GLOBAL riskupdate

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The quarterly independent risk review for banks and financial institutions worldwide

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A Brief Guide for Senior Bank Management, Compliance Officers and Internal Auditors

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Human Resources & Risk Management – A Risk Upskilling Case Study

Key Messages for People/Conduct Risk Implementation in Financial Institutions

People Risk and Conduct Risk are the latest trending terminology as financial regulators come to review not only a bank's capital adequacy and liquidity as vital to a bank's viability but more so how a bank operates as a business. People – as different from operating processes – are the latest focus by regulators who are expanding the integrity issues to a more general review of how people behave, make decisions and implement those decisions into actions and approaches that impact on the viability of the financial organisation, the financial consumer and society at large. Risk Reward Group Managing Director, Lisette Mermod shares some insights for risk and human resource teams when preparing for implementing People/Conduct Risk compliance and risk upskilling initiatives based upon her ongoing oversight of four such projects within the UK, two EU failed European regional banks, and a TARP-funded US regional bank arena. (The project details are an indication of the similarities amongst the projects in an EU setting.)

People Risk has been defined as different from risk management – the latter with its measurements and Basel rules – and seems to be looking for a home within an organisation and is often determined as 'owned' by the Human Resources function in financial institutions. But HR and risk management departments are often practically unknown to each other beyond senior level recruitment and exit functions (and those are more often than not using external Executive Search experts and not internal HR managers and staff.)

Therefore when the financial regulators looked to the financial institutions to correct or restructure their corporate governance and risk management teams, prepare risk roles job descriptions and risk community data, the HR departments were, with few exceptions unfamiliar with risk management and unprepared to participate in remediation solutions imposed by regional and national regulators.

This is a Case Study of one such remediation solution.

Background

Why was this remediation required? As a consequence of the global credit crisis and the regulatory response to protect the public from a 'run on the banks' a number of national and regional US, UK and European banks did not meet the new capital and liquidity rules - often suffering largely from massive losses due to holding bad debts and/or financial mismanagement – and were deemed 'failed banks'.

Remediation plans to attract and inject new capital and reduce costs (including large numbers of job lay offs) ensued. Some banks were effectively 'split' into 'good' and 'bad' banks with a view to attract new capital and investors to a 'cleaned up good bank' and the sell off debts and various assets of relatively low value from within the 'bad bank' to the open markets. In some cases the 'bad bank' ultimately was wound down and closed, its management and employees dispersed.

Regulators proposed strongly worded 'recommendations' for failed banks to invest in the professional and technical education of their management and employees – including Boards and Non-Executive Directors and specifically in the areas of risk management. Technical assistance budgets for the design and implementation of large scale (often global) training programmes followed suit, often the first of its kind being undertaken within a financial institution in association with the risk management function and the HR department together.

How to prepare then to upskill the risk management function bank wide in preparation to keep the bank business viable (not fail) while demonstrating to potential investors the bank's 'value' (its people) was a tall order to be achieved in a relatively short period of time.

This was the challenge for this particular regional bank. However the following Case Study offers key messages to all banks and financial institutions seeking to address the structural and operational issues of

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bringing the HR and risk management functions and teams together to work out a remediation, especially in light of impending Risk, HR and Compliance (Conduct Risk) rules and their implementation in all regulated financial entities.

Case Study: The Risk Academy

I Risk Upskilling Project Overview

A large, failing regional European bank with 10,000 employees distributed across 8 countries and among 22 legal entities was under regulatory supervision to 'turnaround' resulting ultimately in a 'good bank' and a 'bad bank', with wind-downs and business spin-offs planned within a 3 year timetable. A foreign investor to purchase the 'good bank' was a goal of the EU Commission and national regulator.

One of the foremost challenges was bringing its risk management teams up to international best practise and Basel II/III standards as quickly and effectively as possible as the bank was still trading. This involved nearly 2500 people dispersed among (initially) eight countrie and later double that number.

With the regulators' approval a 24-month training initiative was conceived to cover training to competencies required for six proscribed risk job roles at three different knowledge levels as determined by the Bank. The Risk Upskilling Request for Proposal (RfP) included 45 different training course topics to cover for a budget of 10 days per employee over the 24 month period. There would be blocks of training days – 3-5 in one week - and a short 20-question examination to cover each course learning. At the end of year 2 a cumulative examination would be taken by delegates to demonstrate learning retention and capacity to implement their upskilled risk knowledge in the workplace. Result? A better bank.

