

Fiduciary Risk Insights

5-Step Model for University Risk Management

“Leadership is intentional influence.” – Michael McKinney

University and college board of trustee’s fiduciary responsibilities are to protect and enhance the institution they serve. To do that effectively, they need insight into the potential risks that could adversely impact the institution and its mission.

The university’s governance team (Trustees and Executive Leaders) has the responsibility for protecting the institution from risk. This is a challenging task because of the unique responsibilities that come with leading a university. This article presents a model to assist governance teams in identifying, quantifying, and managing those risks. A programmatic assessment ensures a fiduciary has the right insights into the potential risks that could impact the institution.

University Risk Management is a strategic organizational discipline that supports the achievement of the university’s objectives and mission by addressing the full spectrum of its risks that could adversely impact the institution’s mission, campus community, and brand value. It is a proactive and team-based approach to protecting the institution and providing insights to key decision-makers.

Risk management, whether at a Fortune 500 company or a university, must be led from above. The university’s governance has the ultimate responsibility for commissioning, supporting, and empowering the university’s risk management program. In this capacity, it must provide fiduciary insights for protecting the financial, physical, intellectual, and reputational assets of the institution, balancing the needs of both current and future generations of the university community.

This is a challenging task considering the unique responsibilities that come with leading the campus communities and institution. Colleges and universities have distinct differences from most corporate enterprises and government organizations. Their unique missions, societal responsibilities, variety of programs and services, and campus environments require a unique approach to risk management – University Risk Management (URM).

This summary provides the framework for developing and maintaining an effective URM program. Please email Mark Slavik at msslavik@ensuringlegacy.com for the complete article.

Universities in the News

- ~ Billionaire megadonors suspends donations
- ~ College agrees to pay a \$36 million judgment
- ~ University president steps down amid plagiarism charges
- ~ University deficit partly caused by unclear financial reports
- ~ FBI investigates top university officials for misuse of federal grant funds
- ~ University officials in prison for embezzling \$7 million
- ~ Power outage cost millions in perishable food, lost class time, and worker overtime
- ~ University loses civil suit for failing to protect students
- ~ Racial tensions force university president to step down
- ~ Four dead and dozens injured in homecoming parade incident
- ~ Business school’s spiraling sex scandal rocks university
- ~ The head volleyball coach was found guilty of assault against a player

University Risk Management Program

This program must be holistic, collaborative, and synchronized across all university departments (known as the “URM Area of Concern”). In addition, the program must go beyond the campus walls to local communities, government agencies, and stakeholders (known as “URM Area of Interest”).

A successful URM program needs to establish strong lines of communication and coordination across the entire campus landscape to best leverage resources, synchronize responses, and align priorities of effort. The URM program:

- Encompasses all areas of the university’s exposure to risk
- Prioritizes and manages those exposures in a holistic response
- Provides a structured process for the management of all risks
- Views the effective management of risk as a competitive advantage
- Seeks to embed risk management as a component in all critical decisions

The 5-Step URM Model

The 5-Step URM Model provides university leaders with a methodology for developing, maintaining, and improving the institution’s risk management program.

- Step 1 – Commissioning
- Step 2 – Program Review
- Step 3 – Risk Assessment
- Step 4 – Response Plans
- Step 5 – Maintenance

Today’s university governance must exercise greater responsibility for addressing the growing and complex challenging risks to the school’s mission, campus community, and institutional brand value. University risk leadership begins with the establishment and support of a URM program that proactively manages risks to life safety, critical processes, key assets, and the fulfillment of mandatory requirements. To be effective, a URM program needs to be holistic, collaborative, and synchronized across all university departments, programs, and properties (“Area of Concern”). The program needs to include the local communities, government agencies, and stakeholders (“Area of Interest”).

University governance should commission an executive-level steering committee and dedicated program team to assist in the implementation and oversight of the URM program. Following a detailed programmatic gap analysis of potential risks to the institution and development of mitigation response plans, the program team should conduct an annual review of the current URM program to assess progress and update risk insights for the governance team. The program’s steps include risk assessment, response planning, and program maintenance. As the complexities and challenges confronting our universities and colleges continue to increase, governance will be called on to do more to protect campus communities, brand values, and institutional missions.

About the Author

Mark R. Slavik has more than 25 years of experience in helping improve the performance and production of organizations. His multi-disciplined executive experience in risk management, strategic planning, process improvement, organizational development, financial services, and leadership provides a unique background for facilitating organizational risk mitigation and improvement. As a Lieutenant Colonel in the U.S. Army and Army National Guard, he established and led the first headquarters operating in the eastern U.S. for Homeland Defense following the 911 attacks, including the operational, administrative, and logistical support for a five-state area. In addition, Mark facilitated the development and certification of the nation's first Homeland Response Force (HRF) for FEMA Region V to respond to large-scale chemical, biological, and nuclear disasters and protect U.S. citizens. He has conducted risk management and business systems planning for both profit and not-for-profit organizations. He has consulted in the following industries: universities, federal and state agencies, financial, legal, insurance, and construction.



For more information on establishing a University Risk Management program, please contact Mark Slavik at m Slavik@ensuringlegacy.com or 440-781-2195.