

Uncertainty/Risk: Future of Work & Quality

Greg Hutchins PE CERM

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800Compete.com

800.Compete or 503.233.1012

Greg@800Compete.com

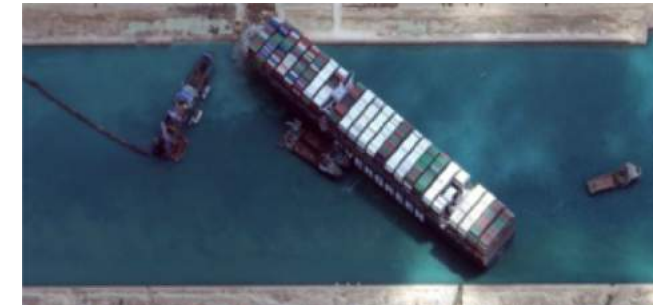
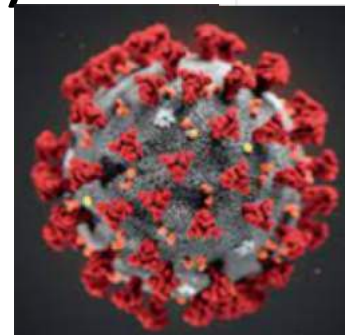
Greg Hutchins PE CERM Bio

- Coined the expression Future of Quality: Risk® (2000)
- Developer of Certified Enterprise Risk Manager® certificate
- Author of more than 30 books including Value Added Auditing (See right)
- First company – DHS CIP Forensics, Assurance, Analytics®
- Started ISO auditor training in 1987 through AGA Labs
- Founder of:
 - 800Compete.com
 - WorkingIt.com
 - CERMAcademy.com
 - QualityPlusEngineering.com
- Contact information: Greg@800Compete or 503.233.1012



Takeaways From Today's Talk:

1. We're now living in a VUCA world in VUCA time - VUCA = **V**olatility, **U**ncertainty, **C**omplexity, **A**mbiguity
2. All life & work are disrupted
3. Risk is the new lens for working and living
4. **All management is now risk management**
5. **Future of Quality: Risk[®]**



What Are We Covering?

1. What risks do organizations face?
2. What is the Future of Work?
3. What is the Future of Quality Profession?
4. Casestudy: What is the Future of Quality Auditing?
5. How can quality auditing add Board value?
6. What are examples of risk auditing/assurance?
7. So, why should you care? (**How to Double Your Salary?**)
8. What are your takeaways today?

1. What Risks Do Organizations Face?

1. **Government public health policies** may impact business
2. Succession challenges and **inability to attract and retain top talent**
3. **Pandemic-influenced market conditions** affect customer demand
4. **Digital technologies** require significant efforts to upskill employees
5. **Economic conditions** may significantly restrict
6. Anticipated increases in **labor costs** may affect
7. **Resistance to change** may restrict ability to pivot and adapt
8. Inability to utilize sufficiently advanced **data analytic**
9. Inability to manage **cyber threats** that disrupt operations
10. Shifts in expectations about **diversity, equity, and inclusion**

Source: Protiviti - 2022

Then: This happens
What if: A new tech cold war?



2. What is the Future of Work



If you're interested in viewing this VDO, check it out at: <https://bit.ly/WORKING-IT-VDO>



