

Evolving Effective Enterprise Risk for Public Leadership Decision- Making



*Exploring Leadership's Evolution
& Strategies for Managing Risks in
a Modern World*

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MODULES

1

LEADERSHIP
EVOLUTION

WHO'S ON DECK?
SUCCESSION
DEVELOPMENT

RISK MANAGEMENT
EVOLUTION



2

DECISION-MAKING &
EFFICIENCY

AI & THE
IMPLICATIONS ON
DECISION-MAKING

ETHICS, & EQ: DO
LEADERS CARE ABOUT
THE RISKS?

3

ERM PLASTICITY

COMPLIANCE: RISK
ASSESSMENT VS.
VULNERABILITY SCAN:
COST OF OWNERSHIP

RISK VALUE
PROPOSITION (RVP)
TO LEADERSHIP



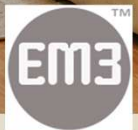
TODAY'S SPEAKER

*The EM3
Experience*

Edward K. McDonald III

Corporate Strategist & Business Psychologist

- Over 15 years of public sector experience
- 3x Marine Combat Veteran
- Worked with a diverse range of companies across the US from military, public, private, non-profit, aviation & aerospace, healthcare, property management
- Deep understanding of Neuroscience & Leadership
- Doctorate – Organizational Leadership (Leadership Decision-Making)
- Master – Business Psychology (Cognitive & Behavioral Neuroscience)
- Bachelors – Business Administration (HR & Finance)



MODULE ONE

LEADERSHIP EVOLUTION

WHO'S ON DECK? SUCCESSION
DEVELOPMENT

RISK MANAGEMENT EVOLUTION



Leadership Evolution

**Traditional Styles &
Industrial Age of
Leadership:**

**Patriarchy,
Dictatorship,
Authoritarian**

Command & Control

Hierarchy Paradigm

**Assembly & Task
completion**

**Contemporary
Leadership &
Digital Age:**

Collaboration

Inclusivity

**Diversity of
thought**

Efficient &

**Adaptive &
Transparency**



ARE GROWTH AND MATURATION THE SAME?



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REWIRED MINDSET



FIXED MINDSETS v.
GROWTH MINDSETS v.
MATURE MINDSETS



WHO'S ON DECK?
SUCCESSION
DEVELOPMENT

9-BOX TALENT GRID



Evolution of Managing Risks

Traditional Risk Management

- Hazard Risks Only
- Possibility of loss or no loss
- Restore an organization to its former pre-loss condition
- Focus on the accident loss
- Focus on specific loss exposure

Enterprise Risk Management

- Hazard Risks + Business Risk
- Possibility of gain, loss, or no loss
- Enable an organization to fulfill its greatest productive potential
- Focus on the value of the organization
- Focus on the organization as whole

Neuroscience of Enterprise Risk Management

- Value-based business decisions
- Cognitive Risks
- Emotional Intelligence
- Risk Intelligence
- Creative Intelligence
- Sensory Acuity
- Behavioral Risks (Performance Mgmt)
- Qualitative/Quantitative

