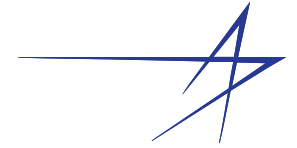




# Enterprise Risk Management

**Scott Williams**  
**Lockheed Martin Corporation**  
**Director Enterprise Risk Management**

# ABOUT SCOTT



*"There's gold in them thar hills"*



**1829**

$$1 + 1 =$$

$$7 + 7 =$$

**21!!**

**POOLE**  
COLLEGE OF  
MANAGEMENT

**ERM**  
ENTERPRISE RISK  
MANAGEMENT INITIATIVE

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INNOVATION FOR THE NEW RISK MANAGEMENT LANDSCAPE

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ERMinitiative 2:10pm Oct 10  
RT @Ash\_Noah #AICPARC16 @bhuRonnie What are you assuming about the future that may not turn out as you expect?

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Risk Identification and  
Risk Training

Bruce Branson, Associate Director of the ERM Initiative at NC State  
University, interviews Phil Maxwell, Director of Enterprise Risk Management  
at The Coca-Cola Company, about risk identification techniques and Coca-  
Cola's.

READ MORE

Case Studies on Key Risk  
Indicators

NC State's ERM Initiative is pleased to release a new thought paper, Key  
Risk Reporting and Key Risk Indicators, that highlights three case study

ERM INDUSTRY NEWS

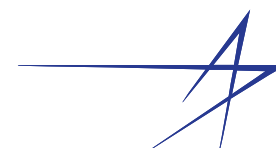
AUGUST 23, 2016

[Strategic Risk  
Management Provides  
a Comprehensive,  
Real-Time View of  
Risk](#)

AUGUST 23, 2016



# ABOUT LOCKHEED MARTIN



## Lockheed Martin Leadership




**Marilyn A. Hewson**  
Chairman, President and Chief Executive Officer



**Bruce L. Tanner**  
Executive Vice President & Chief Financial Officer



**Orlando P. Carvalho**  
Executive Vice President, Aeronautics



**Dale P. Bennett**  
Executive Vice President, Rotary and Mission Systems























**Richard F. Ambrose**  
Executive Vice President, Space Systems



**Richard H. Edwards**  
Executive Vice President, Missiles and Fire Control

## Business Structure



Aeronautics	Missiles and Fire Control	Rotary and Mission Systems	Space Systems
			
			
			
			
			