Working It App - Future of Work

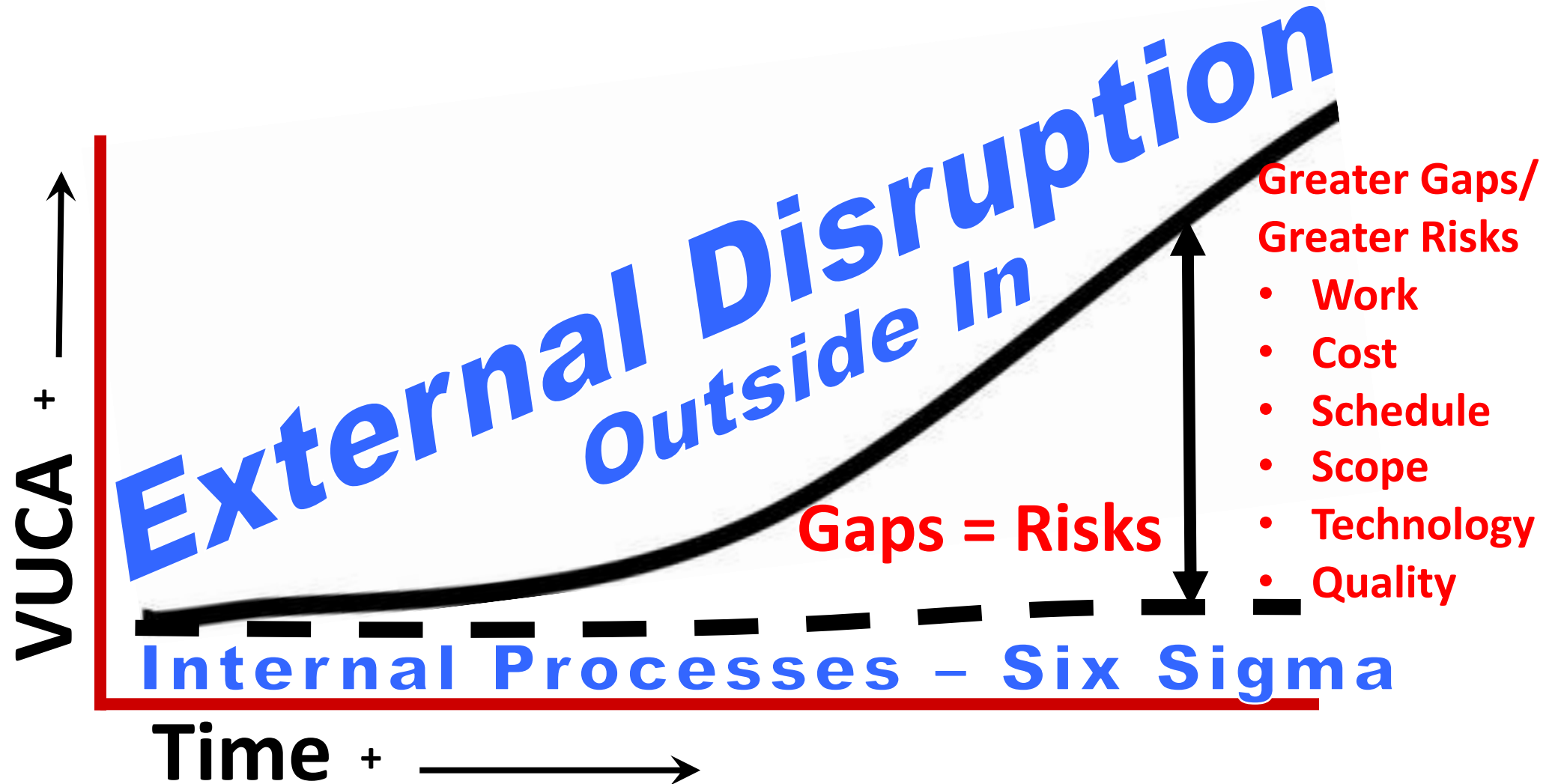
The Future of Work is being disrupted. MIT has engaged the entire institute in researching and proposing solutions for the Future of Work. Harvard Business School has a similar initiative in terms of managing the Future of Work. Q+E proposes a similar initiative with OSU in developing the Working It app. This software project is based on the fifth edition of the book /Working It: Disruption Rules – COVID Edition/ for OSU's EECS Capstone Project.

The Future of Work data and Future of Professions projections are dramatic:

- 1/3 of the workforce will transfer to new occupations over the next 5 years (Goldman Sachs).
- Sixty-five percent of children now entering school will hold jobs that currently don't exist (WEF).
- 1/3 of all graduates are underemployed (Milken Institute).
- More than 50% of workers want new work/career/jobs (Linkedin).

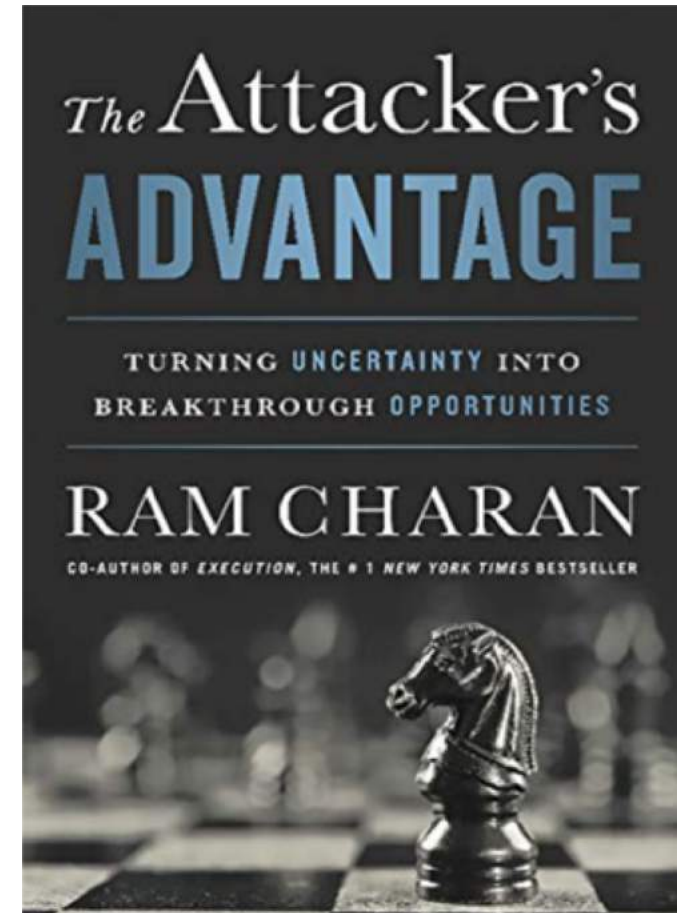
[Visit: Q+E/Oregon State Working It® App](#)

3. What is the Future of Quality Profession



Enterprise & Business Disruptors

- **Disruption:** Enterprise risk (threats & opportunities) are much higher due to coronavirus etc.
- Companies are re-evaluating Future of Work, business models, hybrid work, 'make or buy', reshoring, ISO systems, almost everything
- **Solution:** "Taking control of uncertainty is the fundamental leadership challenge of our time."
Ram Charan, **Attacker's Advantage**
- **Quality Professional:** Reevaluate your future in the quality profession decisions through risk lens



So, What? Why Does It Matter to You?