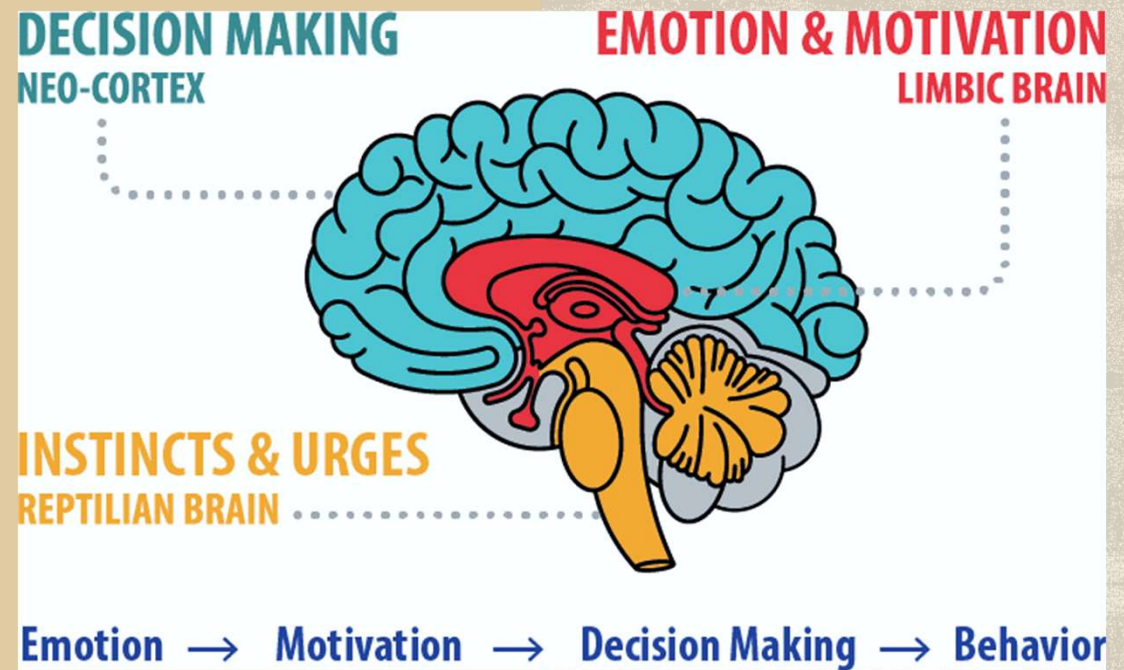


Neuroscience Integration

- **Neuroscience Risk Responses**
 - Belief/Value of Risk Response
 - Cognitive Risks Response
 - Emotional Acuity Response
 - Behavioral Risks Response
 - Creative Resilience Response
 - Outcome of Responses



*Lessons Learned through Neuroscience -
Enterprise Risk Management
in
the 3-Brain System*

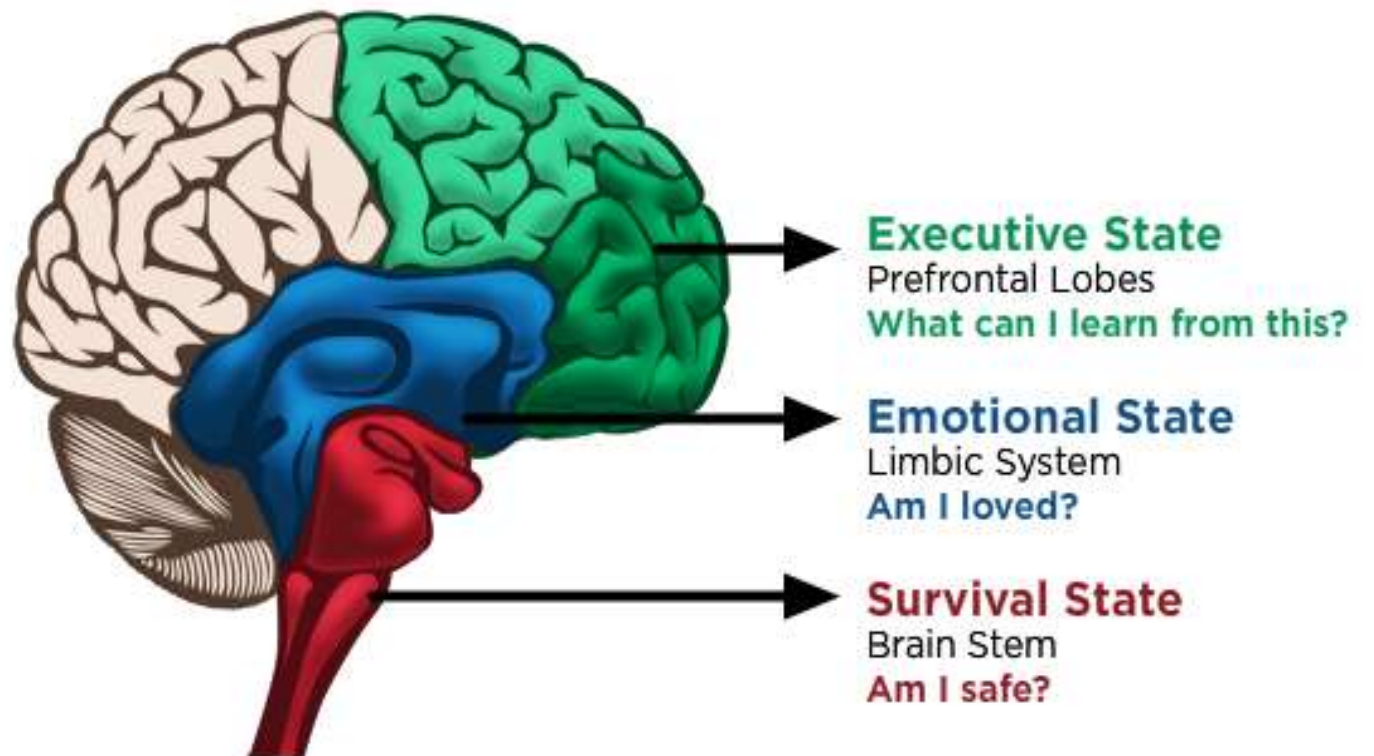


Paul MacLean - Triune Brain Theory 1990



Enterprise Risk Management + Triune Brain Theory

Brain Output:



EXERCISE ONE

A

- What adds value to you when you perform?
- What achievements are you proud of?
- What sets you apart

B

- What drains you or takes away from you that you perform?
- What are bad habits you have?
- What do you avoid or causes you to procrastinate?

C

- What are some positive things in the industry you can take advantage of?
- How can you grow personally/professionally

D

- What are your career obstacles?
- What things will hold you back?
- What education, experience, or certifications are you lacking that will slow your progress?"



