

**Organizational Risk Management**  
**Business Institutions 394 – Professional Linkage Seminar**  
**Northwestern University**  
**Winter 2022**

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**Overview of Class**

Risk Management is one of the most important business skills every student needs to learn and understand for a successful career. Organizations are increasingly understanding the lessons learned from the major risk management disasters of this century (e.g., 2008 financial crisis, MF Global, Wells Fargo, Enron, Theranos) and see that lapses in risk management have resulted in significant losses for organizations in diverse industries. Therefore, organizations have increasingly implemented risk management programs and processes to get ahead of problems before they arise.

In recent years, risk management has evolved from a control function (e.g., minimizing risk) to a function that enables performance optimization. Effective risk management programs can and should both minimize risk while supporting business growth and profitability. Risk Management is about balancing risk and reward - the best business leaders take *intelligent* risks by pursuing the right business opportunities given the organization's capabilities.

Risk Management effects all areas of an organization and therefore this course will explore risk management in several facets of an organization. We will study many fascinating areas of risk in this course including operational risk, compliance and regulatory risk, financial risk, insurance, and IT/cybersecurity risk.

This class will add significant value to your future careers. Risk management is ultimately about people because a company's risk profile is driven by the decisions and actions of individual employees. Risk management will be a part of your future career as an employee no matter what your role - each employee responsible for helping to manage risk.

When you understand and implement what we learn in this course, you will be seen as a valuable organizational asset by your employer and be a more effective leader and employee.

**Instructor**

I am a Northwestern graduate and excited to continue teaching important business concepts to undergraduate students. In my professional life, I am an attorney who works at the intersection of organizational performance and risk management for a large financial services firm. I also teach Organizational Behavior and Human Resources Management at another institution. Studying

Organizational Risk Management is rewarding, fascinating, and practical. I am teaching this class to add significant value to your future careers and look forward to getting to know you.

**Required Courses Readings:**

1. *Enterprise Risk Management: From Incentives to Controls 2<sup>nd</sup> Edition*, Lam, James, Wiley Finance, 2014. (ISBN 978-1118413616)

This accessible textbook provides a comprehensive overview of organizational risk management, utilizes case studies from recent years, and analyzes how a company should strive for balance between risk and return.

2. *Billion Dollar Lessons, What You Can Learn from the Most Inexcusable Business Failures of the Last 25 Years*, Carroll, Paul & Mui, Chunka, Portfolio, 2008. (ISBN B001EU9FT2).

This informative book analyzes significant risk management failures of organizations over the past quarter century and offers practical steps we can learn from these failures to implement effective organizational risk management processes.

3. *Additional Readings and Videos* I assign will be freely available online.

**Course Films:**

1. *The Inventor: Out for Blood in Silicon Valley*, HBO Home Entertainment, 2019.

This recent documentary is an in-depth analysis of Theranos and its founder Elizabeth Holmes, who is currently on trial accused of leading one of the biggest frauds in Silicon Valley history.

**Evaluation:**

1. Class Participation (30%)
2. Take-Home Midterm Examination (20%)
3. Research Paper and accompanying Chief Risk Officer Student Presentation (25%)
4. Take-Home Final Examination (25%)