## People



**98,000** Employees



**49,000** Scientists, Engineers and IT Professionals

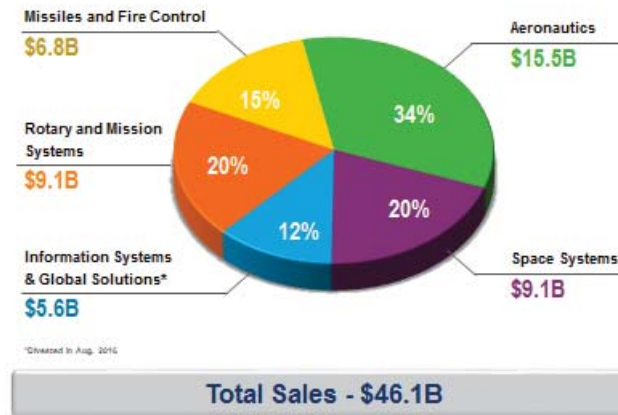


**590+** Facilities Worldwide

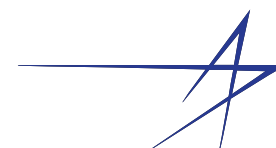


Operating in over **70** Countries  
With **7,000+** Employees

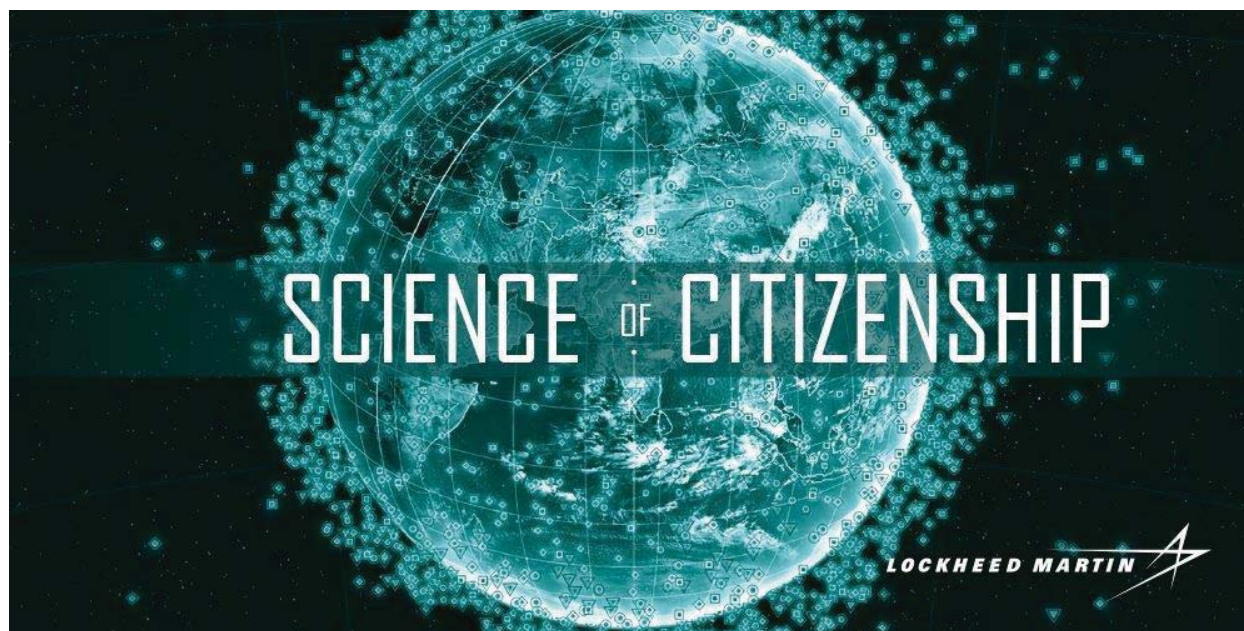
## 2015 Sales by Business Area







# RISK FUNDAMENTALS

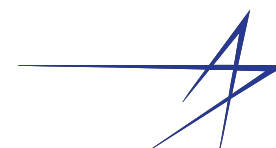




# What is Risk?

**RISK = Uncertainty that Matters**

Dr. David Hillson aka “The Risk Doctor”  
[www.risk-doctor.com](http://www.risk-doctor.com)