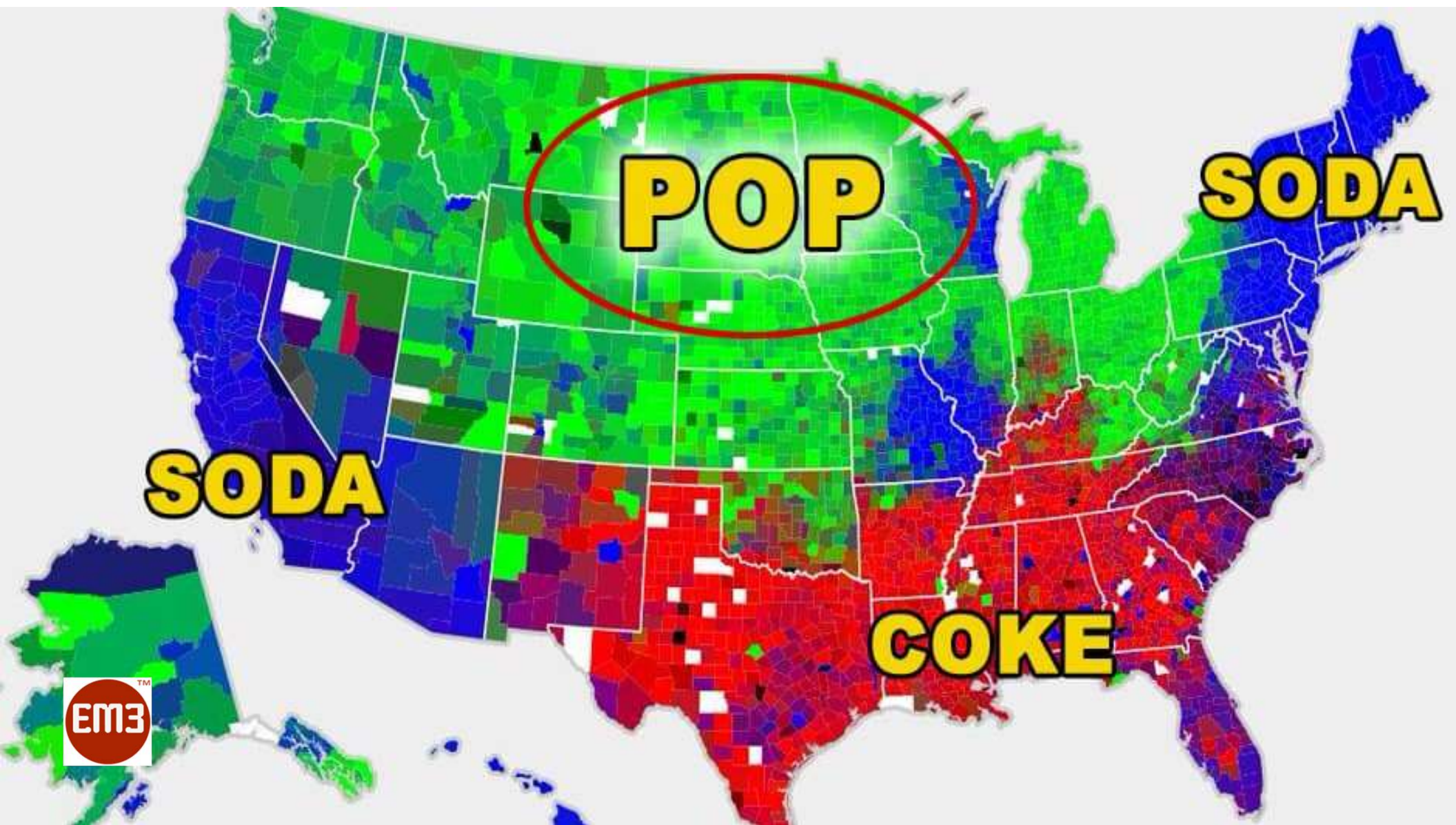
MODULE Two

DECISION-MAKING & EFFICIENCY

AI & THE IMPLICATIONS ON
DECISION-MAKING

ETHICS: DO LEADERS CARE ABOUT
THE RISKS?





Global Risk Impacts

Decision-making & Efficiency

- **Extreme Weather Events**
 - (Wildfires, Storms, Earth Movement, Floods, Wind, Hail)
 - Transferrable vs. Retained Risks
- **AI Generated Misinformation**
 - Geopolitical Risks, Migrant (Border) Crisis
- **Societal**
 - Cost of Living
 - Diversity, Equity, Inclusion, & Accessibility (DEIA)
 - Personal/Biases
 - Business Decisions, Optics, Practices, Systems
 - Social Climate (Fear, Rage, Panic, Protests, National Divisiveness)
- **Cyber Attacks**
 - AT&T, Facebook & WhatsApp & Instagram, FAA, MGM, Boeing, Roku
- **Leadership Stressors**
 - Geopolitical Influences
 - Revenue Reduction vs New Revenue Streams
 - Tax Increases or Reduction
 - Mass Exodus (Aging Workforce)
 - Furloughs/Unemployment
 - Skill Reduction
 - Migrant Influx
 - Community Growth



