



ACCT/BUAD 380x – Introduction to Enterprise Risk Management

Term: Spring 2020
Time: TTh 10:00 am – 11:50 am
Units: 4



Professor: Kristen Jaconi
Office: ACC 111
Office Phone: 213 821 4144
Email: kjaconi@marshall.usc.edu
Office Hours: Tues. & Thurs. 1:30 pm – 3:00 pm
By appointment

Course Description

This course is an introduction to enterprise risk management for undergraduate students. An organization faces risks in nearly all activities it undertakes, whether to market a new product, expand an existing business line to a new region, build a factory, engage a supplier, or hire personnel. Individuals able to identify risks across an organization’s operations and understand the methods and tools available to analyze, control, and transfer these risks contribute to an organization’s success. In addition, communicating these risks clearly, accurately, and timely to executive management, the board of directors, and other enterprise stakeholders is critical to performance. This course aims to develop these skills by providing a basic understanding of risk and risk management processes for those entering into the fields of risk management, insurance, technology, engineering, psychology, urban planning, accounting, auditing (internal and external), operations, and many others.

Learning Objectives

Upon completion of this course, students should be able to:

1. Define the concept of “risk” and how it applies to an organization;
2. Identify significant risks within an organization;
3. Demonstrate an understanding of the commonly used methods and tools to identify, analyze, control, transfer, and communicate risks;
4. Explain key risk management concepts, including risk assumption, avoidance, limitation, financing, and transfer;
5. Develop a document to communicate key risk information to an organization’s stakeholders; and
6. Exhibit an awareness of the benefits and challenges of designing and implementing an enterprise risk management program within an organization.

To achieve these learning objectives, we will use a combination of background reading, videos, and podcasts, interactive discussion and lecture, guest speakers, and cases.

For how students achieve in this course the Marshall School of Business six undergraduate program learning goals, see Appendix I, and the Leventhal School of Accounting six undergraduate program learning objectives, see Appendix II.

Required Materials

The following books are required materials in the course:

- National Alliance Research Academy (2014). Risk Management Essentials. Texas: National Alliance Research Academy (978-0470559857). A paperback edition is available at <https://nationalalliance-books.com/collections/digital-products/products/risk-management-essentials-2nd-edition>. A digital

edition is available at <https://nationalalliancebooks.com/collections/digital-products/products/risk-management-essentials-digital-pdf>.

- Bernstein, P. (1996). *Against the Gods: The Remarkable Story of Risk*. John Wiley & Sons, Inc. A paperback edition is available at https://www.amazon.com/Against-Gods-Remarkable-Story-Risk/dp/0471295639/ref=sr_1_1?ie=UTF8&qid=1545933600&sr=8-1&keywords=peter+bernstein+against+the+gods.

In the course calendar, “NARA” represents the National Alliance Research Academy’s Risk Management Essentials and “Bernstein” represents Peter Bernstein’s *Against the Gods*.

Additional materials will be posted to Blackboard. Individual and team assignments will be provided during class sessions or posted to Blackboard.

This syllabus, including the course calendar, may be subject to change.

Prerequisites and/or Recommended Preparation

Although not a formal requirement for this course, regular reading of a general business periodical or newspaper’s financial section will aid in your business education. Students can subscribe to *The Wall Street Journal* at a discounted student rate at <https://education.wsj.com/students/>. In addition, *The Wall Street Journal* now offers a daily email feed, the Morning Risk Report, that can be accessed with a subscription. See <https://blogs.wsj.com/riskandcompliance/>.

In addition, you may want to join a risk management group online. You can find several thoughtful risk management groups through LinkedIn (www.linkedin.com) or the Insurance Thought Leadership group (www.insurancethoughtleadership.com). The Risk & Insurance Management Society (www.rims.org) has an active Los Angeles chapter and provides a variety of resources related to risk management. Reviewing posts relating to risk management from any of these sources can give you a current view on the issues that risk management professionals face on a daily basis.

Course Notes

Course communications will take place through announcements in class, announcements posted to Blackboard, and emails sent through Blackboard. All students must have a fully operational Blackboard account.

