culture. Corporate governance codes around the world have underlined that effective risk management requires the right people and resources to be in place. They have also emphasised the importance of clear accountability for this function. Ultimately, the responsibility for risk management rests with the board, but that board needs to have confidence that they are delegating day-to-day responsibility to a suitably competent person, who will also be responsible for giving them the highest quality advice to support risk based decision making. An excellent risk management function, with a wise and competent leader, will add value by allowing the organisation to achieve objectives by exploiting opportunities and by taking the appropriate amount of risk, thus protecting people, assets and reputation.

Whether they are called Chief Risk Officer (CRO) or Risk Director or Head of Risk Management, the hire of the top risk person in the organisation is an important appointment. This applies not only in financial services, where there may be regulatory requirements to comply with, but in organisations of all types, public and private, and in all sectors where excellent risk management is going to underpin success. In a rapidly changing world, organisations are facing new risks and opportunities associated with digital disruption, geo-political and economic volatility, environment and sustainability responsibilities and social change. Risk management is changing fast and the CRO must be up to the challenge. The hire of the CRO is of course not undertaken in isolation, but in the context of the culture and risk maturity of the organisation, the objectives of the board and the skills and experience of the existing team driving and supporting risk management.

IRM has been at the forefront of defining professional standards for risk management since its formation in 1986. This document builds on our body of expertise to provide guidance on how to define top risk roles, not only in terms of the technical risk knowledge and skills required but also the personal and behavioural characteristics that are needed. To do this we have fused modern recruitment expertise with the practical experience of our senior members to produce this guidance. We have also recently developed an advisory service to provide more direct and tailored assistance to organisations who want specialised help with the recruitment process.

I would like to thank all those who have been involved in drafting and reviewing this document which we hope will help produce a new generation of outstanding global CROs.

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About the IRM

The IRM is the leading professional body for Enterprise Risk Management (ERM). We drive excellence in managing risk to ensure organisations are ready for the opportunities and threats of the future. We do this by providing internationally recognised qualifications and training, publishing research and guidance and setting professional standards.

For over 30 years our qualifications have been the global choice of qualifications for risk professionals and their employers. We are an independent, not for profit body, with members working in all industries, in all risk disciplines and in all sectors around the world. In 2019, the IRM welcomed the Institute of Operational Risk (IOR) into the IRM group.

IRM project team

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Today he is an executive search consultant and talent advisor and has hired and advised non-executive board directors, CEOs and their leadership teams in firms ranging from start-ups to the FTSE 100 and in a variety of sectors. He has built his philosophy on detailed research, powerful strategy and resilient execution.

The importance of hiring great CROs

Introduction

This document is aimed at organisations of all types seeking to recruit a CRO, perhaps their first, or to make other senior risk appointments. By CRO we mean the most senior executive in the organisation with responsibility and accountability for the risk management processes, whatever the actual job title. In some sectors, particularly financial services, the role of CRO is stipulated by regulation. Other organisations have come to see the merits of such an appointment as part of a process of maturing their risk management, ensuring it adds value to the business.

In this document you will find guidance on:

> Understanding the context of the CRO appointment

> Identifying the key skills and attributes

> The recruitment process and how to assess candidates

The changing CRO role: Leadership, culture and collaboration

The world of the CRO has changed enormously over the past 10 years. Financial, political, regulatory, governance and technological changes are driving a fast-changing business landscape. New risks are emerging, digital developments are disrupting businesses and organisational life in general is becoming more complex and unpredictable. Reputation is hard won and easily damaged. Human resources and recruitment practices have also been developing fast to meet these challenges.

Enterprise Risk Management (ERM) today is a complex process embedded in the governance and management of organisations. It requires a deep and detailed understanding of business, strategy and culture. An effective CRO in today's complex business world must be a trusted business partner and part of the leadership team helping and encouraging the organisation to take the appropriate amount of risk and build a healthy risk culture. To do this, the risk team, under the direction of the CRO, has to create strong relationships and collaborate proactively and ethically with functions ranging from compliance, operations, customer service, finance and human resources through to sales and technology. This is far removed from the typical, and rather old-fashioned, perception of a risk function: a function concerned only with downside risk management via complex number crunching or bureaucratic box ticking. Leadership skills, relationship building and the ability to manage change are now vital attributes for the CRO.