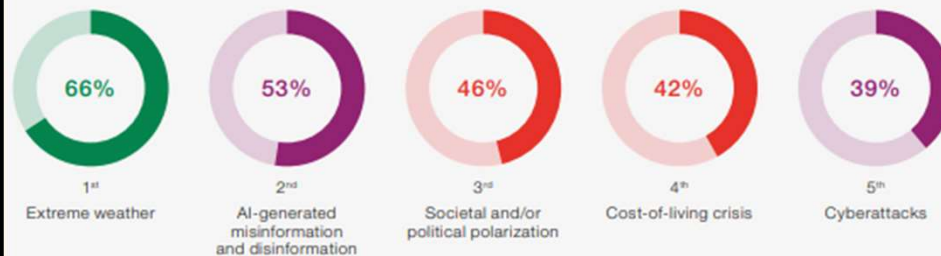
Categories

- ◆ Economic
- ◆ Environmental
- ◆ Geopolitical
- ◆ Societal
- ◆ Technological

World Economic Forum Global Risk Report 2024

Current risk landscape

Please select up to five risks that you believe are most likely to present a material crisis on a global scale in 2024.



2 years

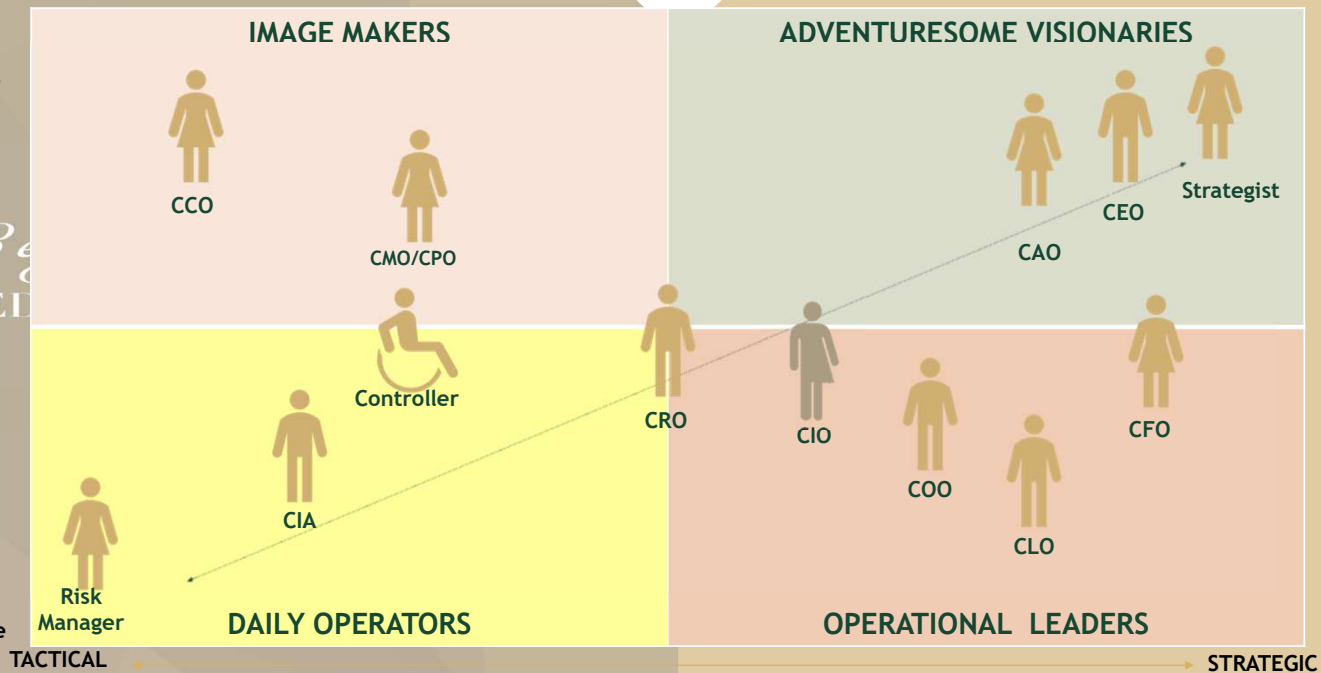


Risk Differently: Communicating Risk Mind Mapping

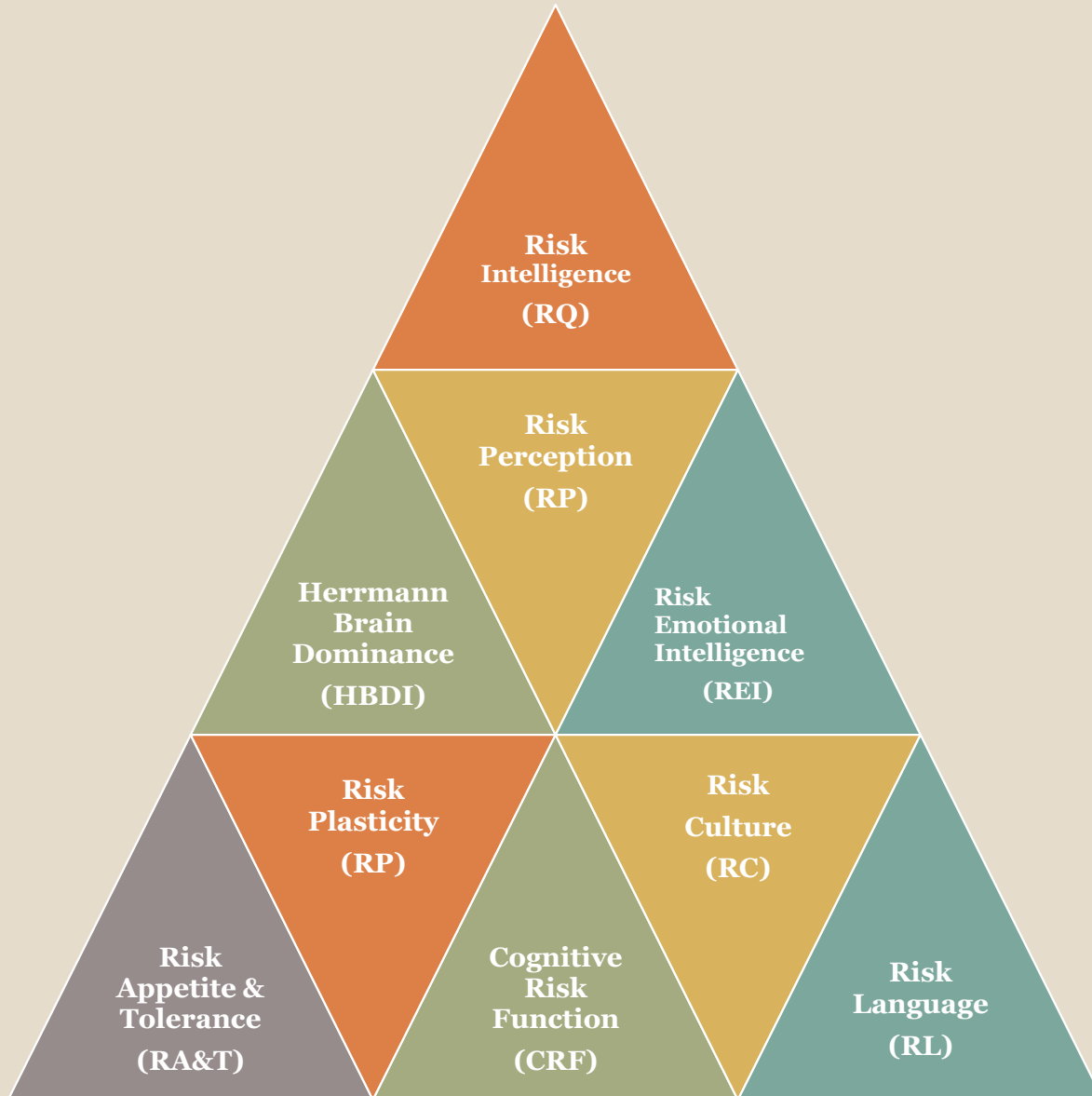
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REWired

High
Risk
Appetite

Low
Risk
Tolerance



Neuroscience ERM Pyramid ©



AI & THE
IMPLICATIONS
ON DECISION-
MAKING

How are you applying AI to the Decision-making process and performance

How do you do what you do? Process

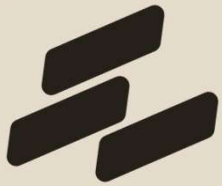
- Process-centric organizations
- Policy-driven organization

Who does the work of the process? People

- People-centric organization
- Efficiency-centric organization