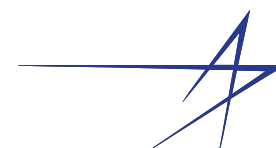


# UNCERTAINTY



# DOES IT MATTER?

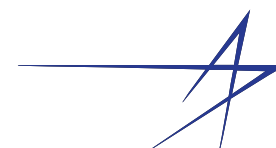




# ***THREAT***



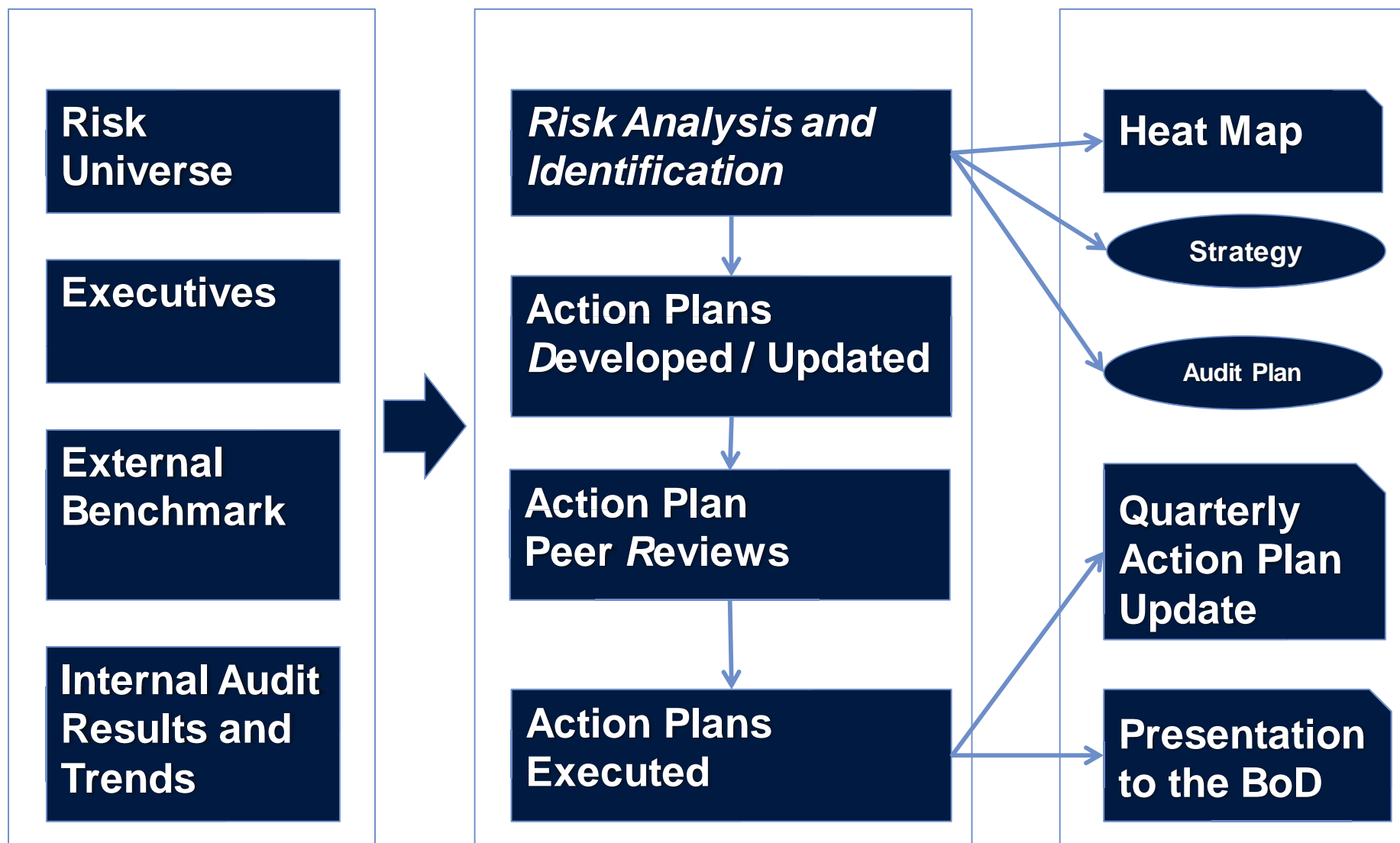
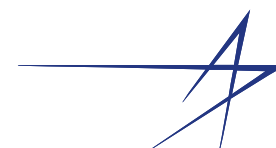
# ***OPPORTUNITY***