Proficiency in the quantitative side of risk management remains important. It is however, often more relevant for those at the early stages of their career. Senior risk professionals today spend much more time working with colleagues from other functions and considering wider issues such as risk culture, behaviour and incentives, project delivery and emerging risks, as well as ensuring that the organisation is ready to deal deftly with crises when they arise. Senior risk professionals get increasingly involved at executive management and board level in strategic business issues. The CRO needs the political and emotional intelligence to manage up as well as down, helping the board set the right 'tone from the top' in respect of risk ethics and building a healthy risk culture.

Articulating risk appetite as the balance between risk and reward in how the organisation seeks to achieve its strategy and objectives is key to the role. Helping the board consider the uncertainty that could impact the organisation's business model is needed to maintain resilience and sustainability in the long term. There will also be a requirement for interaction with external parties across the extended enterprise, ranging from partners and supply chain to regulators and investors.

As a result, today's senior risk professionals need far more than technical risk expertise to remain effective. This subject was explored in a study published by IRM in 2016 into the future role of the CRO[1]. Although this work focused on the insurance sector, many of the changes that it highlighted have universal application. At the same time, a balanced approach looking at the whole risk team needs to be taken - hiring strategic leaders requires the technical strengths to be present in the team they are leading.

The risk management profession is relatively young and we hear from organisations that there is still a shortage of candidates at senior levels who have come up through the ranks, building their risk qualifications and experience in the same way as, for example, the accountancy profession. This shortfall in supply, together with the focus on top level leadership and change skills, means that organisations have sometimes been obliged to recruit their senior risk leaders from outside the risk management function. This challenge is particularly acute in the developing world where professional risk management expertise is still very low and, even for regulated entities, the requirements are yet to be fully understood and set.

The 'first generation' of CROs pioneered the development of the role and have opened the door to the boardroom and executive table. But, looking to the future, there is more work to be done. At the same time as filling a particular vacancy, organisations should ask themselves how they can manage their professional development schemes and succession plans effectively to nurture the CRO talent of the future. Talent development needs to adapt to offer the option of growing future risk leaders from within the organisation.

> **In short…..**
>
> > All organisations need someone accountable at the top with primary responsibility to help the organisation manage risk, whether this is called CRO or something different
>
> > Risk management has changed a lot in the past decade
>
> > The business landscape is more complex; change cycles are shorter and digital disruption and emerging risks will increasingly challenge organisations
>
> > Concepts like risk appetite and risk culture are vital ERM tools today
>
> > CROs today need the right mix of technical risk and behavioural competencies, in particular leadership and change management skills…..
>
> > ……but this has to be seen in the context of the wider team
>
> > Organisations should also be ensuring an effective pipeline for the CRO talent of the future

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[1] Worth a seat at the table? Redefining the role of the insurance CRO https://www.theirm.org/media/6811/irm_insurance-cro_v3_web.pdf

Steps to hiring a great CRO

As for any appointment, a successful CRO hire needs to bring together a sound knowledge of what is required with modern recruitment practices. The diagram below sets out the key steps in the recruitment process.

Steps to hiring a great CRO

1. Understand the role
> Business and strategy context
> Existing risk team

2. Identify key skills
> Risk management competencies
> Behavioural competencies

3. Agree recruitment process
> External support options
> Other factors
> Search process

4. Candidate Assessment
> Assessment tools
> Success criteria
> Unconscious bias

5. Interview and Decision

6. Appointment and on-boarding

Understanding the role

Defining the role starts with a detailed review of the organisation and its needs. Organisations should think through the following:

> What is the organisation's purpose?
> What is the purpose of this role?
> What are the organisation's cultural norms and how do decisions get made?
> How is the organisation expected to change in the short, medium and long term?
> What is the organisation's business model and how does it create value? As a result what is the new CRO's contribution to it?
> What are the key relationships that need to be managed? Think about the organisation's extended enterprise as well as internal relationships.
> What does the job-holder need to do on a day-to-day basis to achieve the above?
> How will we know we have found what we are looking for?
> What are the skills and competencies of the existing risk team?
> What are the reporting lines going to be and are they clearly defined at board and executive levels?
> What skills and approach does the board bring to risk management and what is their understanding and expectation of the CRO role?
> How mature is the organisation's risk management?
> What do we want to do differently - what is our aspiration?
> How much change can the organisation take on?