The multi-million euro training tender (RfP) was issued by the Bank's Group Procurement team in association with the Group Risk and Group Human Resources teams. During the tender/bid process it became clear that the Chief Risk Officer (former Acting CEO) and his Number 2, a trained lawyer and Acting Head of Risk Champions for this project, made inputs into the RfP for risk training throughout the bank but specialist risk consultants were not engaged nor were the heads of the Bank's risk departments, business heads (Group and regional) or HR Heads (regional) consulted to produce the RfP. This was the first structural challenge to the success of the risk upskilling initiative.

Further, the Group Head of HR and his Number 2 were unfamiliar and unknown to the risk community within the Bank and although experts in change management and highly respected as corporate HR professionals they were already at a loss as to literally who would be included in the risk upskilling project and who would not, what competencies were required and how to prepare for such a risk management project.

The role of the contracted risk specialist consultants and trainers would be to 'bridge the gap' between Group Risk and Group HR to achieve the risk upskilling goals among the Bank's employees and affiliates.

A closed RfP invitation to regional training firms was sent out with a March 2012 due date, bids subsequently placed, a shortlist achieved and ultimately the Tender Bid was won by a specialist risk consultancy and training firm to serve as the Main Risk Upskilling Consultants and Training Vendor (other training would be engaged in areas of legal and retail banking as part of the wider project).

The contracting process took five months to complete which included the usual document preparation and submissions, numerous conference calls, several training demonstrations at the Bank's headquarters and extensive contract negotiations with Group Procurement regarding project terms and conditions, payments, invoicing, software licenses, project

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management, interactive website tool development, third-party logistics and travel management, project management workshops and when contracts were signed a series of Kick Off Workshops for local CROs and HR heads in four cities.

The RfP included an aggressive timetable whereby the first 100 keyrisk managers would be trained by the end of the fourth quarter of 2012 and 1000 of the total 2500 risk managers and staff would have gone through the first level of training courses by end of Q2 2013. The entire risk upskilling project would be completed – all 1500 individuals would have received 10 days of training, some at only one learning level and others at Levels 201 or 301, most training to be attended at workshops in their location of employment, others travelling to the London for a Risk Study Tour with UK/EU regulators – by the end of Q2 2014.

II Key Governance Issues

The Bank's Group HR and Group Risk as the Risk Academy Project Owners

For this project the Bank brought Group Risk and Group HR together as project team leaders for a risk upskilling training initiative – the Bank's Risk Academy - being among the first of its kind, driven by regulatory pressure, to do so.

Both owner groups faced difficult pressures. Group HR had to dedicate a full-time risk upskilling project team member to act as the Board liaison which impacted on his time and ability to manage the HR Heads throughout the Bank once the project was rolling out. Eventually he had to 'force downward' his management role to the local HR Heads very early in the project. It caused increased fees and travel expenses incurred by the risk specialist contractors to work directly with the numerous regional HR heads. Group HR also did not plan or budget for a finance liaison for the risk upskilling project which ultimately resulted in a series of regular project shut-down threats when invoicing and payments were not 'owned' by a central resource.