Grading Policies

Your relative performance related to contribution and professionalism, guest speaker questions, the individual exercise, the team presentation, quizzes, and exams will determine your grade in this class. The weights listed below determine your overall course grade for this class:

Assignments	Points	Weight
Contribution and Professionalism	130	13%
Guest Speaker Questions	70	7%
Individual Exercise (1)	50	5%
Team Presentation	150	15%
Quizzes (2)	100	10%
Mid-Term Exam	200	20%
Final Exam	300	30%
Total	1000	100%

Final grades represent how you performed in the class relative to other students. Your grade will not be based on a mandated target, but on your performance. Historically, the average grade for elective classes in Marshall School of Business is 3.3. Three items are considered when assigning final grades:

1. Your average weighted score as a percentage of the available points for all assignments (the points you receive divided by the number of points possible);
2. The overall average percentage score within the class; and
3. Your ranking among all students in the class.

The grade of “W” is allowed only if a student withdraws after the official add period and before the end of the drop period during the semester. The grade of incomplete (IN) can be assigned only if there is work not completed because of a documented illness or unforeseen emergency occurring after the drop period of the semester that prevents the student from completing the semester. An “emergency” is defined as a serious documented illness or an unforeseen situation that is beyond the student’s control that prevents a student from completing the semester. Prior to the end of the drop period, the student still has the option of dropping the class so incompletes will not be considered. Arrangements for completing an IN must be initiated by the student and agreed to by the instructor prior to the final examination. All work required to replace the IN with a final grade must be completed within one calendar year from the date the IN was assigned. If the student does not complete the work within the year, the IN will automatically be converted to a grade of F.

Assignments and Grading Detail

Expectations regarding your performance are as follows:

Contribution and Professionalism

Contribution and professionalism are integral components of this course. Students are required and expected to attend all class sessions. In each circumstance that the student needs to be absent, the student is expected to notify the professor prior to the start of class. Failure to notify the professor results in a reduction of points. If an emergency situation or illness arises, the student should take care of himself or herself or the loved one and notify the professor as soon as practicable.

While contribution and professionalism are not graded based on attendance only, attendance is a pre-requisite for receiving a positive contribution and professionalism grade. High-quality contributions and professionalism include, but are not limited to: thoughtfully responding to the professor’s prompts; asking questions; answering other students’ questions; sharing personal or professional experiences related to course content; actively participating in in-class team exercises; demonstrating respectful and courteous behavior towards class members during class discussions and team exercises; and arriving to class on time.

Guest Speaker Questions

We will have several guest speakers during the semester. For particular guest speakers, typically students will be required to submit by 8:00 pm the day before the guest speaker’s appearance in the class session three questions on the materials provided for that class session. Questions should reflect a thorough review of the materials. Questions submitted after the deadline, but before the start of the relevant class session will receive a reduction of two points. Questions submitted after the start of the relevant class session will receive no points.

Individual Exercise

The individual exercise will be posted to Blackboard and discussed during a class session. Each student must complete this exercise without collaboration with others. The individual exercise is meant to test your understanding of the material recently covered during the course. Superficial answers that only demonstrate a topical understanding of the material will be graded accordingly.

Team Presentation

The team presentation assignment will be discussed during a class session towards the end of the semester. The assignment is a research-based project that will require each team to evaluate a public company and pro-

duce a presentation to the company’s board of directors relating to implementing an enterprise risk management program for that company. This presentation will include identifying key risks of the company, an evaluation of the significance of the risks, a risk appetite statement for a significant risk, recommendations on how to manage the identified risks, and an update on the status of building out the organization’s enterprise risk management program. Each team will orally provide the presentation to the class members and any guests attending the particular class session and submit the presentation to the professor on the day prior to the day of the first set of team presentations.

Quizzes, Mid-Term Exam, and Final Exam

Quizzes and exams may include multiple-choice questions, short essay questions, long essay questions, exercises, and problems. Preparing for quizzes and exams involves dedication and ends only when you can: 1) identify the relevant issues in a given business situation; 2) analyze the data and transform it into information to be used in a comprehensive answer; and 3) explain what you did using techniques demonstrated in class. The best bet for success involves a number of steps. First, do the advanced preparation for each class session. Second, actively contribute to class discussions. Third, ask questions in a real-time manner to solidify your understanding of the material, rather than trying to ‘get it’ right before a quiz or an exam.