- **Story:** You have in your pocket, all the information in the world available through your smart phone
- **Disruption:** What do you do when **ALL** the information of your work/career/job is available on your smart phone
 - Call it your Work/Career/Job Siri/Alexa
- **Solution:** What is going to be your personal differentiator?
 1. Risk based, problem solving
 2. Risk based, decision making

4. Case study: What is the Future of Quality Auditing

- Let's first look at 4 disruptions quality auditing now faces & offer solutions:
 - A. 'What is 'risk' definition?
 - B. What does "Risk Based Thinking" mean?
 - C. How to conduct ISO 19011-2018 risk based audit
 - D. Certification Bodies (CB's) are issuing conformance certs to ISO 31K



Quality Digest: 2008

A. What Is Risk?: Quality Definition

- Risk - **ISO 31000**, risk is the “**effect of uncertainty on objectives**”. (ISO 31000)
- **Disruption:** How do you operationalize this definition? Very hard.
- **Solution:** So, what should quality do?
 - Redefine ISO 31K risk definition to:
”effect of uncertainty on the **‘achievement of’** objectives
- **Benefit:** Implies risk is measurable and auditable against business & quality objectives

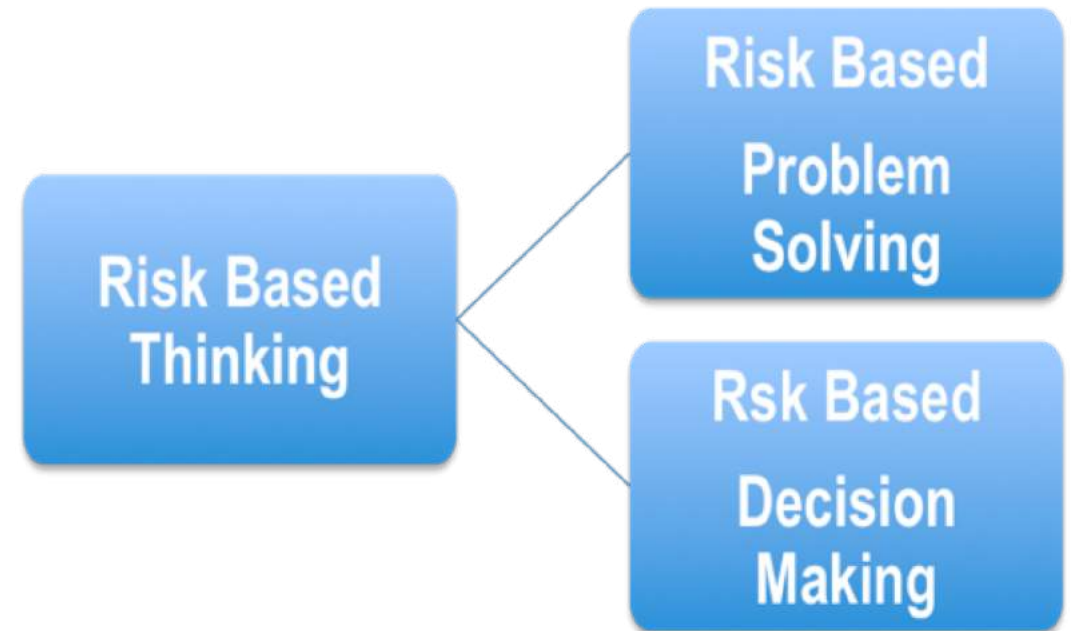


B. What is Risk Based Thinking?

- **Disruption:** ISO never really defined 'Risk Based Thinking' in ISO 9001:2015.
- Disruption to RBT definitions:
 - You can't audit someone's thinking – unless you've passed Mind-Reading 101
 - How do you develop audit evidence for risk based thinking
 - There is no mental audit trail or process to follow or audit
 - There are no audit artifacts
 - There is no way an independent third party can reach same decision as 'risk based thinker'
- **Solution:** Reframe and redefine RBT

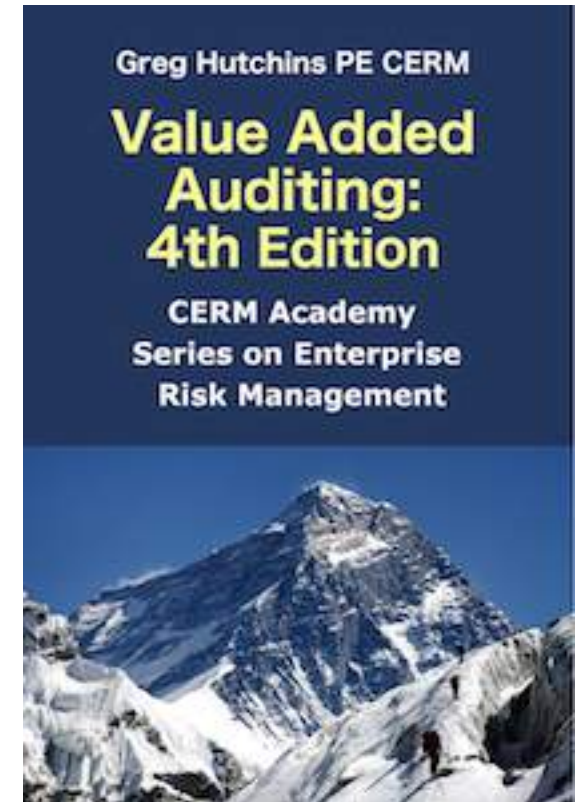
What is Risk Based Thinking?