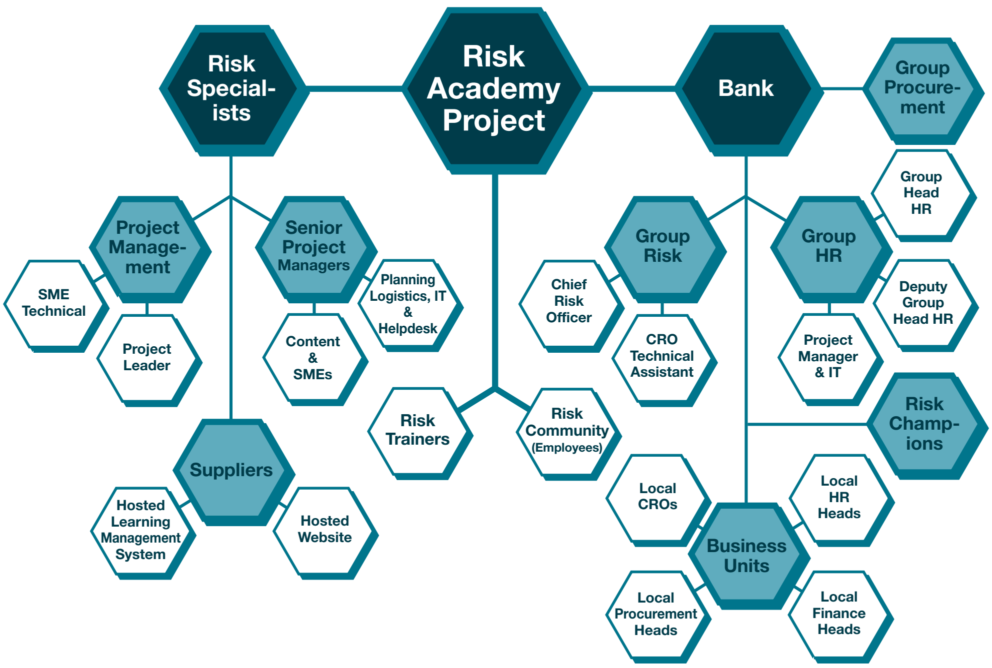
The Chief Risk Officer was particularly stressed spending most of his time with the national regulators. His absence as an active Key Stakeholder, Influencer and Project Leader for the Bank's risk community was notable, especially when leadership to manage the Risk Champions was urgently required for decision-making from his office. His Number 2 was unable to manage the dedicated project Risk Champions without frequent delays, cost overruns and acrimony among them; Group HR, regional HR heads and business managers and the risk specialist contractors were left to fend for themselves in a scrum.

The Bank's Risk Champions

The role of the Risk Champions was created to support the Group CRO's vision, serve as a channel to achieve the risk upskilling key messages throughout the Bank's risk community across functional lines (credit and market risk controllers, credit back office processing, rehabilitation teams, etc) and cross-border (among geographic business units). They would be influencers and enablers to the risk upskilling project and remain as the 'owners of the corporate memory' for this upskilling initiative.

However much to our dismay Group HR presaged that the Risk Champions were 'a dangerous bunch' and that they should never be brought together as a group, an observation which rang alarm bells to the risk specialists and was an indicator of the 'distance' between HR and Risk within the Bank and a real threat to the success of the project. And this was the kick-off meeting.

Group HR's perception of the Risk Champions - that their inputs will not be valued - cannot be discounted, and Group HR's wish to avoid having to engage with the Risk Champions was clear. In fact the project was delayed one month while the risk specialists were wedged between Group HR and the Risk Champions to finalise their inputs, make changes to the training programme, redesign the training delivery schedule and begin risk upskilling training still on time. The Group CRO needed to ensure the Risk Champions would indeed drive the project internally as he was engaged with the regulator on a day to day basis, so whatever changes they wished for, they had a blanket approval from him. Again the problem of the incorrect risk roles and levels had not been addressed by the Risk Champions; they were concerned that their teams needed 'practical, not risk



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management training' and as a final push to get the project rolling the Risk Champions not only opted out for taking the risk competency on-line survey like all of their teams but had to be negotiated with – sometimes under heated conditions – to review course training course content and participate in the approvals process under tight deadlines.

Like the Group CRO and the Group Head of HR, the Risk Champions had their pressures too, and other banks facing similar challenges and projects will be wise to consider the time and energy required by these risk heads to not only perform their own work – under constant pressure raining downwards from the CRO and the regulator – but also to meaningfully participate in a project they were not initially consulted on. Early stage engagement with the Risk Champions, and indeed ideally the local CROs combined with strong leadership from the Group CRO could have greatly impacted earlier successful results.

The Risk Specialists (Contractors)

As previously mentioned the risk specialists emerged as not simply training contractors but were needed to 'connect' the Group CRO and Group HR, project manage the bulk of the project, and to serve as subject matter experts and trainers. While the global financial regulators offered guidance as to improvements in risk knowledge and better decision-making capacity the rules were interpreted by the national and regional financial regulators uniquely, not always adopting BIS guidance to the extent required. And this Bank, like others, must find the right balance between regulatory compliance and maintaining a sustainable commercial profit-making business. Hence the risk specialists were required to not only advise on technical risk and related matters but also to interpret the bank's business lines and how best risk roles can perform as is required and adapt the training needs as expressed by those in everyday risk roles and those of senior management, and the Board.