ETHICS & EQ:
DO LEADERS
CARE ABOUT
THE RISKS?



Indemnity



Immunity



Contractual



Insurance



EXERCISE
TWO

E

- What makes you happy?

A

- What drives you?

This is where your vision statement is birthed.

B

- What are you the best at doing?

D

- What adds value to your life?

C

- What are your passions?



VISION MATRIX

	COGNITIVE	BEHAVIORAL	QUANTITATIVE	QUALITATIVE	EMOTIONAL
WHAT ARE YOU BEST AT DOING?	X	X	X		
WHAT MAKES YOU HAPPY?	X			X	X
WHAT ADDS VALUE TO YOUR LIFE?	X	X	X	X	X
WHAT ARE YOUR PASSIONS?	X	X		X	X
WHAT DRIVES YOU?	X	X	X		X



MODULE THREE

ERM PLASTICITY

COMPLIANCE: RISK ASSESSMENT VS.
VULNERABILITY SCAN:
COST OF OWNERSHIP

RISK VALUE PROPOSITION (RVP) TO
LEADERSHIP



Risk Plasticity

Enterprise Risk Management (ERM)

Holistic Approach: ERM promotes a comprehensive view of risk across an organization, encouraging alignment between strategy, processes, and risk management. This holistic perspective can enhance decision-making.