- Risk Based Thinking is (our definition):
 - Risk Based, Problem Solving (RBPS)
 - Risk Based, Decision Making (RBDM)
- RBPS & RBDM solutions offer:
 - Process for auditing outcomes exists
 - Artifacts/evidence are available
 - Inputs & assumptions are available
 - Third party auditor can reach same decision (assurance) as Risk Based Thinker



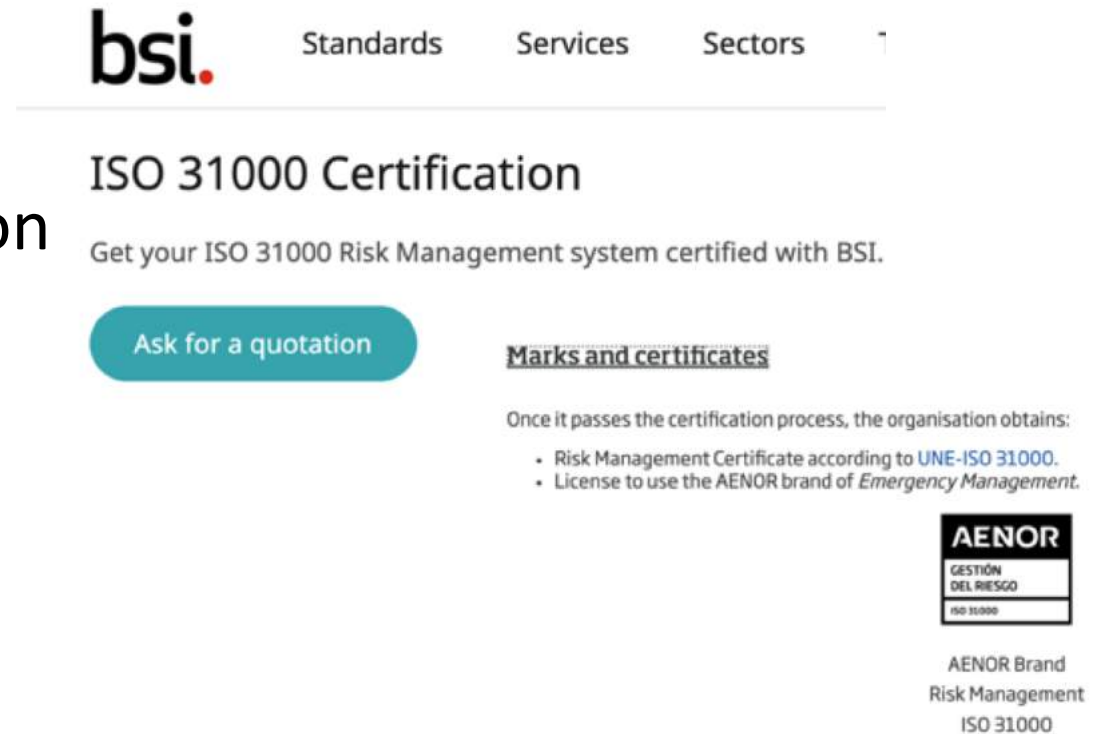
C. How to Conduct Risk Based Audit?

- **Disruption:** New (relatively) new audit standard ISO 19011 – 2018 for all management systems
- **Solution:** Manage, plan, conduct, & conduct audits are now ALL risk based
- Questions:
 - How many quality auditors do ISO 19011 risk based audits
 - How consistent are risk based audits among Certification Bodies, internal audits, consultants, etc.



D. CB's Are Issuing ISO 31K Conformance Certificates

- ISO 31000 is a guideline
- **Disruption: NOT** to be used for certification
- **Solution:** So what's going on?
 - **What:** World respected CB's are providing ISO 31K 'Certificates of Conformance'
 - **Why:** Serve market & revenue needs
Clients want risk certificates & risk assurance & **this is OK**



The screenshot shows the BSI website's navigation bar with 'bsi.', 'Standards', 'Services', and 'Sectors'. The main heading is 'ISO 31000 Certification' with the subtext 'Get your ISO 31000 Risk Management system certified with BSI.' A teal button labeled 'Ask for a quotation' is prominent. Below it, a section titled 'Marks and certificates' lists the benefits of certification: 'Once it passes the certification process, the organisation obtains:' followed by two bullet points: 'Risk Management Certificate according to UNE-ISO 31000.' and 'License to use the AENOR brand of Emergency Management.' To the right is the AENOR logo, which includes the text 'AENOR', 'GESTION DEL RIESGO', and 'ISO 31000'. Below the logo, it says 'AENOR Brand Risk Management ISO 31000'.



The screenshot shows the TÜV SÜD website's navigation bar with 'TUV SUD', 'INDUSTRIES & SERVICES', and 'RESOURCES'. The main heading is 'ISO 31000 AND ONR 49001' with the subtext 'Enterprise Risk Management Certification'.

5. How Can Quality Add Organizational Specifically Board Value?

- What is quality auditing?