Identifying ca

IRM's professional standards[2] set out both the technical risk management competencies and the behavioural competencies required for risk professionals working at different career levels, ranging from junior support level up to leadership level. The professional standards are the IRM's framework to support qualifications, training, and continued professional development for individuals.

Leadership level covers roles such as CRO and Directors or Heads of Risk Management. Those operating at this level are typically responsible for creating an organisation's risk strategy and providing oversight of risk matters. They will be influencing and informing the governing body and decision makers on risk management strategies and developing a healthy risk culture. Beyond their immediate employment, they will be of such a status in the wider community as to influence the direction and profile of risk management and the profession.

The full range of competencies is shown in the diagram below.

Competencies for a CRO
Based on the IRM Professional Standards

Behavioural Competencies

Risk Management Competencies

Insights and Context
> Risk management principles and practice
> Organisational environment
> External business environment

Strategy and Performance
> Risk management strategy & architecture
> Risk management policy & procedures
> Risk culture and appetite
> Risk performance and reporting

Risk Management Process
> Risk assessment
> Risk treatment

Organisational Capability
> Communication and consultation
> Change management
> People management

Courage and Confidence
> Standing by your convictions despite adversity

Influence and Impact
> Inspiring others to understand the value of risk management

Integrity, Ethics and Values
> Upholding and living the values of an organisation and industry

Innovation and Catalyst
> Striving constantly to lead the development of creative solutions

Building Capability
> Facilitating others to achieve positive outcomes

Collaboration and Partnering
> Engaging with stakeholders to deliver results

Chief Risk Officer

The professional standards can be used to help structure a job profile which forms a basis for candidate assessment. They can also be used to construct interview questions (see page 18-19).

Organisations should consider:

> What are the risk management competencies required to succeed in this role?
> What qualifications are expected of the role holder?
> Which behaviours need to be closely assessed?
> How will success be measured for this role?
> Do we want to look at personal risk perceptions and ethics? [3]
> Do we want to use behaviours as a catalyst for doing things differently rather than duplicating current approaches?

Change, leadership and behaviour based hiring

Two particular behaviours that stand out in respect of CRO recruitment today are 'change' (i.e. the extent to which the person is comfortable with, or even seeks out, change) and 'leadership'. These feature in the general professional standards model as set out in the diagram above but merit further exploration in today's environment.

Change

The outcome of a behaviour based assessment will help to understand the candidate's approach and reaction to change and uncertainty. One end of the scale is reluctance to change. This will be someone who is focused on completing a set strategy, independently of what is going on around them. At the other end we find proactive professionals that learn confidently and handle innovation, adjustment or modification well. This requires resilience and also a willingness to embrace ambiguity and uncertainty. In other words, a CRO needs to develop and operate with a high personal risk appetite.

A simple drawing like this can be helpful when assessing and comparing candidates. Where on the scale from 'reluctance' to 'change advocate' would you like to find your CRO? How does the interviewed candidate match that requirement?

Change
Reluctance --------------------------X---------X--------- Advocate

To find the most dynamic change leader organisations need to look for professionals who will be motivated to research information and scenarios and evaluate them with an open mind. These professionals will listen carefully, develop options and prioritise acquired information.

High achieving CROs will be able to operate successfully with a reduced level of certainty and a high level of ambiguity. The candidate's balance between flexibility and rigour needs to suit the business needs.

Curiosity stands out in this regard since it is the CRO's responsibility to proactively research and identify risk related issues beyond the immediate agenda.

Leadership

The candidate's ability to approach and process change is important. However, to make the best hire the person's potential to lead, influence, and connect has to be considered as well. This will

determine how successfully they bring people along and embed their knowledge and activities into the wider business. In other words, they can set a compelling vision for risk management and have the political and emotional intelligence to bring colleagues, from inside and outside the risk team, with them on the ERM journey. This behaviour will determine how successful the risk team will be and how well they engage with the business and all its facets.

At one end of the scale we find individuals who follow instructions well and are best when they work on their own. They are potentially determined, difficult to distract and won't be held back by a variety of influences once they have made up their mind.

