



The RIMS Strategic and Enterprise Risk Center presents:

## Pamela G. Rogers

Executive Director, Enterprise Risk Management, The Estée Lauder Companies, Inc.  
Former Vice President, Enterprise Risk and Insurance Management,  
Weight Watchers International, Inc.

# REDUCING RISK AT WEIGHT WATCHERS

By Russ Banham



### RIMS

*This interview was originally published in 2015, when Pamela Rogers was overseeing ERM at Weight Watchers.*

Weight Watchers founder Jean Nidetch in the early 1960s began inviting friends to her home once a week in Queens, NY, to discuss how best to lose weight. Today, millions of women and men around the world use the company's products to lose unwanted pounds.

Now, Weight Watchers has invited Pamela G. Rogers to help it reduce something else—its strategic, financial and operating risks—without it affecting the entrepreneurial company's growth objectives.

Charged by Weight Watchers' board of directors two and one-half years ago to create, implement and facilitate an ERM program, Rogers brings three decades of risk management experience to the task. She has held corporate risk management roles at General Motors, NCR, Chiquita, Nestle, Sears and Target, prior to leading insurance broker Marsh's risk management consulting practice. She returned to the corporate fold in 2011, when she took on her current responsibilities at Weight Watchers. RIMS sat down recently with Rogers to discuss the ERM project's goals.

**RIMS:** It says on Wikipedia that Weight Watchers operates in more than 30 countries, and urges a "science-driven approach to eating smarter, exercising and forming helpful habits." It would seem that the company now seeks a more science-driven approach to risk management. Would you agree?

**Rogers:** Yes, the board certainly wanted a sophisticated ERM program, led by someone who had put together such projects in past. Several board members had heard about ERM, and may even have served as directors at other companies where ERM had been implemented. They

were all clearly interested in having their arms around the key risks to the organization and how these risks would be managed.

**RIMS:** Once you were hired, what was your first set of decisions?

**Rogers:** I put together a presentation to the board recommending how I personally felt we should approach ERM. Typically, there are two approaches a company can take—the ISO 31000 framework or the COSO II framework. I presented the reasons why I felt ISO 31000 was the better path. My focus on ERM has always been that yes, risks are bad and need to be controlled, but taking risks and carefully managing them offers an upside. ISO 31000 clearly allows for this, whereas COSO II, in my opinion, is more risk control-oriented. It's more about mitigating risk than optimizing risk.

**RIMS:** Would you kindly elaborate?

**Rogers:** Sure. As I told the board, I can guarantee you zero losses in an environment of 60,000 claims a year. We can simply shut the doors and not let people in, for instance. No one trips and falls, then—so to speak. That's great for everyone but shareholders. Anyone can mitigate risks or eliminate them by transferring them to an insurance company, but the better choice is to optimize risks. We're an entrepreneurial company. We should take some risk. It's okay, as long as we're prudent. The board agreed this was the right direction.

**RIMS:** After you decided on an ERM framework, what came next?

**Rogers:** We did two things simultaneously. One was to form a risk committee, primarily to show the importance of the program throughout the enterprise, as there are not a lot of committees here structurally. We've got a two-tier committee—executive and working group. The executive committee comprises senior executive leaders, and the working group is composed of senior vice presidents and group vice presidents. I work with them to generate ideas on managing risk that they can then present to the executive committee. The second thing we did was conduct more than 100 interviews globally in sort of a free-form format.

**RIMS:** Tell us about the process and import of the interviews?

**Rogers:** Sure. First, we sent each interviewee a list of what we felt were our key risks and opportunities, to get them thinking. We then sched-

ule the interviews. Each one ran about an hour to two hours. We asked questions like, “Where do you think we could be just a little less risk-averse, and thereby seize a particular growth opportunity?” We also asked the flip side of that question, “Where might we be betting the farm and need more controls?” The interviews in all took about nine months to complete.

**RIMS:** What was the purpose and use of the interviews?

**Rogers:** From it, we were able to identify our top 50 risks. The working group and our CFO previously had come up with the scoring format for our pure risks and residual risks. After we scored the top 50 risks and prioritized them, the working group brought them to the executive committee, which gave us the resources to put together a risk assessment workshop. This guided the development of our list of the top 10 risks. Each of these risks was subsequently assigned to a specific risk owner. That’s where we are right now.

**RIMS:** So what’s next on the agenda?

**Rogers:** The ten risk owners are putting together their respective risk management teams, not that we didn’t already have a lot of great

risk management going on across the organization. Rather, they will examine whether or not the status quo is sufficient to address the top risks. In some cases, no new tasks may be needed. In any case, we expect to build on the good processes we already have in place. For example, everybody has to deal with privacy and security issues, but are they looking at it from a geographical and cross-functional basis? This, to me, is the key to a successful ERM program—getting everyone in the organization to think like a risk manager. It’s not about fancy risk management dashboards; it’s about weaving risk management into the fabric of the company.

**RIMS:** Sort of viewing risks both horizontally and vertically, right?

**Rogers:** Exactly. I’ve been a risk manager for 32 years, and I see ERM as an opportunity to improve operational excellence. My goal is to eventually work myself out of a job by getting everyone here to be a risk manager. Fortunately for me, this doesn’t happen overnight. ■

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