The exam dates for this fall are as follows:

Mid-Term Exam	February 27 10:00 am – 11:50 am
Final Exam	May 12 11:00 am – 1:00 pm

During the semester, the mid-term exam will be returned no more than two weeks after it has been given. After the midterm is returned, you will have two weeks to discuss your grade. After this time, grades on tests become final. All other grades are final once given.

The final exam must be taken at the scheduled time.

Add/Drop Process

Students may drop via Web Registration to receive a refund at any time prior to **January 31**. Please note that if you drop after **January 31** your transcripts will show a “W” for the class. Students may add the class as space becomes available via Web Registration through **January 31**.

Dates to Remember:

- Last day to add classes or drop without a "W" **January 31**
- Last day to change enrollment from P/NP to Letter Grade **February 28**
- Last day to drop with "W" **April 3**

Retention of Graded Coursework

Final exams and all other graded work which affected the course grade will be retained for one year after the end of the course **if** the graded work has not been returned to the student. If a graded paper is returned to you, it is your responsibility to file it.

Technology Policy

Laptop and Internet usage is not permitted during academic or professional sessions unless otherwise stated by the professor. Use of other personal communication devices, such as cell phones, is considered unprofessional and is not permitted during academic or professional sessions. ANY e-devices (cell phones, iPads, other texting devices, laptops, I-pods) must be completely turned off during class time. Upon request, you must comply and put your device on the table in off mode and FACE DOWN. You might also be asked to deposit your devices in a designated area in the classroom. Videotaping class lectures and discussions is not permitted

due to copyright infringement regulations. Audio recording is only permitted if approved in advance by the professor. Use of any recorded or distributed material is reserved exclusively for the USC students registered in this class. Exceptions to this policy may be granted to individual students with appropriate documentation on a case-by-case basis.

Recordings

No student may record any lecture, class discussion, or meeting with the professor without the professor's prior express written permission. The word "record" or the act of recording includes, but is not limited to, any and all means by which sound or visual images can be stored, duplicated, or retransmitted whether by an electro-mechanical, analog, digital, wire, electronic, or other device or any other means of signal encoding. The professor reserves all rights, including copyright, to lectures, course syllabi, outlines of class sessions, and related materials, including summaries, PowerPoints, prior exams, answer keys, and all supplementary course materials available to the students enrolled in this class whether posted to Blackboard or otherwise. They may not be reproduced, distributed, copied, or disseminated in any media or in any form, including but not limited to all course note-sharing websites. Exceptions are made for students who have made prior arrangements with Disability Services and Programs (DSP) and the professor.

Statement on Academic Conduct

Students are expected to make themselves aware of and abide by the University community's standards of behavior as articulated in the Student Conduct Code. Plagiarism – presenting some-one else's ideas as your own, either verbatim or recast in your own words – is a serious academic offense with serious consequences. Please familiarize yourself with the discussion of plagiarism in SCampus in Part B, Section 11, "Behavior Violating University Standards" <https://policy.usc.edu/scampus-part-b/>. Other forms of academic dishonesty are equally unacceptable. See additional information in SCampus and university policies on scientific misconduct, <http://policy.usc.edu/scientific-misconduct>.

Support Systems

Counseling and Mental Health - (213) 740-9355 – 24/7 on call studenthealth.usc.edu/counseling

Free and confidential mental health treatment for students, including short-term psychotherapy, group counseling, stress fitness workshops, and crisis intervention.

National Suicide Prevention Lifeline - 1 (800) 273-8255 – 24/7 on call suicidepreventionlifeline.org

Free and confidential emotional support provided 24 hours a day, 7 days per week to people in suicidal crisis or emotional distress.

Relationship and Sexual Violence Prevention Services (RSVP) - (213) 740-9355 (WELL), press "o" after hours – 24/7 on call studenthealth.usc.edu/sexual-assault

Free and confidential therapy services, workshops, and training for situations related to gender-based harm.