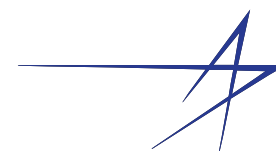


# PROCESS

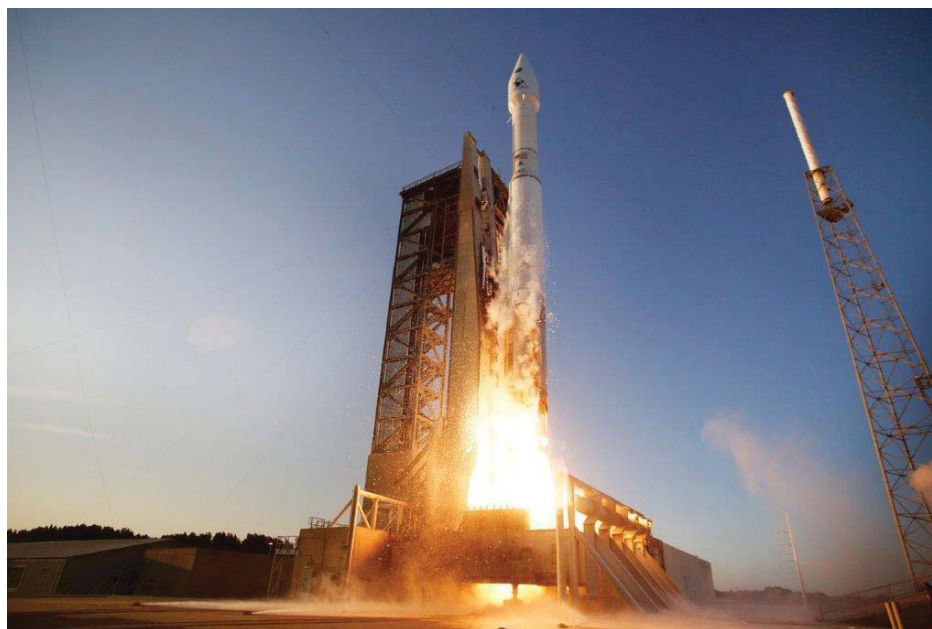


# ERM PROCESS

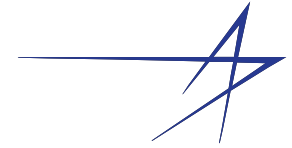




# GOVERNANCE





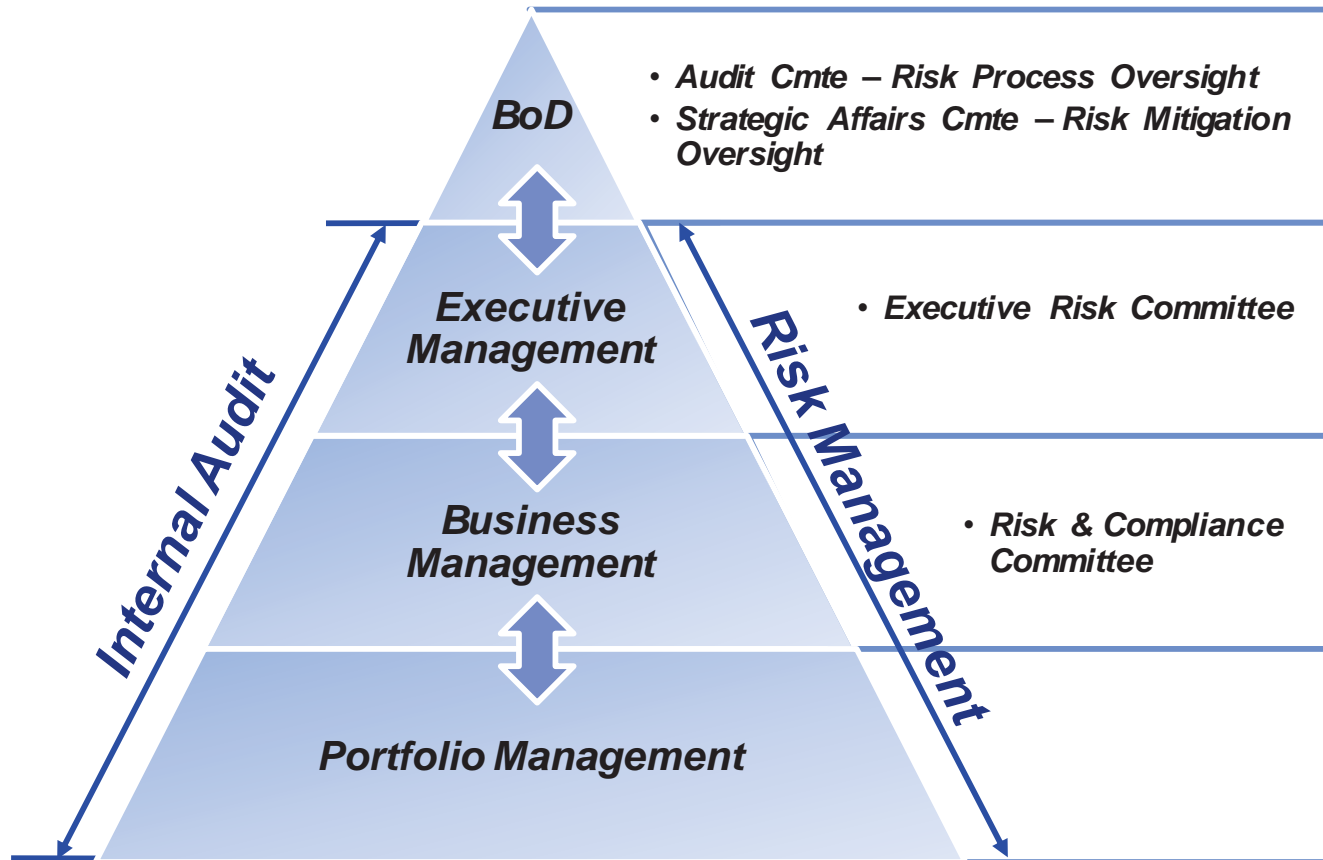
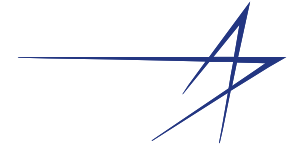