In response to this particular RfP for risk upskilling through training, the risk specialists recommended the entire project 'sit' inside a Risk Academy model which would allow for a variety of consultancy pre- and sub-projects to prepare for the risk upskilling and add value to its roll out, be an interactive project management tool for accessing training materials, booking course participation, taking examinations, report exam results, generate invoices and post project financial reports by individual user, business unit and country to deliver, monitor and report the desired outcomes.

The Risk Academy would be a project in its own right, with its own branding, messages and mobilisation; also serving as a repository for everything related to the risk upskilling project – from project management to planning to financials to examinations and reports to the Board and the regulators – in one location. This would take the form of a password-protected triangle of (1) intellectual property (training content, materials) and sensitive Bank personnel data (names, contact details, exam results, etc), (2) an interactive project management website and (3) a learning management system for interactive use by the learners and producing reports for both the finance and examination results requirements.

The Risk Academy would be designed to allow multiple access for Group-, Business Unit- and Learners levels within the Bank and its affiliate legal entities. Compensation was made in the Risk Academy design to accommodate US, UK, EU and non EU multinational access and use, data protection laws relating to HR and examinations and reporting protocols aligned to national regulations.

In addition the risk specialists would prepare the course materials, examination questions and answers, and provide expert risk trainers to conduct most of the risk upskilling courses in six main cities.

The Risk Academy was designed to 'pull' the users to it, by email messaging, gaming, discussion and chat groups and a Risk Academy Membership Smartcard to track learning progress by the risk executive.

As the Main Vendor to the RfP, the risk specialists were 'responsible' to accommodate the learning materials and make the examination functions available to other sub vendors to ensure the total risk upskilling project was contained within the Risk

Academy model. The Main vendors would meet with the subvendors to facilitate the transfers of data and its management (generating reports, etc) to the Bank as agreed.

III Key Project Skills, Determining Risk Roles and Identifying the Risk Community

The Need for Project Management Skills

Within a 3-month period after contract signing an initial kick-off meeting took place with additional, wider stakeholder meetings following in London and the Bank's headquarters over the ensuing 6 months. During the meetings it became clear that project management skills were light among the various Bank's HR teams; they were candid about this and when the risk specialists recommended a project management workshop for the combined Risk Academy Project Team Leaders and Key Stakeholders, it was the Risk Champions who worried that this would 'slow the project down' and this internal training among the top team did not take place. One observer later noted that when the Bank's key project manager was removed and relocated to her home country (rather than at the Bank's HQ) the handover was delayed and the project ground to a halt 9 months into the project - the summer of 2013 - as the new project manager came on board having made major structural changes to the project without engaging the risk specialists or the entire project team both horizontally and vertically.

While this might still have occurred if a strong PM protocol had been in place it would have been less likely as key team members, Bank department heads, and the risk specialists would have engaged an agreed change order, standard operating procedures (SOP) and approval procedures which would have 'corrected' any project 'runaway' or 'drag' scenarios.

The risk specialists were ultimately able to propose a detailed training programme, project teams organisational chart, pilot and training roll-out timetable, travel, documentation and logistic plans and operational budgets, development and delivery of a hosted project website and learning management system to engage the delegates during the actual learning, to sit exams, rate trainer performance and offer comments. This was delivered at the same time as the content outlines for the original 45 risk upskilling topics present within the RfP and distributed to the Risk Champions across the Group for comment/approval. As this group were responsible for promoting and enabling implementation of the risk upskilling project (but had deliberately not been consulted at the design stage) it is not too hard to envision what was about to happen next. Let us come back to this a bit later.

The Challenge of Determining Risk Jobs Roles and Levels

The next major challenge arose when it became evident that the Bank did not have risk job descriptions, competencies and training needs mapped to each job role and level. Part of the challenge was that the Bank prepared its risk upskilling to existing risk jobs roles and levels defined in the past (pre Basel) and clearly not in accordance with Basel II/III or international best practise. As these pre-existing risk job roles and levels had been pre-approved by the Chief Risk Officer and the Bank's Board, and an RfP had been published, it was considered 'inefficient' to suggest they return to first principles and start afresh by delineating the proper and updated risk roles compliant to the changing banking codes. Hence the risk upskilling began with critical flaws which led to the omission of large numbers of people

in risk and whole departments engaged in risk managed activities and subject to internal audit and compliance scrutiny.

