RESOLUTION TO APPROVE AN
M.S. IN ENTERPRISE RISK MANAGEMENT
(SCHOOL OF CONTINUING EDUCATION)

WHEREAS risk management is increasingly practiced in business and industry; and

WHEREAS forward-looking businesses, organizations, and government agencies will increasingly demand risk management professionals, and

WHEREAS the proposed program prepares leaders to manage risk in an integrated way, looking at both upside and downside volatility across the various segments of an enterprise, in rapidly evolving global and regulatory environments, and

WHEREAS the program’s hybrid format, comprising time on campus and remote participation, is designed to appeal to working professionals both in the New York area and elsewhere, and

WHEREAS the program does not duplicate any existing program at Columbia, and

WHEREAS no comparable programs exist in the Northeast, and

WHEREAS the School of Continuing Education’s market research confirms that there is a demand for such a program, and

WHEREAS the Education Committee of the Senate has favorably reviewed the proposal,

THEREFORE BE IT RESOLVED that the University Senate approve the proposed program with the proviso that the Education Committee will review the program in four years.

Proponent: Education Committee
1) Purpose

Conventionally, when people think about risk they “think of negative events, such as losing your job or losing your health. . . . However, in an ERM [enterprise risk management context] we will define risk as any deviation from the expected. For example you certainly would consider the possibility that your bonus will be lower than expected as being a risk; however, you are unlikely to think of the possibility of your bonus being higher than expected as being a risk. But that is exactly what [this] definition of risk asks you to do—consider risk as the possibility that results may not be exactly equal to the expected, but rather are lower or higher than expected. The ‘upside volatility’ refers to the range of possible upside risks events, and the ‘downside volatility’ refers to the range of possible downside risk events.”

Columbia’s proposed MS in Enterprise Risk Management (MSERM) prepares leaders to manage risk in an integrated way, looking at both upside and downside volatility across the various segments of the enterprise. It prepares professionals working across a variety of entities—both corporate and non-corporate—in rapidly evolving global and regulatory environments to develop integrated and effective risk management capabilities that deliver business value and enable growth and innovation in the enterprise. So empowered, these professionals are positioned to help their organizations make powerful risk-reward decisions.

The core coursework provides foundational knowledge that can be applied across a variety of formalized risk management frameworks. Students acquire:

- Understanding of the strategic importance of enterprise risk management
- An integrated understanding of aggregate enterprise exposure and how risks interact
- Knowledge of ERM practices, tools, and techniques
- Broad understanding of the tools and methodologies that technical, operational, finance, environmental, and legal teams use to assess, manage and report on risks
- Ability to adapt the appropriate ERM framework to integrate properly with existing risk infrastructure
- Good leadership, management, and communication skills

Graduates leave the program with knowledge, competencies, and skills that prepare them to:

- Examine risks across the enterprise and advance their approach to risk
- Position risk as a function driving the organization’s strategic objectives
- Employ a complete view of risk to inform risk-reward decisions
- Employ a consistent and disciplined approach to risk enterprise-wide
- Utilize enhanced communication, management and leadership skills to participate in and influence business decisions at all levels of the organization.
- Increase the likelihood that enterprise-wide strategic goals will be achieved
- Provide a rigorous business case for both business and mitigation risk-reward decision making
- Assure the board of directors that key risks are well understood and managed
- Satisfy risk-related regulatory requirements of rating agencies
- Ethically provide public risk disclosures that accurately portray risks and opportunities

CORE COMPONENTS

There are three core components to the program.
Enterprise Risk Management, core component 1, introduces students to the philosophical, historical, cultural, and economic underpinnings of and perspectives on risk, and the broader qualitative aspects of risk and uncertainty. This component also introduces students to traditional enterprise risk management frameworks and their limitations as well as a range of traditional “silo” risk management techniques, including: strategic risk management; operational risk management; financial risk management; and, insurance risk management.

Students also examine the full expanse of ERM-related regulatory requirements. The study of organizational leadership and strategy strengthens students’ capacity to lead while the study of strategic communications prepares students to understand and engage audiences in order to present technical material in an accessible and persuasive manner. In their capstone, students work teams on a project to demonstrate their command of ERM and Silo risk management frameworks as well as their ability to present persuasively.

Traditional Risk Management Silos, core component 2, CC2 provides students with the opportunity to study in depth 2 out of 4 risk silos: strategic risk management; operational risk management; financial risk management; and, insurance risk management.