An impactful CRO needs to lead by example, actively searching and engaging with a variety of stakeholders. This also requires a continuous connection of risk management to business performance and business strategy. The CRO should be able to set, follow and review strategy, and engage equally with individuals as well as teams. This engagement needs to inspire others to use formal and informal channels to present ideas in a clear and persuasive way. They will also need to be able to assimilate and make sense of vast amounts of very different types of data and information from this network of stakeholders, both directly and via their team.

Hence, the new CRO needs to be reviewed against their ability to deliver across functions and levels of seniority, as well as to internal and external stakeholders.

A simple drawing like this can be very helpful when assessing and comparing candidates. Where on the scale from 'reliable follower' to 'connecting leader' would you like to find your CRO? How does the interviewed candidate match that requirement?

Leadership
Reliable Follower ----------------------X------------X---- Connecting Leader

Behaviour based hiring

Most notable scientific research into behaviours and performance, and their reliable relationship, was conducted by a team of psychologists, led by Raymond B Cattell, Maurice Tatsuoka and Herbert Eber. The research led to what is now known as the Sixteen Personality Factor Questionnaire (16PF) and subsequent analysis of the big five traits (extroversion, agreeableness, openness, conscientiousness, and neuroticism). This still forms the basis for many tools used by today's assessment professionals who link performance and personality to behaviours.

Research shows that in a changing and uncertain world the ability to adapt and make good decisions based on new, changing or limited information is critical. Smart and curious people for example are good at finding answers and solutions to complex questions in uncharted territory. People who have become highly specialised may find it difficult to detach their thinking from previous solutions when presented with an unfamiliar approach.

To gain insights into a person's personality and behaviour, it is important to understand general cognitive ability and the behaviours that are required to act successfully in the given environment.

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[3] See IRM's Risk culture: Resources for Practitioners for more detail https://www.theirm.org/media/7230/risk-culture-resources-for-practitioners.pdfprofessional-standards/

Recruitment process

Some organisations are sufficiently confident of their hiring abilities to manage the CRO recruitment process alone. Others will seek the advice and support of recruitment consultants or headhunters in respect of the whole, or part of, the process. The Institute of Risk Management also offers a recruitment advisory service (see page 21). Other parties, internal and external, may also need to be involved in the recruitment decision.

External support options

There are various options as to whom to approach for specialist support when recruiting a CRO. These are shown in the table below along with their advantages and disadvantages. You can use more than one of the options to access the best range of candidates.

Process	Pros	Cons	Comment
Executive Search "Headhunters" Targeted, research driven, consultative expert process led by one external party	› Neutral third party representing your firm › Unbiased research and assessments › As confidential as you need it › Passive candidates (not actively job searching) can be activated › Hiring risk reduced › Can advise on remuneration and market rates	› External party that needs careful integration and briefing › Financial commitment	Most suitable for senior hires
Referral "Asking around" Proactive networking of people directly involved with the company (employees, advisors and their networks)	› Cultural fit often pre-established › Low acquisition costs	› Lack of choice › No independent view (may be needed to comply with regulatory requirements)	Can work if subsequent due diligence is done at a professional level
Advertising Publishing the role in relevant publications or online job boards	› Addresses active candidates › Can be low cost, depending on media used › Public advertising may be required to meet regulatory or transparency requirements	› Lack of choice › No independent view (may be needed to comply with regulatory requirements)	Can work if subsequent due diligence is done at a professional level
Recruitment Agency Competitive approach to identification and selection of candidates whereby one or more external parties are rewarded on success only	› Several competing recruiters are researching the market › Cost advantage due to contingent terms	› Reputational risk › Conflict of interest between recruiters › Ambition for fast solution may conflict with quality › Difficult to manage confidentiality	Most relevant for junior and potentially mid-level recruitment, probably not a CRO

For high profile appointments, early consultation with expert recruitment professionals, together with a thorough internal assessment of what's required, will increase the likelihood of success. This will allow the recruitment professionals to make an appropriate input to the person and job specifications. They can also add value in respect of a market check on compensation and general market intelligence.