In order to earn buy-in with the Risk Champions it was agreed to schedule an interview with each of the eight RCs to allow the external risk specialists to 'take the brief' on the training needs as perceived by the RCs. During this interviewing process the risk specialists – meetings accompanied by the Group HR Number 2 – it emerged that nearly 450 people in treasury and operational risk functions had been omitted from the original project headcount as they were not deemed part of the risk community. A budget to include this group had to be negotiated internally which was not approved as it would have had embarrassing implications. Parts of the operations group were not subsequently included into the risk upskilling. This was red-flagged to the Risk Champion responsible for this area and a message sent up the line internally to the Group CRO.

Another major result of the meetings between the risk specialists, the Risk Champions, local CROs and business heads was the deconstruction of the 3-5 days of training block for each risk community member annually (10 days in total) and change to a 1-,2- and 3-day training programme throughout the year to allow for less time away from the workplace.

The 'new', shorter training events were now 'stand alone' learning experiences, not part of a week-long learning experience, and as such required complete deconstruction of the pre-approved course content. What began as 54 risk topics and individual courses emerged as 80 risk and remedial level upskilling topics. The entire training programme and schedule – the mapping of job roles and levels to competencies and training courses to achieve those competencies, and the dates and locations to deliver those trainings – had to be discarded and rewritten from scratch, effectively doubling the original 'concept' stage of the project both in budget and time. The business heads, local CROs and Risk Champions were able to redesign the risk upskilling to meet some of their perceived critical learning/training needs for their teams including topics such as Business Mathematics 101, Business English 101 and Understanding Balance Sheets. They wanted more training for their teams, not simply risk management upskilling and they were able to achieve this in the end.

Data Requirements to Identify the Bank's Risk Community

The fourth major challenge at the project outset was that the Bank did not have a database or means to produce a single report of names, contacts details, job roles and levels, company ID numbers, email addresses, business unit ID codes for their deemed risk community within the bank and within its regulated affiliate legal entities. This required another non-budgeted project and although only 2,500 individuals was extremely labor intensive and relatively slow to achieve (6 weeks) and in fact an on-going process as managers and staff were reassigned to different departments, were hired or left the Bank as part of the wind down process.

Once the risk community were identified it was possible to create a snapshot of where the risk knowledge existed within each department, team, geographic unit and individual and to produce an interim report to the Chief Risk Officer, Group HR and the Board (and later, to indicate improvement, the regulators).

Working within the Bank's own defined six risk job roles and three levels, a 2,500-person on-line initial ranking survey was created. Five sets of 30 questions and answer banks were designed to measure how much of the knowledge required for each risk job role and three levels was actually known by the employees (credit and market risk were blended into one set of questions). It was considered to be the fastest, least expensive and most effective means to show the areas of knowledge and gaps, and with its results the risk specialists would design the techniques, skills and behaviour courses and learning pathways to achieve competency in risk management.

The key message here for banks and financial institutions preparing to engage their Risk and HR top teams is that should be a strong connection between the senior management risk teams and the business unit level CROs and risk teams. This gap in communication can manifest itself in unexpected ways during risk job roles identification and upskilling initiatives.

IV Project Challenges, Successes and Key Lessons Learned

A) What were the main risk upskilling project challenges?

Uncertainty: The regulator and the bank's Board were making decisions which would make a profound impact as to the budget and planning for the 24 month long project which often had milestones unrelated to the training initiative; this resulted in a stop-go-stop-go scenario which caused delays and cancellation fees at short notice to the project for the first 12 months. There was a widespread climate of anxiety among the project participants as daily press reports promoted messages of massive layoffs and fear for managers and employees all levels at the Bank.

Unfamiliarity: The Bank's Group Human Resources, led by a successful change management expert, had a relationship with the Group Chief Risk Officer but little knowledge of or working relationship with the risk management teams within the bank and as such was challenged to initially identify risk jobs/roles from amongst the headquarters and the numerous related affiliate legal entities. The risk specialists travelled with the bank's HR Project Leaders to various bank divisions to help identify those employees who should be 'counted in' and become members of the Risk Community and budgeted to receive training. One benefit of this was that an entire operational risk team of nearly 450 employees had not initially been included in the Group HR's headcount of the bank's risk community. Without an understanding of Basel II and Operational risk, this vital unit was overlooked as was operational risk training for the credit processing units.

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Data Unpreparedness: There was no risk jobs/roles database at the bank in any of its functions at any level. Names, employee ID numbers, business unit/department/function names were different across geographic units and historically within the bank's HQ and required continuous assurance in order to produce detailed reports to the Board and the regulator that individuals were engaged in risk management training.