Core component 3, Electives, enables students to take three electives that correspond more specifically with their professional goals and interests.

2) Need

Risk management is impacting more industries and more business functions than ever before. As risk challenges and opportunities grow, more risk management professionals will be demanded by forward-looking businesses, organizations, and government agencies. In fact, these entities have determined that their livelihood depends on taking this kind of integrated approach to formulating their risk management strategy. This new enterprise-wide risk management approach is now being adopted as a means of managing all risks in the aggregate. Four trends are driving multinational organizations to adopt such an approach:

Broader Dimensions of Risk: Advancements in information technology processing and the ability to operate in 24-hour virtual marketplaces and utilize complex financial instruments have expanded risk. As a result of globalization, multinationals have to contend with increased political, foreign exchange, and terrorist exposure. Finally, inter-dependency between organizations and their business partners’ and vendors’ systems increases risk.

Changing Stance toward Risk Management: In recent years, multinational organizations have changed how they view risk -- from assessing risk in silos to viewing risk at an enterprise level, and from assigning to risk a punitive label to positioning it as a function driving the objectives of an organization. There also appears to be a shift from defensive/reactive risk management to offensive enterprise risk and reward management, which aims to leverage risk to increase shareholder value. Organizations that opt for offensive risk management experience more positive effects on the bottom line than defensive or reactive risk management.

Increased Regulatory Oversight: Regulatory oversight, strengthened standards for public companies’ risk management, and increased focus on corporate governance have increased in all parts of the world. Senior management is held accountable for regulatory compliance, creating the need for risk and compliance assurance.
Trend toward Centralized Risk Management: Increased regulatory, executive, and shareholder oversight, the broadening dimensions of risk, and evolving risk management techniques have created the need to centralize all risk management functions under a Chief Risk Officer (CRO).

The establishment of a CRO, a company-wide risk committee, the use of formalized risk frameworks, and a comprehensive risk management program need expertise and leadership in all aspects of risk and mitigation strategies. These forces have created a significant unmet demand for leaders who are knowledgeable about ERM and who are skilled at developing and deploying an ERM strategy within their organizations to ensure and strengthen the livelihood of the organization. Accenture reports that leaders across banking, capital markets, energy, government, healthcare, insurance, life science, and utilities industries expect new legal, business, regulatory, market, credit, operational, strategic, political, reputational, and liquidity risks to significantly rise over the next two years.

3) Brief summary of the program.

The proposed MS program in Enterprise Risk Management is a 36 pt. hybrid program of study consisting of required courses in two core areas: Enterprise Risk Management and Traditional Risk Management Silos. In addition, students complete an Integrated Capstone Project. They finish the degree requirements by taking three electives that correspond to their professional interests and goals.

The program is rigorous, relevant, and multi-disciplinary. The curriculum draws upon existing academic strengths in SCE (leadership, management, and strategic communication) and throughout the University (history, philosophy, ethics, analytical fields, social sciences, risk, and ethics). It is taught by Columbia faculty and industry experts who are leaders in the emerging field of Enterprise Risk Management.

The program is practical and applied. Taking a problem-solving approach, coursework is organizationally situated, case-based, and scenario-driven. It delivers hands on learning with ERM methodologies, models, tools and techniques, and concludes with an industry-based, real-world applied capstone project. Graduates leave the program with the knowledge, skills, abilities, and hands-on experience that will enable them to take an integrated approach to formulating and implementing their organizations’ risk management strategy.

The program is convenient, interactive, and outcomes-focused. Students study in a cohort-based, blended (online and on-site) program that utilizes SCE’s interactive networked learning platform, combined with instruction delivered on campus in intensive residencies. This model is especially appealing to the fastest growing sector of students in higher education today and the population this program is intended to attract: full-time working professionals, who wish to maintain their professional commitment while at the same time engage in a rigorous and highly interactive learning experience. Through this model students experience a high level of engagement both online and face-to-face, and develop a network of fellow students, professors, and industry experts that will advance both their academic and professional goals. This model also meets the larger demand for part-time, low-residency study options that are more affordable than full-time on campus study. Individuals who need or want to work while they study do not have to forego income.

Students complete 12 required courses for a total of 36 pts: 9 required courses (27pts) and 3 electives (9pts.).