

P-A-V-E

Plan, Assess, Verify, Execute

The relationship between strategy and risk management is often ignored or, in some cases, presumed to not exist. However, in reality, the link between strategy and risk management is unmistakable. Each makes the other more effective.

Almost every company has some kind of planning that it is done, at least annually. This could be a formal process with detailed strategies, operating plans, and financial projections, or it could be informal, focusing on only a few key areas.

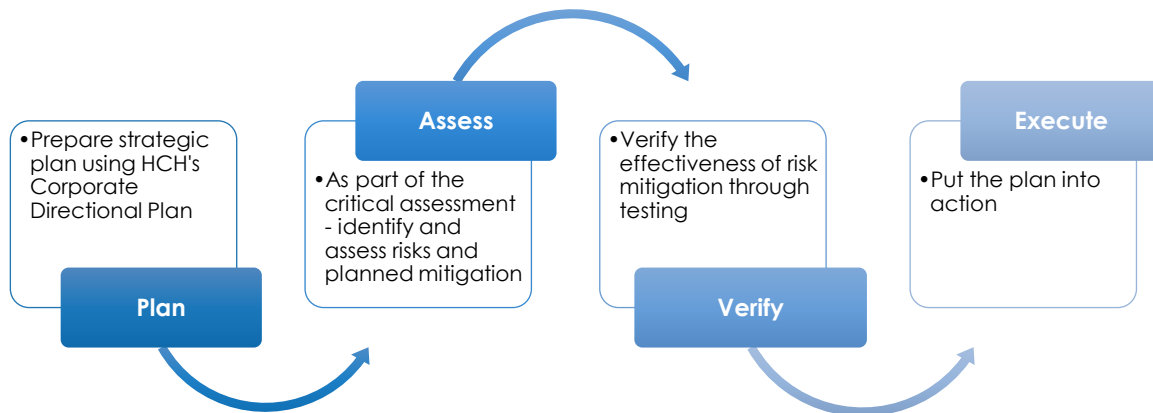
Larger companies comply with Sox or ORSA or employ some form of ERM framework. In small to medium sized companies, resources are more limited, making the development of a formal risk management framework difficult. At times, this can result in less effective management of risk.

Risk management is not a compliance issue – it is a fundamental management issue.

Being sensitive to costs and resource usage, HCH Advisors has developed a process for the small to medium sized insurers to effectively make the link between strategy and risk management. The process is called **P-A-V-E**, plan, assess, verify, execute.

P lan:	Create strategic plan
A ssess:	Assess existing risks and any risks created by the strategy and evaluate the mitigation design
V erify:	Test the effectiveness of mitigation design. Correct any weaknesses
E xecute:	Put the plan into action

P-A-V-E



Strategy without risk management is like driving at night with no lights. You know where you want to go, but cannot see the obstacles ahead of you or possibly even the best route to take

Risk Management without strategy lacks focus and could result in deploying resources ineffectively, missing critical risks or losing opportunities

Small to medium sized companies are often resource constrained. HCH Advisors has developed P-A-V-E to address these concerns while providing a mechanism for effective planning and risk management.

P-A-V-E incorporates elements of HCH's more robust Strategic Planning and ERM service offerings.

The results of the P-A-V-E process will provide companies with a solid strategic framework that considers the potential effects of business risks and their impact on the success of the strategy and the ultimate achievement of corporate goals.

Strategies and risks, once identified, need to be managed. P-A-V-E is the mechanism to do that.