Technology and systems: In the absence of their own Learning Management System the Bank engaged the ACCADEMIA Programme which provided a hosted LMS for their use for this project to save time and resources. Access to the internet and issuing user names and passwords required clean data from a wide range of bank sources. These varied widely amongst and between the geographic business units and legal entities; spellings when translated into English, accent marks and symbols were not transferable between IT systems resulting in errors, inconsistent department codes, email server blocks, and general internet access were all addressed on a rapid response model to get the project rolling. The risk specialists Project Manager handled all the IT/Operations support and interface with the bank' s IT manager and HR department heads as well as the total user group (approximately 1500 people).

Team Building/Project Buy-In: The bank's internal transition from Group HR/CRO to the business unit level HR/CROs was 'pushed down' to an operational level for the training roll-out requiring the risk specialist Project Managers to travel to each of the six countries to work with the local HR teams to apprise (often junior or new) HR staff of the procedures, costs and operational logistics of identifying, inviting and clearing employees to leave their desks to attend required courses. The Bank's business unit heads were challenged to let their teams go to training courses and there were numerous 'push me-pull you' moments between HR, the Risk Champions, risk specialists at Group and local levels.

Morale and Mobilisation: Ensuring a successful risk upskilling project meant the bank and its employees needed to feel 'this was worth it' which was difficult when press reports regularly appeared in national and international newspapers as the to bank's crisis and talk of massive lay-offs and wind-down of departments. Group HR was challenged once again when the HR policy – if you join the firm, get the benefit of 'free' technical training and then leave the bank within 24 months you would be obligated to repay the bank for the training - resulted in forcing a 'financial burden' on internal transfers and new hires into the risk teams. This 'burden' was a deterrent to getting good risk people in the risk teams. HR had to petition the Bank Board to change a company policy to accommodate the changing bank organisational structure and the risk upskilling project in parallel. The training project was ultimately classified as 'Strategic' and as such exempted from the Bank's HR policy.

The Group CRO was actively engaged with the bank Board and the Regulator on a daily basis and was not able to be an active champion internally for the risk training project or to the risk employees. Hence with Group HR and the risk specialists created a Risk Champions programme intended to train the business unit level CROs to qualifications and help them lead their risk teams and take advantage of the training programmes being made available to employees.

This proved to be a mixed blessing: these highly competitive young men and women were actually vying for leadership roles within the newly reforming bank and while running their divisions (credit risk, rehabilitation, credit processing, et al) only engaged with the risk academy project 'under duress' to approve course materials and local case studies to be presented to their teams. They were also not keen – and never did – take any exams themselves – nor was this pressed upon them.

Procurement and Finance: Group HR had little experience with either the Group Procurement or Finance functions within the Bank prior to this project. By the end of the tender there was also little time available in preparing for this project to allow the bank's finance function to work with local procurement and the finance departments in each of the legal entities to disperse their training budgets to a single or multiple training providers and to standardise invoicing procedures, protocols and payments.

Payment policies and documentation requirements to process invoices varied widely within and outside the European Union locations (e.g. taxation) and business culture (e.g. originals, faxing, use of official stamps, postal vs electronic, e-signatures, etc). This resulted in inconsistencies in producing invoices and delays in collections often requiring 'payment catch up time' and training stoppages when open balances ran over six figures (Euros).

B) What were the main risk upskilling project successes?

Ultimately the external risk specialists were given the authority by the Bank to take the lead in consulting, designing, promoting, operating and delivering the training programme working closely with Group and the local HR teams. This involved periodic face –to- face meetings at the Bank's headquarters, regular weekly conference calls with the Group HR Project Manager and local HR heads to work out practical matters in a reasonable manner but with room to add terms and conditions as needed to meet new challenges as the Risk Academy rolled out and grew within the entire bank and among its affiliates.

Once the preliminary hurdles were cleared the training roll- out changed from a 3-city 'hub and spoke' model (bringing employees from 6 countries to 3 cities) to a localised training model. This was mainly as a result of higher than planned for travel costs and the lower, pre-established annual travel budgets set for training by the bank. Addendums to the Framework Agreement (contract) allowed for more efficient and 'back-to-back' training scheduling reducing travel expenses by more than 40% and keeping fewer employees spending valuable work time driving or flying between training centres.