Proactive Risk Identification: ERM frameworks help organizations anticipate and mitigate risks before they become significant issues, fostering a proactive culture.

Regulatory Compliance: Implementing ERM helps organizations comply with regulatory requirements, minimizing legal and financial repercussions.

Stakeholder Confidence: A strong ERM approach can enhance stakeholder trust and confidence, as it demonstrates that an organization is prepared for uncertainties.



Risk Plasticity

Neuroplasticity

1. Adaptability to Change: Neuroplasticity underscores the brain's ability to adapt and reorganize itself. This concept can be applied in organizational contexts to emphasize the importance of adaptability in changing environments.

2. Learning from Experience: Understanding that employees can change their thought patterns and behaviors over time suggests that organizations can cultivate a culture of continuous learning and improvement.

3. Resilience Building: Neuroplasticity supports the idea that individuals can develop resilience through training and experience, which is crucial in managing risks effectively



Combined Implications

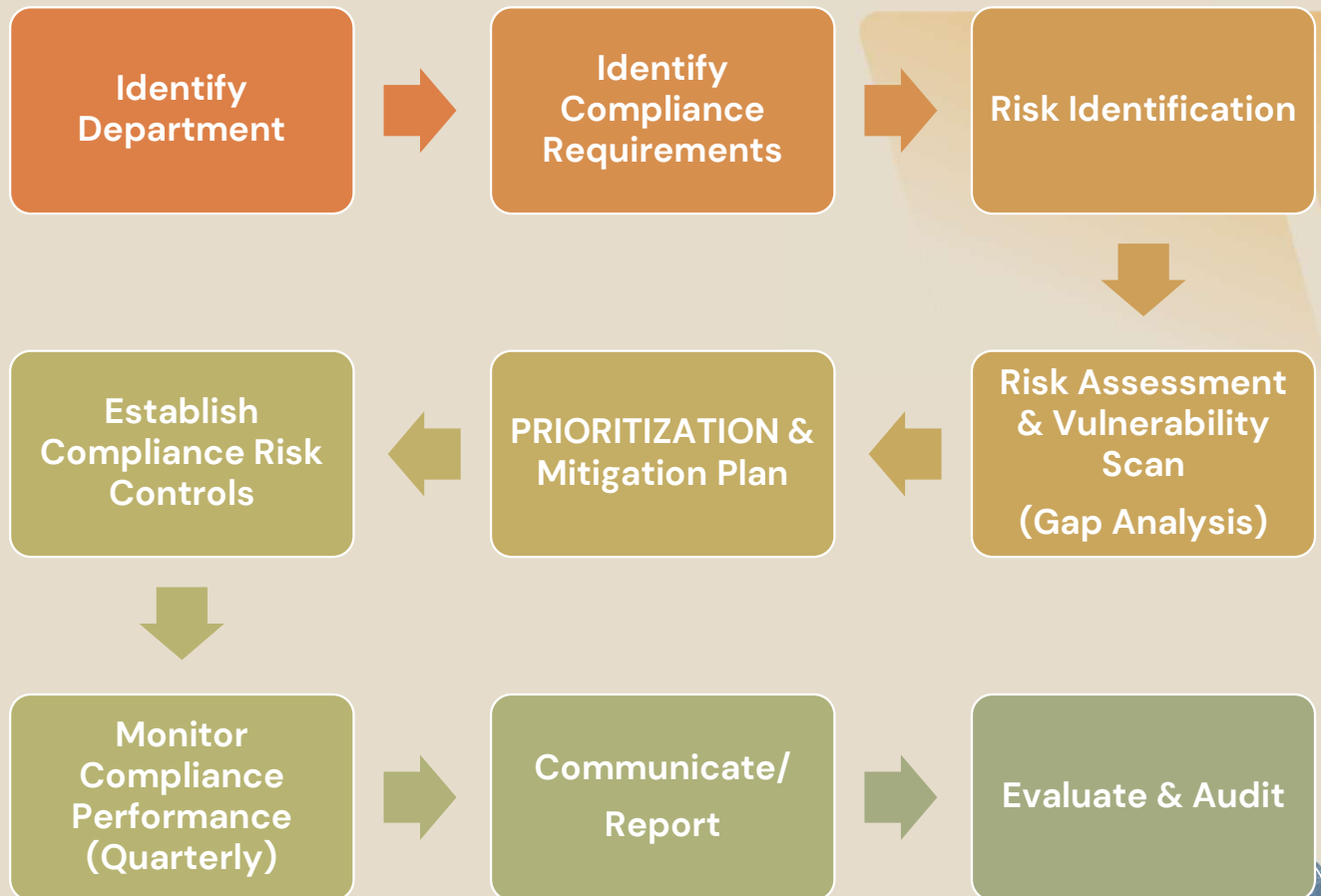
1. Training and Development: Organizations can implement training programs that leverage neuroplasticity, helping employees build skills in risk assessment and management, fostering a more agile workforce. Integrating principles of neuroplasticity into ERM practices can encourage organizations to learn from past experiences, adapting their risk management strategies based on successes and failures.