Office of Equity and Diversity (OED) | Title IX - (213) 740-5086 equity.usc.edu, titleix.usc.edu

Information about how to get help or help a survivor of harassment or discrimination, rights of protected classes, reporting options, and additional resources for students, faculty, staff, visitors, and applicants. The university prohibits discrimination or harassment based on the following protected characteristics: race, color, national origin, ancestry, religion, sex, gender, gender identity, gender expression, sexual orientation, age, physical disability, medical condition, mental disability, marital status, pregnancy, veteran status, genetic information, and any other characteristic which may be specified in applicable laws and governmental regulations.

Reporting Incidents of Bias or Harassment - (213) 740-5086 or (213) 821-8298 usc-advocate.symplicity.com/care_report

Avenue to report incidents of bias, hate crimes, and microaggressions for appropriate investigation and response.

The Office of Disability Services and Programs - (213) 740-0776

dsp.usc.edu

Support and accommodations for students with disabilities. Services include assistance in providing readers/notetakers/interpreters, special accommodations for test taking needs, assistance with architectural barriers, assistive technology, and support for individual needs.

USC Support and Advocacy - (213) 821-4710

studentaffairs.usc.edu/ssa

Assists students and families in resolving complex personal, financial, and academic issues adversely affecting their success as a student.

Diversity at USC - (213) 740-2101

diversity.usc.edu

Information on events, programs, and training, the Provost's Diversity and Inclusion Council, Diversity Liaisons for each academic school, chronology, participation, and various resources for students.

USC Emergency - UPC: (213) 740-4321, HSC: (323) 442-1000 – 24/7 on call

dps.usc.edu, emergency.usc.edu

Emergency assistance and avenue to report a crime. Latest updates regarding safety, including ways in which instruction will be continued if an officially declared emergency makes travel to campus infeasible.

USC Department of Public Safety - UPC: (213) 740-6000, HSC: (323) 442-120 – 24/7 on call

dps.usc.edu

Non-emergency assistance or information.

Students with Disabilities

USC is committed to making reasonable accommodations to assist individuals with disabilities in reaching their academic potential. If you have a disability which may impact your performance, attendance, or grades in this course and require accommodations, you must first register with the Office of Disability Services and Programs (www.usc.edu/disability). DSP provides certification for students with disabilities and helps arrange the relevant accommodations. Any student requesting academic accommodations based on a disability is required to register with DSP each semester. A letter of verification for approved accommodations can be obtained from DSP. Please be sure the letter is delivered to the professor as early in the semester as possible. DSP is located in GFS (Grace Ford Salvatori Hall) 120 and is open 8:30 a.m.–5:00 p.m., Monday through Friday. The phone number for DSP is (213) 740-0776. Email: ability@usc.edu.

Emergency Preparedness/Course Continuity

In case of a declared emergency if travel to campus is not feasible, the *USC Emergency Information* web site (<http://emergency.usc.edu/>) will provide safety and other information, including electronic means by which instructors will conduct class using a combination of USC's Blackboard learning management system, teleconferencing, and other technologies.

Course Calendar

The course calendar is set forth below. For a detailed outline of class sessions, see Blackboard. Note this course calendar is subject to change.

