Q&A with Monica Merrifield, Vice President of Risk Intelligence, YMCA of Greater Toronto

# RISK READINESS AND REWARD

*By Russ Banham*

**RIMS**

The YMCA of Greater Toronto is among Canada's largest and most diverse charities, helping more than 500,000 people each year achieve their personal health goals through YMCA health and fitness, child care, camping, skills development, youth outreach, and other program offerings at over 375 locations across the Greater Toronto Area. The Toronto Y also is one of the country's oldest charities, dating its inception to 1853.

Ten years ago, a series of new strategic opportunities and operational risks set in motion plans to incorporate risk management more fully into the organization, a process that continues in the form of *'risk intelligence'* today. Heading this effort is Monica Merrifield, who is Vice President of Risk Intelligence for the YMCA of Greater Toronto. Merrifield sat down with RIMS to discuss the evolution in the charity's approach to risk management.

**RIMS:** In a relatively short period of time, it looks like the Y has gone from a traditional risk management program to an ERM process focused on both the risk upside and downside. That's a pretty fast evolution. And you've been in the thick of it.

**Merrifield:** That's true. We actually launched our formal risk management program in 1994. It was traditional for the times, with a focus on hazards, health, safety and security, and included the purchase of insurance and other contractual risk transfer mechanisms.

**RIMS:** When did the program begin to transform into what it is today?

**Merrifield:** The impetus for 'risk intelligence' as we call it here at the Y, was in the immediate aftermath of a series of large events that took us and most other organizations by surprise, in terms of readiness for major disruptions. The first was the massive blackout of 2003, the world's second most widespread blackout in history, affecting nearly 10 million people in Ontario (and four times that number in the Northeastern United States). It lasted two days in some areas and shut down a large swath of greater Toronto. The SARS communicable disease pandemic also occurred that year; both were on the heels of 9/11. So we were suddenly confronted with very new kinds of risks. In turn, we realized a need to beef up our readiness for such atypical events in future.

**RIMS:** As did many other types of organizations. Please tell us about this process at the Y.

**Merrifield:** In 2005, we made the decision to augment our risk management program to capture a wider spectrum of risks, beyond insurance and operational risks, to include also business continuity, risk readiness and compliance. The goal was to enhance our preparedness levels to respond quickly to extraordinary disruption events and other evolving risk realities.

**RIMS:** We understand that around the same time, the Greater Toronto Y and other YMCAs in Canada got together to create an alternative risk financing purchasing solution. What relationship did this have toward the development of a broader risk management program?

**Merrifield:** Plenty, actually. First, a bit of background—We worked with the YMCA of Western Ontario on the solution's development on behalf of large Y's across Canada. It launched in 2007 and has been a very successful national insurance and risk management program ever since. In many ways, it was a reaction to the hard market and earlier risk events I described. It's a comprehensive property and casualty group program that includes liability, property, boiler & machinery, D&O, cyber risk and other lines of coverage . Since the solution involved a level of self-funded risk, it pushed all YMCA member associations to examine our existing risk management programs, seeking out opportunities to enhance key processes including policies, training, monitoring and verification methods. This strengthened our risk management capabilities, and marked the start of thinking about a broad spectrum of risks including strategic risks.

**RIMS:** We understand that the Greater Toronto Y is embarking on a bold plan focused on children, teens and young adults. Tell us about it and how your organization is assisting this effort through more strategic risk management.

**Merrifield:** Through our health strategy, we're helping communities we serve by assisting individuals and families embrace active, healthy lifestyles. We are still continuing our good work on building resiliency, proactive management of operational risks, and being prepared for unexpected risks, and now we are also focused on the upside of risk—developing tools, techniques and perspectives that support our new YMCA vision and strategic plan—*Strong Start Great Future*.

**RIMS:** Wouldn't this require a seat at the strategy table, so to speak?

**Merrifield:** Yes, indeed, risk management needs to be part of the discussion. Getting into the room to participate in strategy conversations is key. We are at the table, seen as individuals who contribute to the success of strategic initiatives being contemplated, by finding new ways to help leaders harness the upside, and leverage our (risk) screening tools to increase the likelihood of success of a new program offering, or a capital project proposal or new strategic alliance.

**RIMS:** That's pretty amazing, considering just a generation ago, risk management was a back-office function buying insurance.

**Merrifield:** You prove what you're made of over time, by rolling up your sleeves, working with others to strengthen efforts, and building rapport with decision makers.

**RIMS:** With the organizational knowledge and level of trust you have, tell us how the tools of risk management are helping your decision makers determine whether a discussed initiative should be given a green or red light?

**Merrifield:** I've got a great example. We recently pondered a new initiative that created a level of uncertainty, yet was perceived as having great value to those we serve. The idea was to keep our doors open 24/7. We asked ourselves, what might that look like, and was it do-able? Would it create safety issues for a smaller number of staff working the night shift, or when heading home alone? Would it require some level of investment in additional measures like hiring more experienced staff and increasing back-up/on call senior support to cover safety or other escalated situations?

**RIMS:** How did you answer these questions?

**Merrifield:** We designed a strategic risk assessment tool that included a series of high-level questions captured under various buckets of uncertainty. The tool looked at the anticipated market or community need for the new program offering, and fleshed out other uncertainties and also probed assumptions around our capacity to deliver (on the initiative). Did it align with our strategy, and from an impact and financial standpoint, would the initiative deliver value?

**RIMS:** What was the outcome?

**Merrifield:** That there was 'low risk' with high community impact potential, and we should invest in this smart pilot program at one location, which we did. And it was highly successful, resulting in sales increases of 20 percent in just the first three months alone following launch. Most importantly, we were able to serve more people, enhancing access to more opportunities for personal growth and improved health. We have since extended hours of operation at our other YMCA health and fitness locations.

**RIMS:** So that's the upside of risk.

**Merrifield:** It sure is.