2. Culture of Adaptability: Emphasizing the capacity for change inherent in neuroplasticity can promote a culture where employees are more open to new ideas and approaches in risk management.

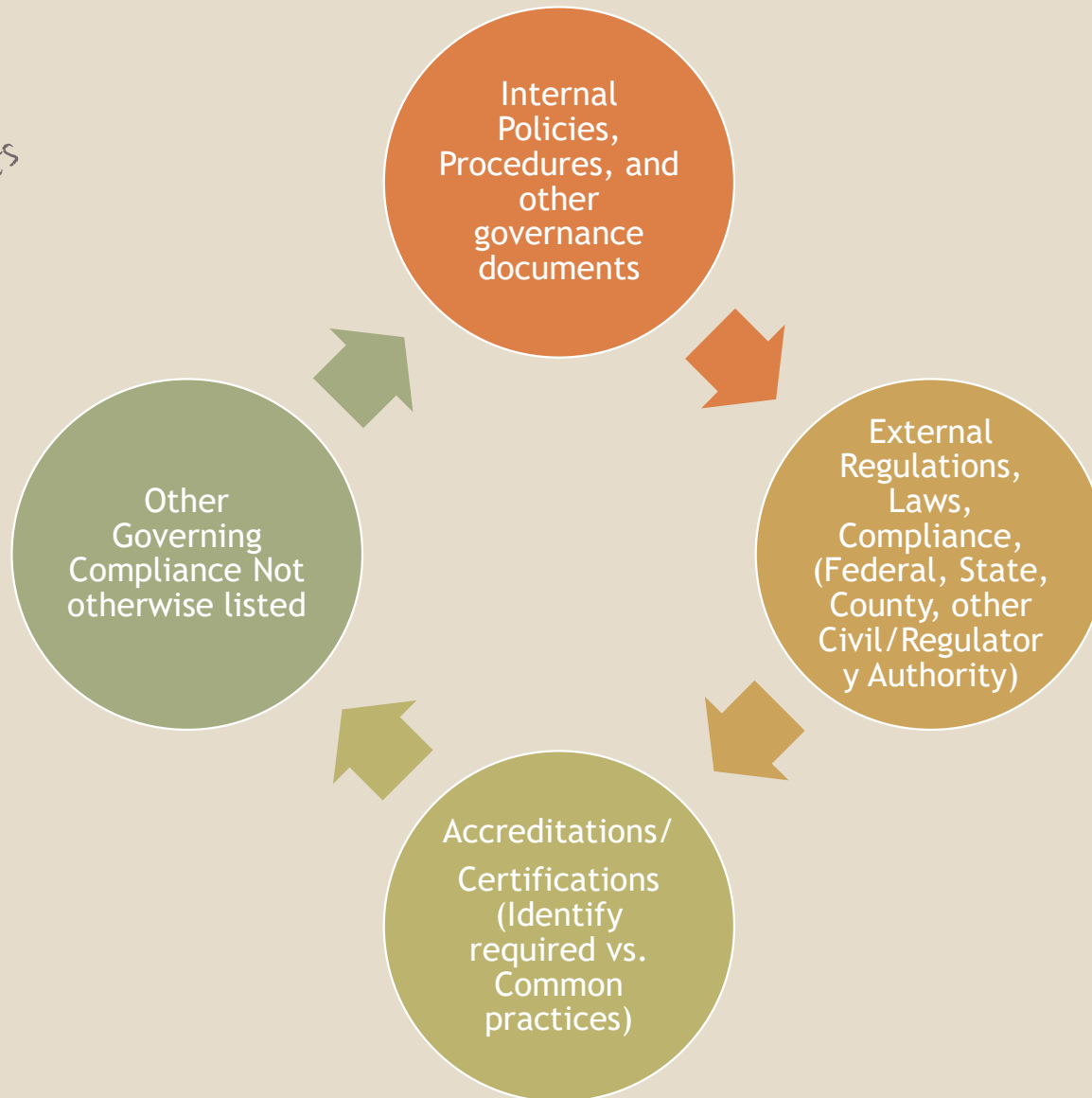
3. Improved Decision-Making: By understanding how the brain processes risk and adapts, organizations can enhance decision-making frameworks, leading to more informed and effective responses to potential risks. The interplay between ERM and neuroplasticity can lead to more resilient organizations that are better equipped to navigate uncertainties and opportunities, foster a culture of learning, and effectively manage risks



COMPLIANCE: RISK
ASSESSMENT VS.
VULNERABILITY SCAN:
COST OF OWNERSHIP



*Identify
Compliance
Requirements*



Compliance Questions

What are they supposed to be doing?

What are they actually doing?