Class Session	Date	Topics	Advanced Required Readings	Deliverables and Due Dates
Part I: Introduction				
1	1/14	Course Objectives	Syllabus and Outline of Class Sessions	
2	1/16	What is Risk?	NARA, Ch. 1, pp. 3-6 Blackboard Materials	
3	1/21	The History of Risk (Management)	NARA, Ch. 1, pp. 3-4 Bernstein, Introduction, pp. 1-8, and Ch. 1, pp. 11-22 Blackboard Materials	
4	1/23	Overview of Risk Management	NARA, Ch. 1, pp. 7-16 Blackboard Materials	
Part II: Risk Identification				
5	1/28	Identifying Risks: The Foundation of Successful Risk Management	NARA, Ch. 2, pp. 17-28	In-Class Quiz
6	1/30	Factoring in Risks from the Annual Report	Blackboard Materials	
7	2/4	Considering the Financial Statements from a Risk Manager's Perspective	NARA, Ch. 4, pp. 39-74	
8	2/6	What Ratios and Notes Can Tell You	NARA, Ch. 4, pp. 74-101	
Part III: Risk Analysis				
9	2/11	The Perception of Risk	Blackboard Materials	
10	2/13	Craps, Black Swans, and Certainty But Only for the Most Part	NARA, Ch. 8, pp. 145-159 Bernstein, Ch. 3, pp. 39-56, and Ch. 7, pp. 116-134 Blackboard Materials	
11	2/18	The Art of Forecasting	NARA, Ch. 5, pp. 105-13 Blackboard Materials	
12	2/20	Network Theory, Systemic Risk, and Risk in a Digital and Interconnected Age	Blackboard Materials	
13	2/25	Risk Assessment in Practice	Blackboard Materials	
14	2/27	Mid-Term Exam		
Part IV: Risk Control				
15	3/3	The Basics of Risk Controls	NARA, Ch. 10, pp. 179-191 Blackboard Materials	
16	3/5	Risk Controls at the Federal Reserve's Cash Operations (Field Trip)	Blackboard Materials	Guest Speaker Questions Due 3/4 at 8:00 pm
17	3/10	Workplace Violence	NARA, Ch. 11, pp. 193-194, and Ch. 12, pp. 220-222 Blackboard Materials	Guest Speaker Questions Due 3/9 at 8:00 pm
Part V: Risk Financing				
18	3/12	Introduction to Risk Financing	Blackboard Materials	
	3/15-3/22	Spring Recess		
19	3/24	Views from the Insurance Industry: A Panel Discussion	Blackboard Materials	Guest Speaker Questions Due 3/23 at 8:00 pm

20	3/26	Safety Lines and Captives at the Pirates of the Caribbean's Mother Ship	NARA, Ch. 18, pp. 346-349 and pp. 356-358 Blackboard Materials	Guest Speaker Questions Due 3/25 at 8:00 pm
21	3/31	Is "#MeToo" Covered and Other Board of Director and Officer Liability Questions	NARA, Ch. 12, pp. 222-228, and Ch. 24, pp. 461-471 Blackboard Materials	Guest Speaker Questions Due 3/30 at 8:00 pm Individual Exercise Due 4/1 at 10:00 am
Part VI: Risk Administration				
22	4/2	Governing, Monitoring, and Reporting Risk	Blackboard Materials	
23	4/7	The Convergence of Ethics, Culture, and Risk Management	Blackboard Materials	
Part VII: Enterprise Risk Management Applied				
24	4/9	Enterprise Risk Management: Definition and Framework	Blackboard Materials	In-Class Quiz
25	4/14	Enhancing Risk Management Through Artificial Intelligence	Blackboard Materials	Guest Speaker Questions Due 4/13 at 8:00 pm
26	4/16	Living Risk Management: From the Treasury Department to a SIFI to an Asset Manager	Blackboard Materials	Guest Speaker Questions Due 4/15 at 8:00 pm
27	4/21	The Code of Ethics	Blackboard Materials	
28	4/23	Team Presentations		Team Presentations in Class
29	4/28	Team Presentations		Team Presentations in Class
30	4/30	Team Presentations		Team Presentations in Class
	5/12	Final Exam (11:00 am – 1:00 pm)		

Appendix I



How ACCT/BUAD 380x Contributes to Student Achievement of Marshall's Six Undergraduate Program Learning Goals