“**Systematic, independent and documented process for obtaining objective evidence and evaluating it objectively to determine the extent to which the audit criteria are fulfilled**”

ISO 19011-2018

AND

- What quality auditing is also:
 - Quality auditing **transfers and shares** risk from the auditee to the auditor
- Why?
 - To **give the audit customer peace of mind** regarding auditee’s accuracy, reliability of data, process, risk assurance, and management systems objectives can be met

Every Publicly Traded Company has Board Risk Committee

Thomson Reuters Board Risk Charter – 2022

While the Risk Committee is responsible for overseeing and monitoring the Corporation's framework policies and procedures with respect to **risk identification, assessment and management** .. through the **design, implementation and maintenance** of **an enterprise risk management ("ERM") program**.

The Risk Committee will review or discuss with senior management:

- Corporation's **risk assessment and risk management processes**
- **Tone and culture** within the Corporation regarding risk;
- **Periodic reports ... to identify, evaluate and mitigate major risks including 1. Cyber security, 2. Regulatory compliance risks; 3. Reputational risks; 4. Strategic risks; 5. Environmental, Social and Governance ("ESG") risks**

Biggest Challenge to Quality Auditing

Biggest quality auditing risk (upside opportunity):

- Boards of directors don't get your reports
- Boards want your operational and supply chain audit information

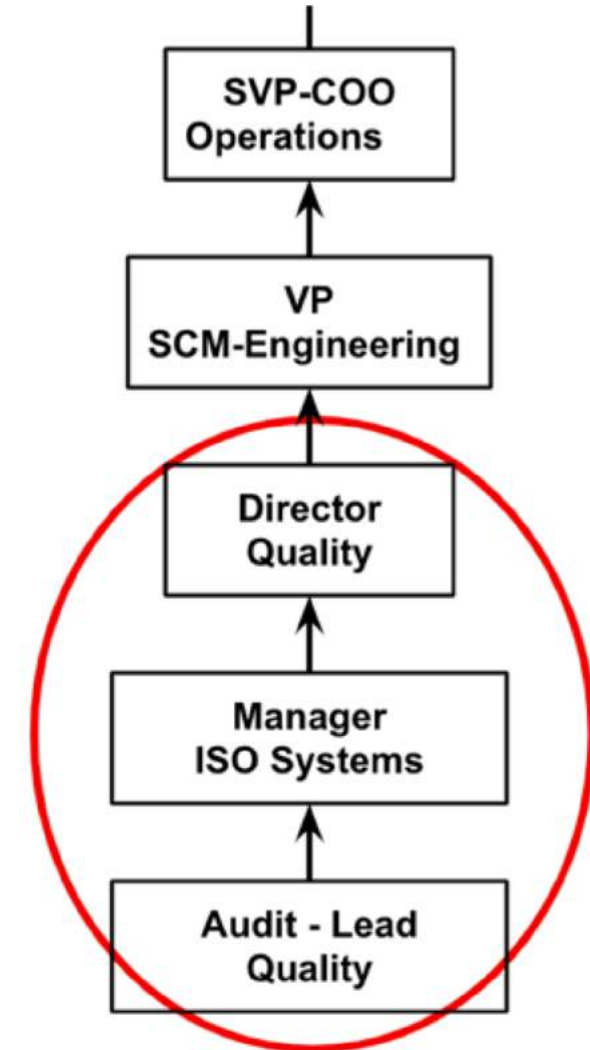
But:

Quality audits DON'T go to the Board or executive management



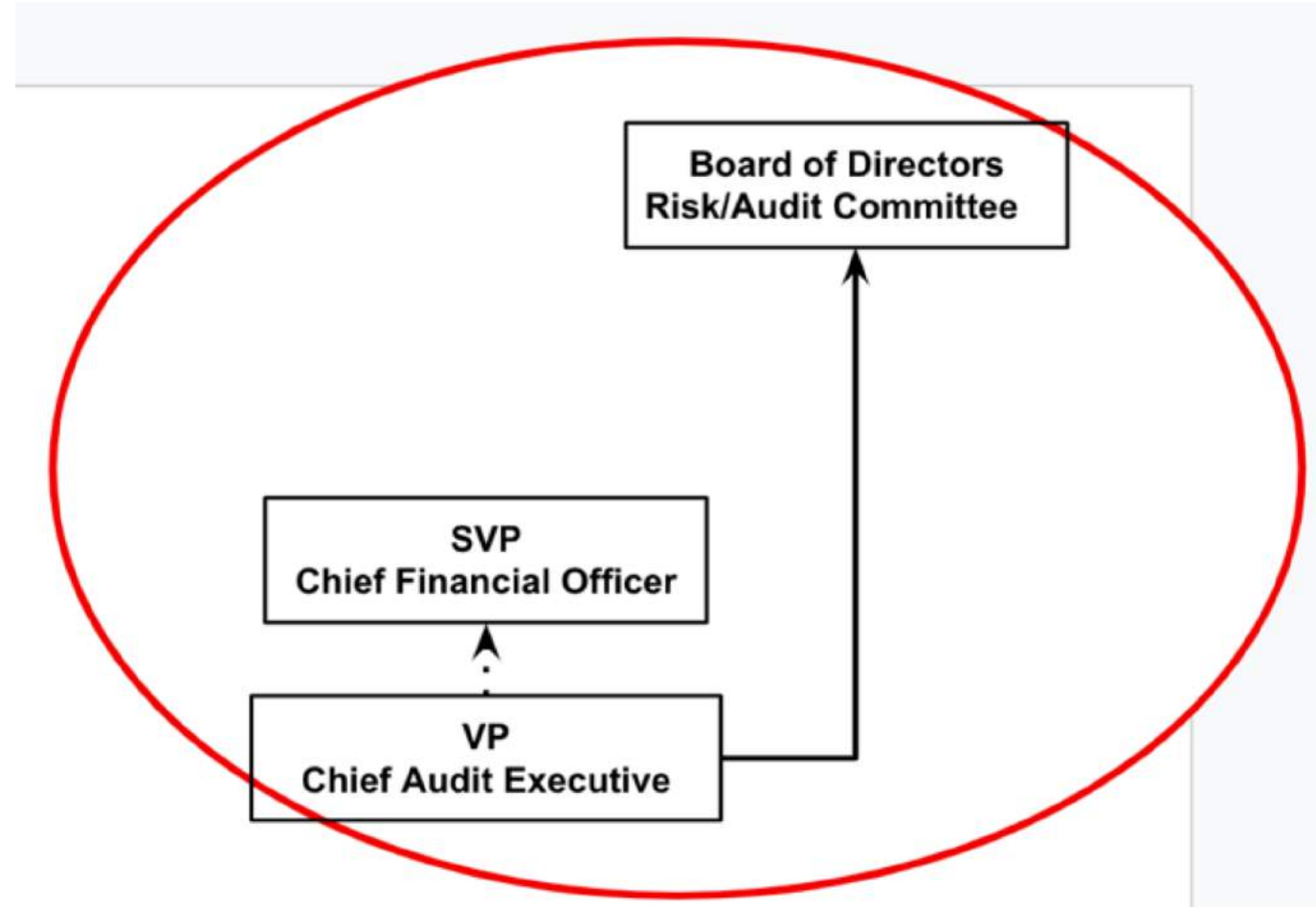
Quality Audit Reporting Path

- Quality reporting is **Operational**:
 - Management system auditing reports to 2nd/3rd level management
 - QMS, EMS, etc.
- Advantages:
 - Compliance to ISO standards
 - Integrated management systems audit & review
 - Operational/Supply Chain risk info



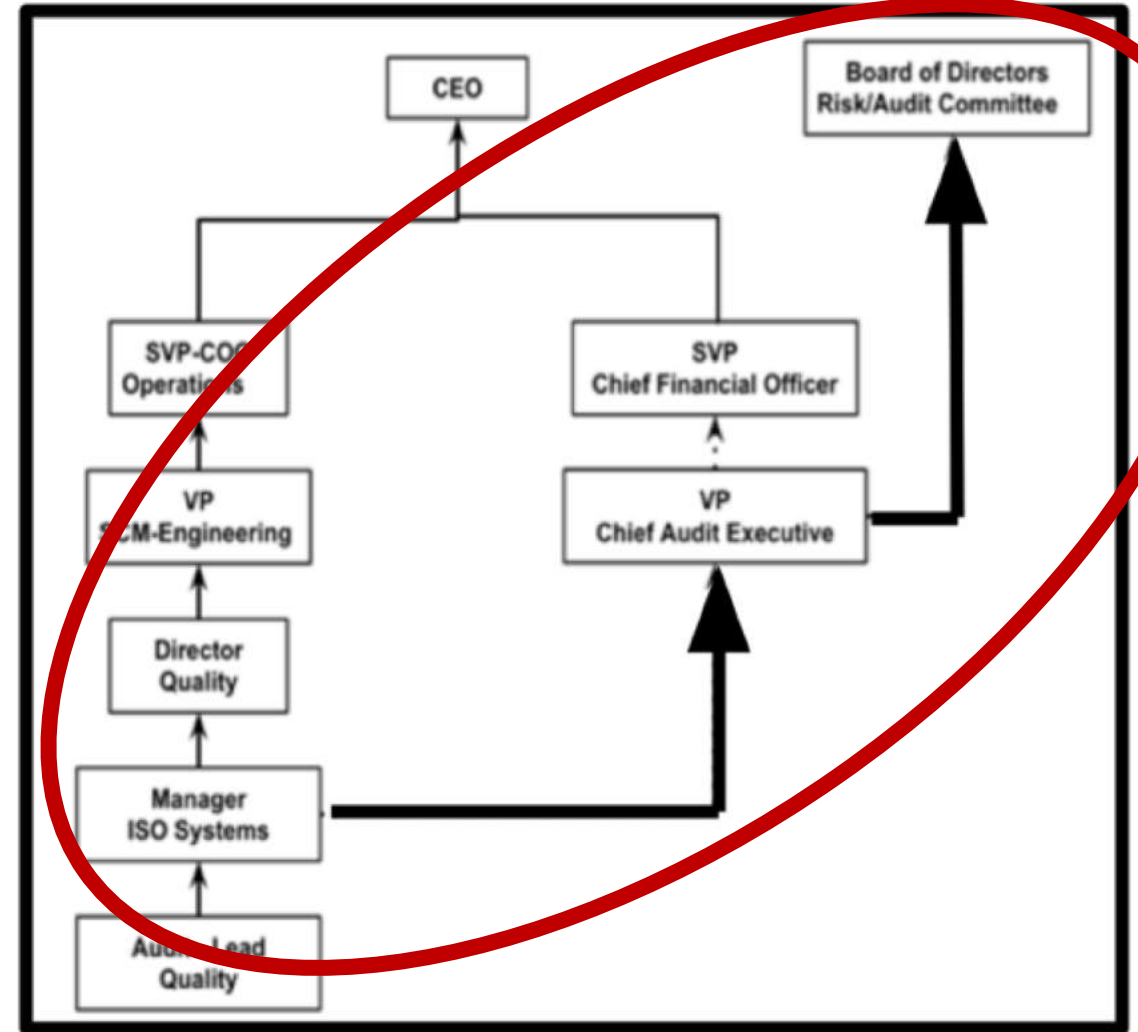
Risk Reporting Path

- Internal audit risk reports go solid line to Board of Directors
- Internal audit risk reports go dotted line to Chief Financial Officer