What is not being done?

What are the risks regarding the performance not being done? Establish performance gap risk register.



Example: Airport

Internal Policies

Regulatory
Requirements

Accreditations/
Certifications

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REVIEWING

Parking Passes



Wildlife Mitigation
(USDA)

Part 139

Airfield Driving
Access

Environmental
Assessments
(EPA)

Part 107



*Risk Value Proposition
(RVP)*

RISK MANAGEMENT



VALUE PROPOSITION



EXERCISE
THREE



"The Aesculus"
Who's inside the
layers of the
shell?

Love

Trust

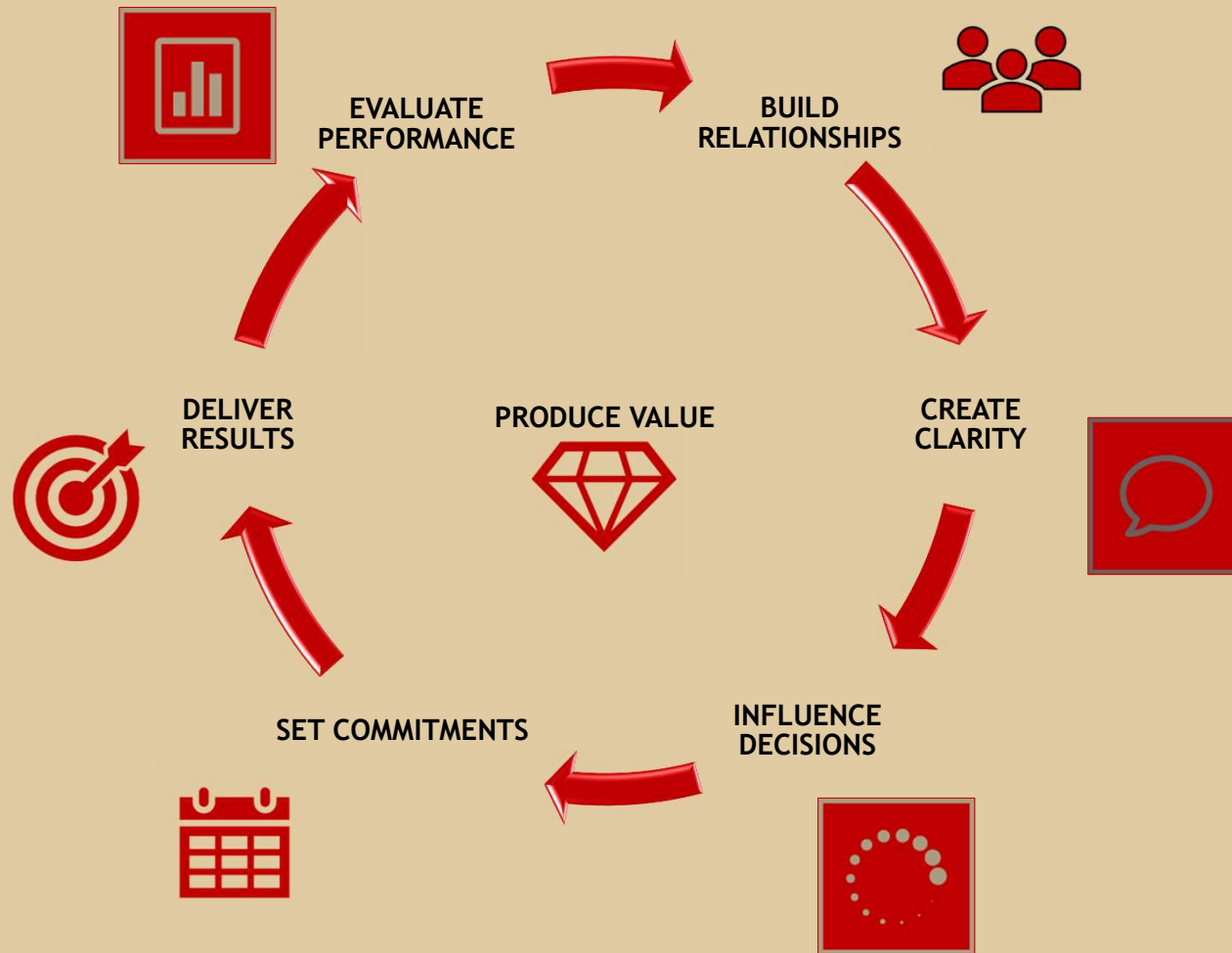
Concern

Influenc
e

Experien
e



The EM3 Leadership Philosophy



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REWIRED MINDSET



EM3 Values

AMBITIOUS



- Endurance
- Enthusiasm
- Initiative
- Innovation

COLLABORATE



- Dependability
- Unselfishness
- Loyalty
- Tact

BALANCE



- Justice
- Judgment
- Decisiveness
- Integrity

MINDSET



- Bearing
- Courage
- Knowledge
- Creative

METHODOLOGY



- Discipline
- Consistency



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