

## A New Approach for Operational/Enterprise Risk Management

For more than a decade financial firms have been struggling to develop a robust approach for measuring and managing operational risk (enterprise risk in the non-financial world). After a fifteen year effort, we believe we have found a solution.

The key to our solution is a new method for assessing/measuring risk – the Annualized Loss Exceedence Curve (ALEC) method (patent pending). The ALEC method is a highly intuitive, but theoretically robust method of transforming empirical data and/or expert opinion into risk information. It addresses many technical issues that were previously thought to be unsolvable. Some of the largest and most sophisticated banks and insurance companies now leverage this approach. The ALEC method has also won praise from certain leading national regulators and even from members of the United States Congress and Congressional Staff.

If you would like to learn more about our new approach, we invite you to attend the following two free webinars:

Webinar I: *Introducing an ORM/ERM Framework Designed to Add Tangible Value – Not Just to Meet Compliance Requirements*

Webinar II: *How to Address the Key Challenges in Measuring Operational/Enterprise Risk*

**These Webinars will include material that has never been presented in public.**

Please Note: These webinars are not open to individuals or firms that compete with SRA. Participation is limited. To avoid disappointment, please register ASAP.

## Detailed Agenda

### Webinar I Topics: *Managing Operational/Enterprise Risk*

1. What does it mean to *manage* operational/enterprise risk?
2. What is risk? What constitutes high risk; low risk?
3. What are the prerequisites to identifying one's top ten risks and how can this be accomplished?
4. What is the difference between likelihood-impact and frequency-severity and why is this important?
5. What are risk-control and risk-reward optimization in the context of ORM/ERM?
6. How can executives manage operational/enterprise risk within the risk tolerance standards of the stakeholders in the context of cost-benefit analysis?
7. How should Boards of Directors set risk tolerance standards for operational/enterprise risk?

### Webinar II Topics: *Measuring Operational/Enterprise Risk*

1. How can one incorporate the impact of the rare "black swan" events into a risk model in an objective, transparent and theoretically valid manner?
2. How can one combine information from different sources (e.g., internal and external data) into a risk model in an objective, transparent and theoretically valid manner?
3. How can one model data that is truncated and heterogeneous?
4. What are the ideal frequency and severity distributions for modeling operational/enterprise risk? And how can one objectively make this determination?
5. How does the ALEC method compare to Truncated MLE?
6. How can one objectively determine whether an external data set is relevant?
7. How can one validate/back-test the results of an operational/enterprise risk model?

### **Presenter Information**

Ali Samad-Khan is President of Stamford Risk Analytics and a globally recognized thought leader in risk management. He has advised over 100 of the world's largest corporations, multi-lateral institutions and national and international regulators on a range of risk management issues. His provocative articles and white papers have served as a catalyst for change in the way many organizations manage risk. For his pioneering work in this field he was named "one of the 100 most influential people in finance" by Treasury and Risk Management magazine. Mr. Samad-Khan holds degrees in Economics and Finance from Stanford and Yale Universities.



### **About Stamford Risk Analytics**

Stamford Risk Analytics (SRA), formerly OpRisk Advisory, is a leading research, consulting and software firm. To date SRA has advised more than 100 of the world's leading banks; insurance, energy and transportation companies; and national and international regulators on a full range of risk management issues. Key elements of SRA's Modern ORM/ERM framework and methodology have been adopted by institutions around the world. SRA has also released a unique set of four software products designed to make implementing Modern ORM/ERM feasible and practical. More information about SRA is available at [www.stamfordrisk.com](http://www.stamfordrisk.com).

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