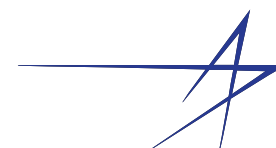
**Enterprise RISK MANAGEMENT**

**OR**

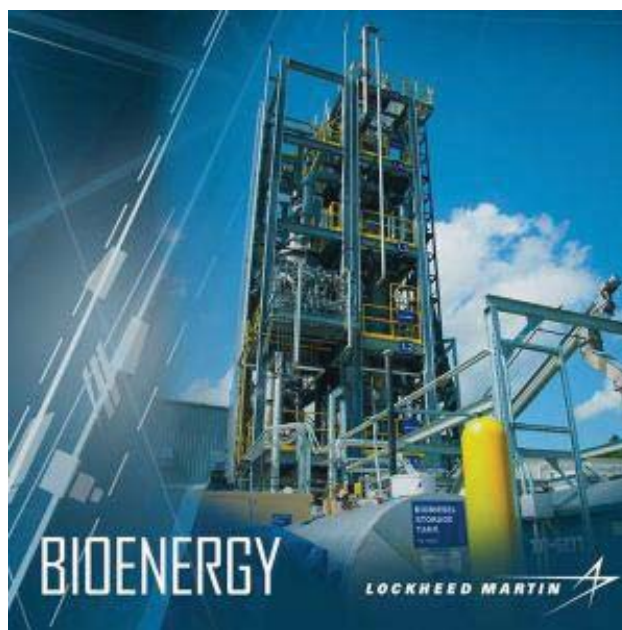
**ENTERPRISE RISK Management**

# RISK GOVERNANCE

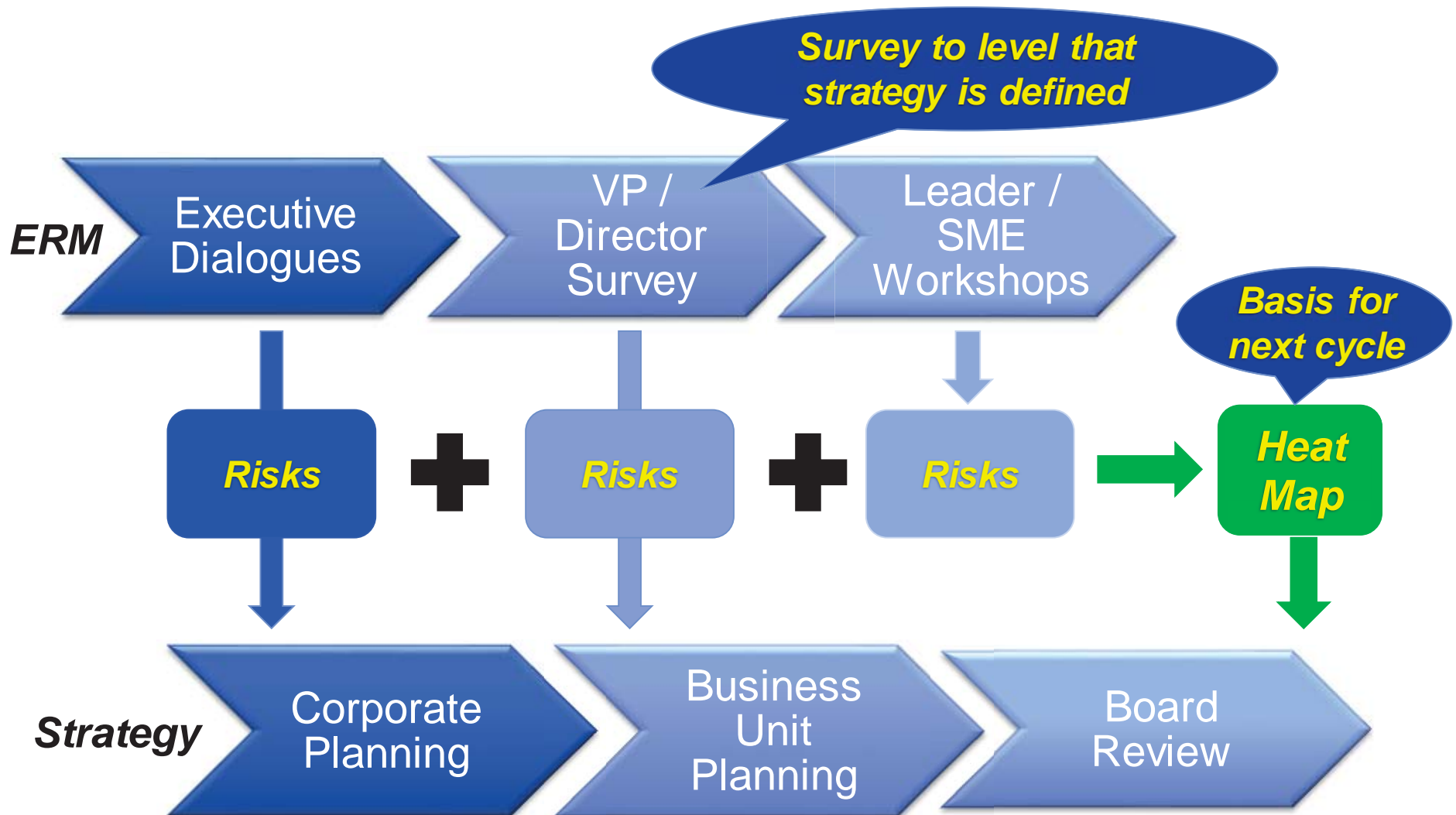




