

Measurable Value Creation through an Advanced Approach to ERM

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Abstract

This paper presents an advanced approach to enterprise risk management (ERM) that significantly improves upon current approaches, largely due to two fundamental elements, namely: a focus on the management of strategic plans and, secondly, a heavy reliance upon probability theory. This paper is structured as follows. Section 1 reviews essential probability theory. Section 2 introduces the “Strategic Objectives at Risk” (SOAR) methodology. Section 3 describes the SOAR process that is the risk management process at the heart of the SOAR methodology. Section 4 discusses the direct measurement of stakeholder value added by the SOAR methodology.