

## **Risky Business: Risk Management on the Road to Innovation**

Presenter: Bethany Spaulding, Project Manager- Risk Management and Consulting  
Federal Reserve Bank of St. Louis

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The session focused on how to manage risk in an innovative culture. Risk management is a critical component of a successful innovation strategy. Participants examined how to develop a strong foundation that helps turn ideas into products and services, particularly in a world where economic realities are rapidly changing.

- Enterprise Risk Management (ERM) is a process to aid in identifying and mitigating events that could affect an organization's ability to meet its goals. Risks should be understood and managed.
- Risk management is not about eliminating risk; it is about making informed risk choices. The more information you have the better choices you make.
- ERM components: commitment (executive ownership), integration (strategic planning, organizational performance assessment and results), stakeholder benefit (enhanced information, identify risks, incorporate best practices and risk evaluation), and accountability (top-down, bottom-up design, and risk management skills are expected of management)
- Risks can offer roadblocks and opportunities
- Five types of risks: strategic risk (ability to achieve mission or objectives), operational risk (events related to internal/external processes, people and systems), reputational risk (event that could diminish stature, credibility or effectiveness), credit risk (ability to meet its financial obligations), and market risk (market concerns, asset values)

### **Memorable Quote**

“Innovation and risk go hand-in-hand; you can't have one without the other.”

### **Conclusion/Remaining Questions**

Risk management is key to innovation. It focuses resources to the most important activities, identifies key risks to achieve goals, and provides stakeholders with enhanced information to make choices for direction.

How do you effectively manage unforeseen risk in an unstable economy?