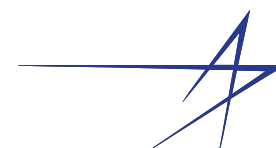
# STRATEGY



# ALIGNED WITH STRATEGIC PLANNING



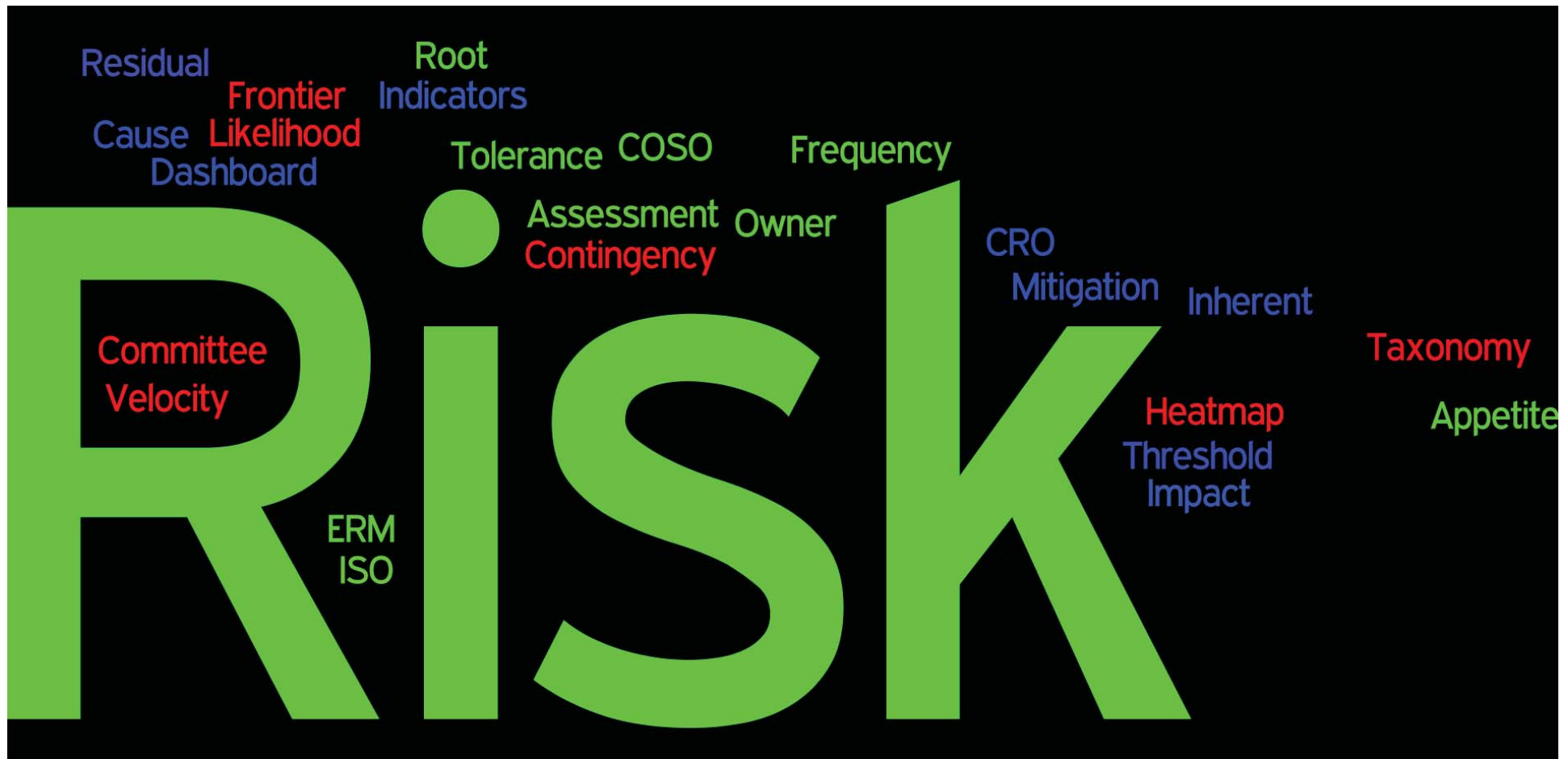
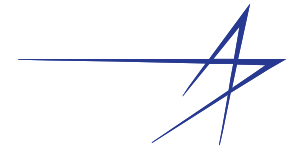




