Enterprise risk management at UnitedHealth Group

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Author: Patrick J. Stroh
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The stakes are high. The rules of the game have changed, and doing business will never be the same again. Companies must achieve great business results and exceed their stakeholders' expectations, but how a company actually achieves those results is just as important to its long-term success. Companies must demonstrate that they have strong internal controls, maintain integrity at all times, and manage enterprise-wide business risks. The price for mistakes and surprises is steeper than it has ever been, and unexpected "surprises" can have swift corporate and personal consequences. Organizations that meet these significantly increased marketplace expectations will prosper. Those that can't will surely lag behind and possibly even fail.

Given this permanent white-water environment, it's no wonder that Enterprise Risk Management (ERM) has become such a hot topic in the past couple of years. These ever-increasing expectations require a level of risk management discipline and capability not found in many organizations. This isn't the latest management fad, and it extends well beyond Sarbanes-Oxley Act (SOX) compliance. ERM is quickly becoming the new minimum standard, and it may very well be the key to survival for many companies. At the very least, it's a significant source of competitive advantage for those that can demonstrate a strong ERM capability and discipline. So push beyond Sarbanes-Oxley and external compliance activity to be more strategic and value added in your risk management focus and capability. Your risk management focus should be facilitative and consultative within your organization to generate prosperity in an environment that has many organizations scrambling and reacting.

AN ERM EXECUTIVE PRIMER

What is ERM? With more than 1,000 books readily available on the subject, you can probably guess there are many definitions. But I will describe it here according to the way we are implementing ERM at UnitedHealth Group. At UnitedHealth Group, ERM is a discipline and an embedded philosophy, not a tool, technique, or algebraic formula. Similar to a traditional SWOT (strengths, weaknesses, opportunities, and threats) analysis, ERM is meant to identify risk factors in a business, then assess their severity, quantify the magnitude, and mitigate the downside exposures while capitalizing on the upside opportunities. ERM can also be defined as an enterprise composite of risk ranging from compliance and financial reporting risks to financial performance risks to strategic business risks. See Figure 1 for a risk pyramid.

ERM approaches vary by industry. In highly regulated industries, such as banking and energy, risk management is highly quantifiable and deals with financial modeling, hedging, insurance utilization, and the like based on either industry's natural risk environment. Alternatively, some industries haven't bought into ERM yet, coming off the throes of SOX compliance and without a formal requirement driving the need for ERM. Although SOX goes a long way in examining risk in the bottom three categories of the risk pyramid, it does little for the top two. And it's the top two categories--strategic business risk and market/business environment risk--that provide the most value creation to a company and its shareholders, so...

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UnitedHealth Group: Massive net benefit savings and improved satisfaction. Share this page. Facebook. Wayne White Vice President, Medicare & Retirement, UnitedHealth Group. The Business Issue. UnitedHealthcare Medicare & Retirement provides health benefits and services to nearly 10 million people. Pega Platform. Trusted by global companies for rapid and scalable enterprise-wide, transformational deployments. Learn more. Tags. Industry: Healthcare Product Area: Platform Challenge: Enterprise Modernization Challenge: Sales Effectiveness. Share this page. Facebook. enterprise risk management (ERM) paradigm that views risks holistically on a portfolio basis. across an enterprise. Risk Management. Photograph: digitalvision. Working. HandINHand: Balanced Scorecards. "Enterprise Risk Management at UnitedHealth Group": "ERM is quickly becoming the new minimum standard, and it may well be the key to survival for many compa-. nies." It offers significant opportunity for competitive. advantage, providing value well beyond mere compliance. with regulatory expectations.