Unraveling the ERM Quagmire: The Secret to ERM Success for Healthcare Organizations

Volume 1, Number 1

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The current US healthcare environment is chaotic and complex, forcing healthcare leaders to consider creative and effective ways to manage their organizations during rapidly changing times. Many have recognized the value of Enterprise Risk Management (ERM) as an advantageous solution.

Increasingly, healthcare leaders are adopting an organization-wide ERM approach; some are early stage, others have already implemented. While there is broad recognition that implementation of an ERM platform is a strategic advantage, most organizations encounter some barriers along the way, including;

- Lack of infrastructure to support an ERM program
- Lack of resources
- Lack of ongoing engagement
- Lack of accountability across the organization
- Poor communication flow
- Organizational change/staff and leadership turnover
- Lack of processes to quantify results
- Failure to link strategic goals to risk initiatives

The good news… A well-functioning ERM program will naturally eliminate each of these barriers, and it's not as difficult as one might imagine to implement a well-designed ERM in the healthcare space.

Why exactly are healthcare organizations having so much difficulty developing a robust ERM program? Healthcare organizations are attempting to mirror the ERM processes founded in the financial industry. The healthcare industry is not the financial industry. Although fundamental concepts are the same, ***the way ERM is implemented and addressed in healthcare organizations must be different than the financial industry to address the complex nature of the environment***.

The secret to success is realized through the following foundational elements:

- **Commitment:** Leadership that inspires and engages the entire organization in the ERM program.
- **RORI (return on risk initiatives):** The clear mapping of all risk initiatives to either cost savings or revenue generation, including the performance improvement initiatives at the department level.
- **Consistent:** The ERM Committee structure facilitates a standardized ERM framework along with systematic processes and communication flow across the organization.

- **Overarching/Cross-cutting:** The ERM Committee membership must be broad enough to eliminate silos related to the identification and management of risk initiatives across the entire organization.
- **Authentic:** The organization's annual risk assessment is only part of achieving ERM in the complex healthcare space. A fully functioning and effective ERM program has not been established across the organization when the only effort encompasses an annual risk assessment and processes aimed at addressing only the organization's top risks. This is an important part of ERM, but it isn't the whole picture.
- **Mission-Vision-Values-Driven:** Risk initiatives are aligned with the organization's strategic goals as an effort to create efficiencies and eliminate silos.
- **Simple:** The ERM concepts and processes absolutely can be simplified to the degree that ERM is understood and practiced by non-risk management professionals across the organization.

It may be surprising how simple it can be to achieve ERM in your healthcare organization! Contact us to learn how: Caroline.Bell@i-erm.com or visit our webpage at https://i-erm.com/

This article is one of many in the *Unraveling the ERM Quagmire* series. Watch for additional issues on LinkedIn https://www.linkedin.com/in/caroline-bell-rn-jd-dfashrm-79a4877/ or register to receive a copy of these publications via our website https://i-erm.com/