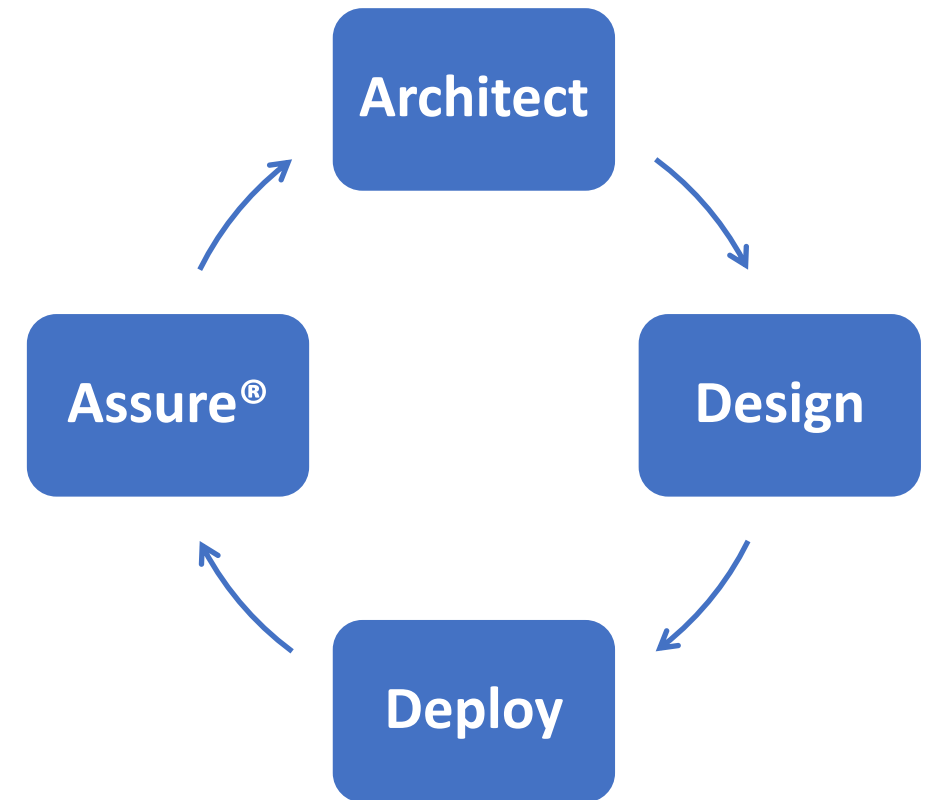
Solution: Quality + Internal Audit = Ops Risk Assurance to Board of Directors

- **Opportunity:** Quality auditing reports solid line to Quality Head
- Quality auditing reports solid line to Internal Auditing
- Consolidated and joint reporting structure
- Advantages:
 - Assurance of objectives being met
 - Review of ESG, supply chain, ops, & cyber security risks
 - Review of risk and controls
 - Higher level of 1. Enterprise: 2. Programmatic; 3. Product/Transactional assurance



6. What are Examples of Risk Auditing/ Assurance?

- Companies and executives are scared
- Executives manage using old assumptions
- They were hired, promoted, reinforced for one set of behaviors (risk averse) and implemented internal stable (six sigma) controls
- Now they must thrive and succeed in a VUCA world with disruptions and lots of risk
- **Required:** New risk assurance, i.e. risk PDCA – Architect, Design, Deploy, Assure® risk - controls



Examples of Risk Assurance?

- Compliance audits
- Process audits
- Risk assurance
- Internal control assessments
- Attestation

Often based on required on
risk assurance & risk appetite



When you don't have it, it's worth it's
weight in gold!!!

How To: Compliance

- How to:

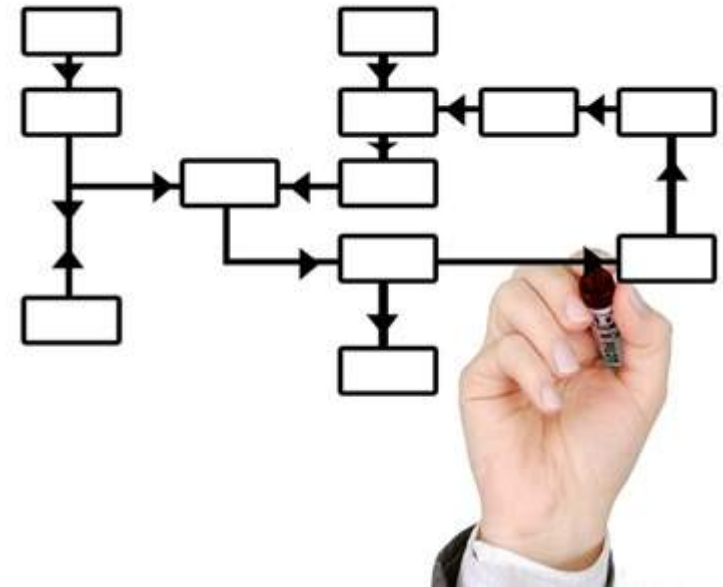
- System audits
- Documentation reviews
- 'Shalls'
- Binary decision
 - Yes/No
 - Corrective Action