How to choose the right executive search firm

The following questions can help your decision:
› What does success look like for both the hiring organisation and the search firm – does it align?
› Does the headhunter understand your behavioural and skill-based criteria?
› Can they demonstrate their competency and track record?
› What is their market understanding of risk management and how CROs add value in the business?
› What is their approach to unconscious bias and diversity?
› Is the search partner ready to challenge your thinking appropriately?

> Tip: Don't over-rely on cost and track record when deciding who to partner with – take a rounded view.

Other factors in the recruitment process

Depending on the organisation, there may be a need to consult or otherwise take the following factors into account. This may involve formal sign-off, consultation or communication. Think about:
› Internal sign-off procedures
› Regulator requirements
› Budget provision
› Internal and external salary comparators
› Reporting lines
› Internal stakeholder involvement:
  › Chair of the Risk Committee
  › CEO
  › Existing CRO or potential successor
  › COO/CTO
  › CFO
  › Human Resources
  › General Counsel/Head of Legal
  › Head of Internal Audit/Audit Committee
  › Existing risk team
› External stakeholders
  › Investors and analysts
  › Regulators and credit rating agencies
  › External auditors/Auditor General
  › Key suppliers/contractors
  › Key customers/clients

Unconscious bias

Before any assessment starts we need to be mindful of the effects of unconscious bias. Science tells us that bias is a natural behaviour. Humans are more likely to trust others who are like them. Unconscious biases lead us to choose people who are like us for the better, riskier, and more challenging jobs. A few steps can help to reduce unconscious biases:

> Thinking slow - a fast decision will naturally be based on more unconscious factors. Instead, take time and consider the assessment criteria carefully.

> Raising awareness - consider taking an Implicit Association Test (IAT) to learn about existing individual biases to be self-aware and prepared.

> Psychometric tools - an assessment professional can give reliable insights based on very limited information about the person as a result of an online test.

> Avoid stress - humans are more biased when they are tired or stressed.

> Peer review - integrate a variety of people into the decision making process.

> Neutral wording - check position profiles for gender typical words. Online tools can help.

> Blind CVs - taking the candidate's name and address off the CV for initial review. Also consider removing other personal details such as age and school/college dates.

> Selection - ask your executive search consultant to bring a broad variety of profiles to the table in the first instance. Gender and race are the biggest proxies for diversity; but obviously not the only ones that lead to diversity in thinking.

Search process checklist

A robust process will make a big difference to a great hire. It will mitigate the risk of not being able to attract the best person for the job and hold everyone involved accountable. It also ensures efficient time management for stakeholders and decision makers. It is essential to think through the following:

Briefing
Ensuring a proper briefing of the recruitment team (whether external or internal) is key to success. It helps:

> To articulate the goals

> To understand the requirements

> To assess the candidates in a transparent way

If scorecards or grading scales have been prepared then they need to be shared with the recruiters.

Research

> Integrate internal candidates into the external process
>> If they are good this will support their promotion
>> If they are not ready yet this will help them to identify areas of development

> If necessary and possible discuss profiles or existing referrals early in the process to align the hiring team's expectations with the research the executive search firm is conducting.

> Remain open-minded

Short-list

> Narrow down the selection to a digestible number of 2-5 candidates. This saves time when arranging interviews and sharpens the focus on what really matters.

> Interviewing many people may be intriguing but takes often more time than anticipated.

Interview and selection process

> Who is interviewing?

> What topics will they cover? (Ensure the candidate doesn't have to repeat their story multiple times and avoid too much of a sixty minute interview being spent on career history).

> Prepare standardised questions and a rubric for expected responses.

> How will interviewers capture their feedback?
>> HR systems?
>> Email to the hiring manager within 24 hours of the meeting?
>> Dictate feedback to support staff?
>> Evaluation proformas.

> Who leads the relationship with the headhunter?

> Who owns the process?

Final decision

> Which stakeholders are involved?

> Who makes the decision?

> Is there an internal colleague or board member that does not interview but can function as a peer reviewer? This person needs to:
>> Be familiar with the requirements, and to
>> have the confidence to ask difficult questions in case the process or candidates are not in the company's best interest

Offer and negotiation

> Move fast.

> Use the headhunter to negotiate.

> Communication is key.

Employment checks

> Employment checks are best conducted by specialist service providers to check identity, criminal record, credit, education, right to work, etc.

> Does your regulator have to be involved or give approval?