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The project has been considered a success. Project Leaders and Managers – the Bank's and the Risk Specialists' - met a difficult fast-track timetable and delivery schedule. Between August 1 and October 31, 2012 the Risk Academy project was conceptualised, agreed, project 'infrastructure – human and data/IT/systems – were developed and approved/tested, trainers briefed to the special needs of this project, language issues, travel from London and first pilot trainings delivered. Between late February and July 2013 nearly 2500 individuals were examined/surveyed as to their level of risk management knowledge relative to their risk job/role, risk job roles and descriptions written/approved, and 1500 individuals attended a selection of 100 different 1-3 day courses, previewed course materials and sat online exams in the classroom, and issued performance reviews of the trainers using the Risk Academy customised and hosted Learning Management System. Of the three level groups, nearly all 2500 attended the Risk Foundations series (101) and by end of September 2014, 1500 risk managers completed level 201 Risk for Professionals. Level 301 Measuring and Managing Risk workshops and seminars were scheduled for early November 2014 to complete the 100-person top risk management specialists employed at the bank.

Positive exam results of the employees/delegates ran very high in general, with pockets of underdevelopment of risk roles in specific geographic locations. Remedial programmes were underway in these areas to further support learning and skills development to take to their daily jobs/roles.

The additional budget and the support internally for the Bank's Risk Academy has been enhanced both by a decision to continue funding by the European, the national regulator, and by the appointment of a new Group Chief Risk Officer appointed in September 2014 and the acquisition of the 'good bank' by a foreign group of investors ensuring the Bank's viability and sustainability.

C) Key Lessons Learned

(1) Governance Preparation for major multi-departmental change management project is critical, but circumstances may not always permit. The key to managing a successful outcome of a large scale project like this have a clearly defined top team, their leadership and enabler roles and responsibilities, professionalism, good organisation, good communications, clear goals and agreed methods and techniques to measure and monitor progress or flag when progress paths are de-railed, and with strategies in place to deal with de-railments quickly and effectively.

Group Risk and Group HR need third-party support to bring each other together, to understand each others' pressures, challenges and drivers, and ultimately to ideally embed one of their own into the others' camp in the earlier stages of an HR and Risk project. As co-promoters of a risk upskilling or People/Conduct Risk initiative a solid working relationship must be in place at the top of the organisational chart with dependable, reliable and accessible individuals having leadership capabilities and channels throughout the risk and HR communities within the organisation.

(2) Project Definition and Project Management skills are also critical and were found oddly ill-perceived: for a risk upskilling project Group HR did not know who were the members of the risk community in their organisation. How much does HR know about risk management, its job roles and levels? Shouldn't they come to grips with the topic initially first, then work with the CRO to create the bedrock of relationships needed to manage the bank's risk roles successfully, not just recruitment and exiting employees? When it was proposed to run a risk management workshop for HR teams and a PM workshop at the outset the response from the risk heads were 'it will take too much time and distract us from the real project'. Lesson learned here? If you are in Group HR and don't know the essentials of risk management or how to design and run a major project your risk upskilling, people risk or conduct risk project will suffer seriously and cost you possible penalties, consultant fees, overrun deadlines and as in one case on this project, loss of your position (Number 2 to Group CRO).

(3) Leadership is key. Another lesson learned is that without top down leadership at the highest level within the bank there will be in-fighting and delays. The Bank struggled with leadership and eventually found it easier to allow the external contractor ' to run the project.' In this case it was the disconnection of the Group Chief Risk Officer from the project at nearly all levels. Often the Group CRO is a technical specialist and not a credible team leader. This means your project leadership may lay elsewhere. A strong, talented and effective Project Manager may leave the project: the sudden departure of the Bank's Group HR Project Manager (who was maternity cover transfer into the project) when her contract was completed causing a 3-month delay to the project whilst the new PM executive came up to speed and brought new procedures and processes to an on-going project while in full flow. The Risk Champions had no time to act as the Group CRO's emissaries and while professional and personable were not able to add value to the risk academy project. The Group HR Project Leader was will ultimately agreed to allow the risk specialists/consultants to take the project reins, permitting for a clear, strong direction focused on the goals and tangible objectives, including micro-matters such as manoeuvrering the risk employees into the classroom with the risk trainers or cajoling the various finance heads to cooperate and work as part of a team.