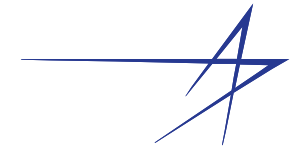
# Culture



# ERM RISK-SPEAK

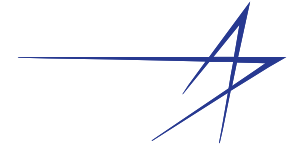


# Business Speak



- *Above / Below Plan*
- *Advantage / Disadvantage*
- *Assumptions*
- *Attrition*
- *Believe*
- *Better / Worse than expected*
- *Cause / Root Cause*
- *Challenge*
- *Change*
- *Choice*
- *Competitor / Competition*
- *Complex / Complexity*
- *Concern*
- *Conflict*
- *Consequence*
- *Contingency*
- *Control*
- *Corrective*
- *Critical / Critical Path*
- *Decision / Decision-gate*
- *De-railer*
- *Development*
- *Emerging*
- *Estimate*
- *Fail / Failure*
- *Focus Area*
- *Forecast*
- *Future*
- *Fuzzy*
- *Grow / Growth*
- *Guard / Guardrail*
- *Hedge*
- *Hope*
- *ICE / ICE Position*
- *If / If - Then*
- *Impact*
- *Integration*
- *Issue*
- *Lack of clarity*
- *Leverage*
- *Likelihood*
- *Loss / Expected Loss*
- *Mitigate / Mitigation*
- *Near-miss*
- *New*
- *Off-ramp*
- *Options*
- *Pain / Pain point*
- *Pitfall*
- *Plan B*
- *Planning*
- *Possible*
- *Potential*
- *Prediction*
- *Pressure*
- *Prevent / Preventative*
- *Priority*
- *Probability*
- *Range / Range of Outcomes*
- *React / Reactive*
- *Response*
- *Safeguard*
- *Setback*
- *Shortcoming*
- *Similar*
- *Stress*
- *Threat*
- *Trade-off*
- *Tradition*
- *Uncertainty*
- *Unexpected*
- *Unplanned*
- *Upside / Downside*
- *Vulnerability*
- *Weakness*

# ERM RISK INDICATORS



- **Change of Leader**
- **Lack of Transparency**
- **Organizational Silos**
- **Checklist Mentality**
- **Measure Activity**