> Professional references can be taken by the hiring manager or the executive search firm. Be clear about your business challenge and what the referee's insights can add to your situation. What do you need to know about the candidate that would help him/her to succeed?

Candidate assessment and interview

By this stage of the process you should have a good idea of the requirements of the job and initial screening should have produced a shortlist of candidates for interview.

Interviews should always be structured. Every interview should have an agenda to avoid unnecessary repetition of information. Questions should be defined ahead of the interviewing process. Answers to behavioural questions do not need to relate to work situations only.

The following lists are sample questions that could be useful, but are not comprehensive and will need to be reviewed and developed to meet the relevant business situation.

> ## Psychometric testing
>
> The list of psychometric tools that support recruitment and development processes is long and offers great choice. Recruitment professionals vary in their opinion of the tests but most would agree that the most important criteria when deciding to use such an assessment tool is to establish whether it actually measures what it purports to measure, and whether this is in accordance with your requirements for the position. To help ensure fitness for purpose the British Psychological Society, for example, has published a list[4] of registered and reviewed tests. To ensure high quality interpretation and administration of such tests the professionals managing the test on your behalf and helping you interpret the results must be qualified.
>
> When choosing a test you should consider carefully whether and how it measures traits relating to the function the candidate will be operating in, in accordance with your job specification. You have to know what 'good' looks like, in relation to this particular appointment. It can also be useful to consider whether the results would be helpful for development, as well as recruitment purposes, and in respect of fitting into a team. Cost can be another important consideration.
>
> Like every other tool, assessments should be used properly. They should not be used out of context or used as the single decision making factor. Poor execution and interpretation can not only be a waste of time but can also do more harm than good.
>
> In short:
> > Does the tool measure what it promises?
> > Does it support recruitment and/or development?
> > Does it support assessment of the relevant behavioural competencies?
> > Is the person leading and interpreting the assessment results professionally qualified?
> > What are the costs and how would the assessment work with your hiring/development processes?
>
> [4] Test reviews and registration https://ptc.bps.org.uk/tests-and-testing/test-reviews-and-registration

CRO behavioural competencies – sample question checklist

IRM Behavioural Competency	Questions Note whether the candidate gives their answers in something like the 'STAR' format – focusing on **Situation, Task, Action,** and **Result**
Courage and confidence	> Describe an occasion when you did something that went against what other people, particularly more senior people, wanted or thought? > Can you give an example where you were set on a particular strategy or outcome and had to change your mind?
Influence and impact	> Can you give an example of a situation where you had to solve a problem without the authority to make a definite decision yourself? > How do you typically lead and support your colleagues and team members?
Integrity, ethics and values	> Can you give an example where you favoured doing the right thing over following the easiest path? > Have you ever been in a situation of conflict of interest?
Innovation and catalyst	> What is the innovation you are most proud of in the last two years? > How did you use risk analysis to help your colleagues better understand a situation and therefore be able to grasp an opportunity and gain competitive advantage?
Building capability	> How have you raised the standard of your team's performance? > How do you enable learning in your teams and integrate it into performance led environments?
Collaboration and partnering	> Can you think of a relationship that you had to proactively work hard to improve? > Describe your key internal and external stakeholders and relationships. What value do you bring to them and what do they get from you?

Risk management sample technical question checklist

Subject Area	Questions These are designed to establish the level of the candidate's role and how they have been evaluated.
General	> What key performance indicators (KPIs) does the candidate currently have in regards to their role? > How well did they do against them? > How was personal success linked to company performance? > What did they learn? What would they do differently? > What were their biggest achievements in the last few years? > What kind of teams and which functions reported into the CRO previously? > Did they have a successor or a nominated deputy? > Do they have a wider involvement in professional development activity in the risk community?
Capital	> What was the candidate's involvement in capital management and risk? > Are they familiar with capital structures comparable to the hiring organisation? > How did they influence company success? > Where did they need help?
Compliance	> What is the candidate's approach to compliance? > What is their experience of compliance embedded into risk management?
Strategy	> What experience does the candidate have of strategic risk issues?
Project	> What experience does the candidate have of project risk management?
Operations	> What is the candidate's experience of operational risk? What does that term mean in their experience?
Emerging Risk	> What involvement has the candidate had in dealing with emerging risks?
Regulatory	> What regulatory environment and frameworks is the candidate familiar with? For example, Basel III, Solvency II, Mifid, FCA, PRA, other professional bodies, customer standards or security standards such as ISO 27001. > What challenges did they face and how well have they done against them? > What have they learned? > How relevant and transferable is their experience into the current situation?
Relevant sector expertise	> What sector experience does the candidate have? > What is relevant and required? > Why is it relevant?