> without top down leadership at the highest level ... there will be in-fighting and delays

(4) Ensure Good Project Teams As a result of this particular project and under these rushed and tight planning deadlines it became clear that going forward insistence should be made to bring together Group Risk and Group HR, Group Finance and IT/Operations early on. Allowing a bank's Project Leaders to say 'we have run projects like this before, this/that will not be a problem' just will not suffice.

Key risk community data was not available within HR or the Risk functions in the aggregate. Recommending IT to join the project team was a vertical climb for the Bank to achieve with much resistance. Once the risk specialists were able to convince the Bank that they needed to engage an IT manager for this project – and the risk specialists' IT manager engaged with theirs – the data mining, data flows and report preparations went relatively smoothly. They spoke each others' 'language' so to speak and delivered complex results effectively and efficiently.

beware of the 'heavy handedness' of top down decision makers and dispel the view that training is a 'perk' not be 'wasted' on the younger members of staff

Ideally the Group HR function should have insisted on having finance, operations and IT attend a 1-day Risk Management Workshop for HR Professionals for them to prepare for identifying risk functions and job roles and levels within their organisation and to deal with operational and data/systems/IT issues. This is the natural progression driving the recent trend for HR Departments to search for risk specialists to join their teams as full time technical risk specialists and in preparation for the People Risk and Conduct Risk rules implementation within their organisations.

(5) Get Buy-In from Participants
Internal marketing, messaging and mobilisation were key issues addressed early in the planning stages as industry reports indicate that while 70% of organisations internally market their training courses to their employees via intranet or external website this method has an very low effectiveness rate. With the benefit of the risk academy design expertise in this area – earning professional CPD/CPE points on a smart card, gaming, chat rooms and social media channels, prizes and performance awards this was part of the Project Plan to optimise employee participation.

The mid-2013 replacement of the Group HR Project Manager had been brought in from the bank's marketing department, which under the turnaround plans, had managed an outsourced 100% rebranding of the entire bank, from its trading name to its full media. Graphics and sound packages were available to build into the Risk Academy Project Management website and Learning Management Systems to align fully to the re-branding.

The Bank missed opportunities to ensure uptake of the training by their internal risk community at various times. The Group HR department had an awards programme throughout the bank already in place and was not interested in 'duplicating' another or having 'their' programme 'touch' the training programme. Hence a rewards or competition – popular among young people at the bank – was nixed.

Use of technologies amongst both the non-EU bank legal entities was literally frowned upon for fear of misuse and a lack of familiarity with user technology habits of the bank's millennial generation employees. Gaming and training on hand held devices was declined (although well established in the banking and finance sector for training).

There was no plan accepted by the bank to mobilise or send 'sign up for the 'free training' messages by the bank (even once the 'strategic policy' was in place.) The Group HR Project Leaders also did not perceive value in the 'push-pull' mechanism of having delegates sign up for participation via the project website and chose instead, to press upon their subordinate HR teams in -country to draw up the names of training budget approved employees and sent them in bulk to the risk specialist training managers for 'signing up' effectively overriding a website system they had bought and were paying for and taking the 'participant ownership' out of the equation.

The result was an unplanned for massive wave of data coming from 18 legal entities to the single dedicated risk specialist training managers resulting in delays in responding to delegates as to when, where they were attending a course which their HR manager told them they had to attend, often on very short notice (often on a Friday afternoon for a Monday morning course start in another city).

It was later made known to the external risk specialists that the fear of losing their jobs in the turnaround was so fierce that the HR teams took on any additional tasks they could to be sure 'they were needed' even if it caused problems for the project and ultimately increased costs. Most of these were young working mothers in both EU and non-EU locations so the anxiety was very real to them and difficult to explain to the 'foreign' training contractor acting as the de facto Group HR leaders.

The lesson learned here is to beware of the 'heavy handedness' of top down decision makers (both in Group HR and Group Risk functions) and dispel the view that training is a 'perk' not be 'wasted' on the younger members of staff (as we observed). Explore the 'mission critical' project communications and messaging tools available, and avert fear by reassuring project teams and key stakeholders that by doing so the project will run more smoothly, efficiently; and ideally to engage your project participants in ways meaningful to and valued by them.

The author invites comments or questions on their related projects via email to LM@riskrewardlimited.com

REFERENCES: People Risk April 2012 by Richard Sargeant and Conduct Risk: Doing What is Right by Markus Krebsz, November 2013 published in Global Risk Update

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