Goal	Marshall Program Learning Goal	Course Objectives Supporting This Goal
1	<p>Our graduates will demonstrate critical thinking skills so as to become future-oriented problem solvers, innovators, and decision makers in diverse and rapidly changing business environments. Specifically, students will:</p> <p>1.1 Demonstrate the ability to anticipate, identify, and solve business problems. They will be able to identify and assess central problems, identify and evaluate potential solutions, and translate a chosen solution to an implementation plan that considers future contingencies.</p> <p>1.2 Demonstrate the ability to be accurate, clear, expansive (thorough, detailed) and fair-minded in their thinking.</p> <p>1.3 Critically analyze concepts, theories, and processes by stating them in their own words, understanding key components, identifying assumptions, indicating how they are similar to and different from others, and translating them to the real world.</p> <p>1.4 Be effective at gathering, storing, and using qualitative and quantitative data and at using analytical tools and frameworks to understand and solve business problems.</p> <p>1.5 Understand the concepts of critical thinking, entrepreneurial thinking, and creative thinking as drivers of innovative ideas.</p>	1-6
2	<p>Our graduates will develop people and leadership skills to promote their effectiveness as business managers and leaders in the 21st century's evolving work and organizational structures. Specifically, students will:</p> <p>2.1 Recognize, understand, and analyze the roles, responsibilities, and behaviors of effective managers and leaders in diverse business contexts e.g., functionally diverse, culturally diverse, geographically diverse, etc.</p> <p>2.2 Understand factors that contribute to effective teamwork including how to elicit, manage, and leverage diverse perspectives and competencies.</p> <p>2.3 Recognize, understand, and analyze the motivations and behaviors of stakeholders inside and outside organizations (e.g., teams, departments, consumers, investors, auditors).</p>	2-6
3	<p>Our graduates will be effective communicators to facilitate information flow in organizational, social, and intercultural contexts. Specifically, students will:</p> <p>3.1 Identify and assess diverse personal and organizational communication goals and audience information needs.</p> <p>3.2 Demonstrate an ability to gather and disseminate information and communicate it clearly, logically, and persuasively in professional contexts.</p> <p>3.3 Understand individual and group communications patterns and dynamics in organizations and other professional contexts.</p>	3, 4, 5
4	<p>Our graduates will demonstrate ethical reasoning skills, understand social, civic, and professional responsibilities, and aspire to add value to society. Specifically, students will:</p> <p>4.1 Recognize ethical challenges in business situations and assess appropriate courses of action.</p> <p>4.2 Understand professional codes of conduct.</p>	2,3
5	<p>Our graduates will develop a global business perspective. They will understand how local, regional, and international markets and economic, social, and cultural issues impact business decisions so as to anticipate new opportunities in any marketplace. Specifically, students will:</p> <p>5.1 Understand that stakeholders, stakeholder interests, business environments (legal, regulatory, competitor), and business practices vary across regions of the world.</p> <p>5.2 Understand how local, regional, and global markets interact and are impacted by economic, social, and cultural factors.</p>	2, 3, 5, 6
6	<p>Our graduates will understand types of markets and key business areas and their interaction to effectively manage different types of enterprises. Specifically, students will:</p> <p>6.1 Demonstrate foundational knowledge of core business disciplines, including business analytics and business economics.</p> <p>6.2 Understand the interrelationships between functional areas of business so as to develop a general perspective on business management.</p>	3, 4

Goal	Marshall Program Learning Goal	Course Objectives Supporting This Goal
	6.3 Apply theories, models, and frameworks to analyze relevant markets (e.g. product, capital, commodity, factor, and labor markets).	
	6.4 Show the ability to utilize technologies (e.g., spreadsheets, databases, software) relevant to contemporary business practices.	

Appendix II



How ACCT/BUAD 380x Contributes to Student Achievement of Leventhal School of Accounting's Undergraduate Accounting Program Student Learning Objectives

Objective	Learning Objective		Course Objective Supporting This Goal
OBJECTIVE 1	Technical Knowledge	Students will demonstrate technical proficiency in the accounting discipline, including the use of technical accounting knowledge to help solve problems and make decisions.	3
OBJECTIVE 2	Research, Analysis and Critical Thinking	Students will demonstrate the ability to critically analyze, synthesize, and evaluate information for decision-making in the local, regional, and global business environment.	1-6
OBJECTIVE 3	Ethical Decision Making	Students will demonstrate an understanding of ethics, ethical behavior, and ethical decision-making.	2, 3
OBJECTIVE 4	Communication	Students will demonstrate the ability to communicate ideas both orally and in writing in a clear, organized, and persuasive manner.	2, 3, 4, 5, 6
OBJECTIVE 5	Leadership, Collaboration and Professionalism	Students will demonstrate leadership skills and the ability to work cooperatively and productively to accomplish established goals.	5, 6
OBJECTIVE 6	Technology	Students will demonstrate an understanding of technology issues and utilize relevant technology tools and applications to gather and evaluate information, analyze and solve problems, work interactively with other people, and develop and present conclusions.	3, 5, 6