IRM risk management competencies – leadership level assessment

IRM's professional standards provide a framework against which a candidate's technical risk management knowledge and achievements can be assessed. The detailed standards provide a cumulative indication of the skills that should be demonstrated at increasing levels of seniority. Those operating at the higher levels should be able to demonstrate the full range of competency.

Interview questions can be structured around these functional areas:

Insights and context – using knowledge of internal and external influences to ensure robust risk management in responsive and agile organisations
> Risk management principles and practice – understanding the principles and practice of risk management and the relevance and use of theories, processes and tools.
>> Relevance of risk management.
>> Tools and techniques.
>> Principles of risk management.
> Organisational environment – understanding the internal environment of an organisation and its implications for risk management practices.
>> Internal ethos.
>> Internal influence through risk management.
>> Organisational ownership.
> External business environment – understanding how the external environment influences and organisation and its implications for risk management practices.
>> External relevance.
>> External operating context.
>> Regulatory impact.

Strategy and Performance- developing a risk management strategy to meet organisational needs
> Risk management strategy and architecture – the development and implementation of a risk management strategy and architecture.
>> Mandate.
>> Strategy.
>> Structure.
> Risk management policy and procedure – the development and implementation of a proportionate risk management policy, guidelines, procedures and action plans
>> Policy
>> Roles and responsibilities
>> Resources
> Risk culture and appetite – the creation of a risk culture that is intrinsic to an organisation's culture.
>> Risk culture design.
>> Risk appetite.
>> Behaviours and values.

> Risk performance and reporting – the development and implementation of a risk measurement performance and reporting framework.
  > Risk reporting systems.
  > Risk performance indicators.
  > Risk reporting protocols.

Risk Management Process – managing the risk management process
> Risk assessment – the identification, analysis and evaluation of the nature and impact of risks and opportunities.
  > Risk assessment process.
  > Analysis of risk impact.
  > Evaluation of risk consequences.
> Risk treatment – the development, selection and implementation of risk treatment strategies and controls.
  > Risk treatment and risk appetite.
  > Cost effective risk treatment.
  > Business continuity and crisis management.

Organisational Capability – developing and managing a skilled, agile and responsive risk organisation
> Communication and consultation – the development and implementation of communication structures and plans.
  > Risk communication procedures.
  > Risk communication contents.
  > Stakeholder engagement.
> Change management – the management of risk within strategic and operational change.
  > Embedding risk responsiveness.
  > Developing change plans.
  > Implementing change.
> People management – systematic performance management and skills development to meet strategic needs.
  > Fulfilling personal objectives.
  > Risk management capability.
  > Risk management competence.

Induction and 'on-boarding'

Once a hiring decision has been made, what can be done to make a great hire a successful team member and employee as fast as possible? The person must be made to feel welcome and have everything they need to be successful. The impact of having a fully-functioning CRO in six months rather than twelve months could be considerable. Like everything, on-boarding needs to be tailored and consider both the personal and corporate aspects. Some basics however, are important in any environment:
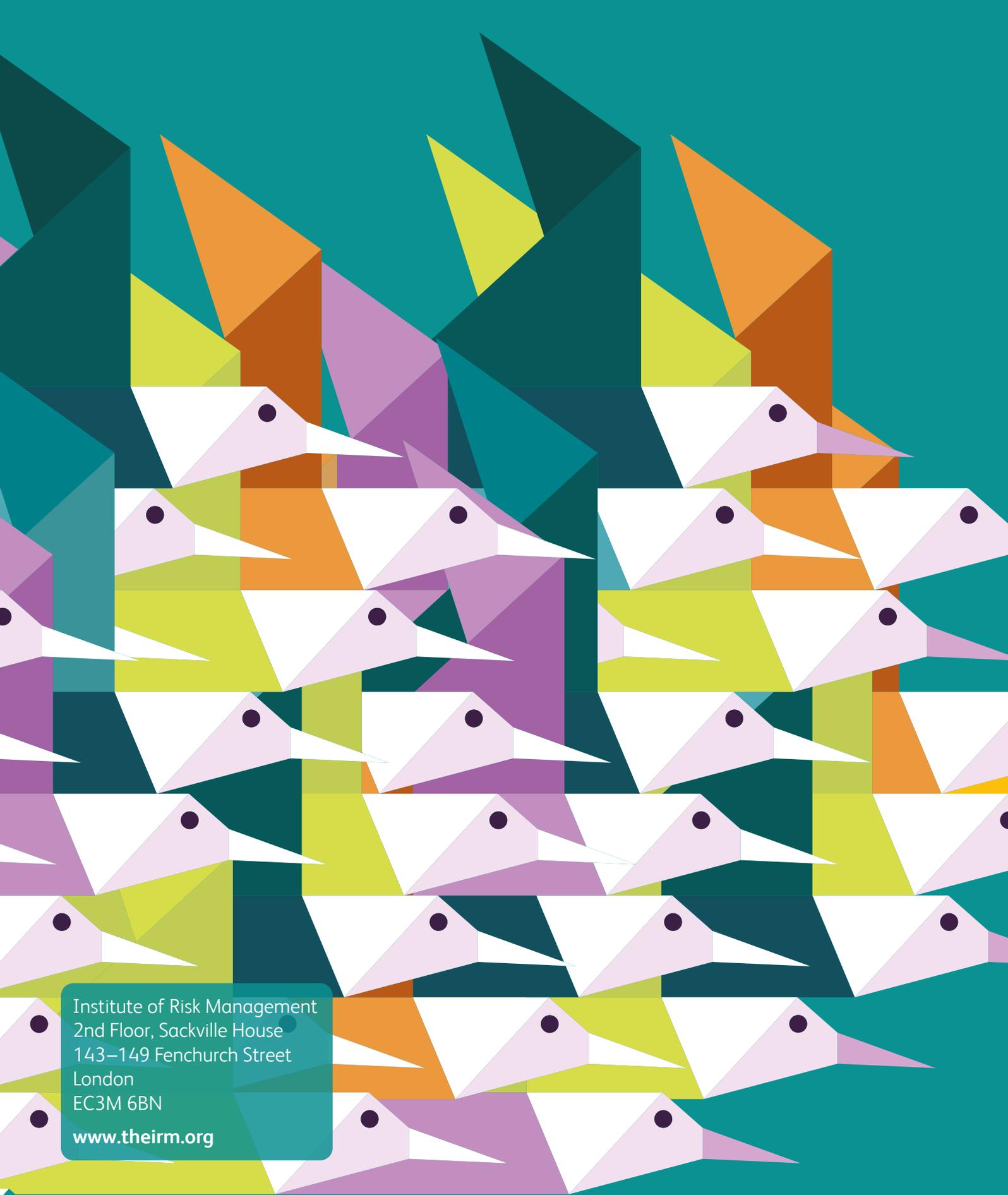
> Think through what support the candidate requires to succeed?
> Consider coaching - this has a proven influence on candidates' route to effectiveness upon joining a new firm.
> A strong internal network can reduce the time to full effectiveness significantly. Pre-arrange meetings with all relevant stakeholders and peers as soon as possible after joining.
> Is the hiring manager and the team available on day one to welcome the new recruit?
> Set up introductions to HR, IT, operations and other infrastructural support.
> Ensure all support systems are set up and ready to go.

How the IRM can help you

This document provides a general guide to recruiting CROs, but as the leading professional body for the risk management community we also have the technical expertise to help you directly with your assessment of candidates' risk management knowledge and skills.

We have a well proven process for evaluating the competence, experience and skills of senior risk leaders based on our professional standards and our executive route to Certified Member status. We can work with you on a worldwide basis to review job descriptions and person specifications and to conduct interviews to assess risk management competence. We draw on our global membership to provide senior individuals with relevant practical experience to assess candidates against our professional standards. We will also give feedback on communication skills, charisma and gravitas to support your non-technical assessment.

If you would like to find out more about our recruitment advisory services then please contact: enquiries@theirm.org

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