- **Board suggestion:** Focus on board concerns such as compliance to rules/regs, control/risk effectiveness, meeting strategic objectives, materiality, SEG

How to: Risk Process Audits

- How to:
 - Identify business objectives
 - Identify high risk processes
 - Flowchart processes
 - Identify process measures & controls
 - Evaluate process performance against measures & objectives
 - Report findings
 - Recommend improvements (optional)
- **Board suggestion:** Focus on process value and risk - control effectiveness



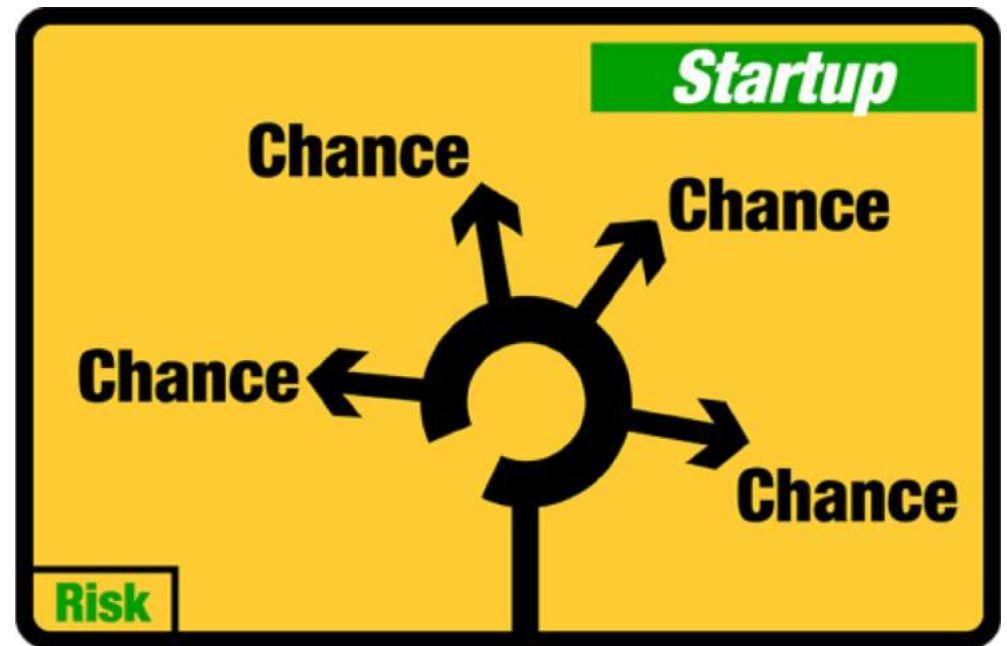
How to: Risk Assurance (ORCA)

- How to:
 - Identify business **objectives**
 - Identify operational and other **risks**
 - Define and compare **controls** in terms appetite/tolerance
 - **Assess/assure** control process to meet business objectives
- **Board suggestion:** Focus on strategic objectives being met that matter to the company's financials (materiality)



How To: Internal Control Assessments

- How to:
 - Evaluate control environment
 - Determine risk assessments
 - Control activities
 - Evaluate information and communication
 - Monitor activities (assurance effectiveness)
- **Board suggestion:** Focus on overall control effectiveness of area or business unit to assure objectives can be met



How to: Attestation

- How to:
 - Professional opinion
 - High level of assurance
 - Professional engineering or accounting (CPA's)
- **Board suggestion:** Focus on 'what matters' to strategy, board, and key stakeholders



Q+E Example: Critical Infrastructure Protection: Forensics, Assurance, Analysis®

- **Analytical.** Q+E engineers and scientists conduct analytical analyses evaluating business continuity, cyber security, and physical security systems against IEEE, NFPA, ISA, PMI, ISO, NIST, COSO, NERC, standards.
- **Assurance.** Q+E offers three levels of assurance:
 - **Compliance.** Q+E conducts a compliance audit against standards.
 - **Assurance with opinion.** Q+E issues an opinion based on the results of a governance, risk, and compliance (GRC) audit or ERM controls assessment.
 - **Assurance with insurance coverage.** Q+E conducts an audit and provides the requisite level of due diligence for the auditee to be covered.
- **Forensics.** Q+E provides the above levels of assurance as well as supplies a letter to the regulatory authority providing professional opinion



Back to the Future of Work: AI etc.

FOW/FOP risk assurance questions:

- What is the role of the doctor (MD) when AI is better in diagnosing some conditions and robots provide surgery?
- What is the role of the truck driver when trucks are autonomous vehicles?
- What is the role of the quality professional and auditor when robotics, ML, and AI solve problems and make decisions?

FOW/FOW questions:

- Professionals become assurance advocates for customer

7. So, Why Should You (Quality Professionals) Care?

indeed

Build a career you'll love

What

Quality auditor

Where

United States

Salaries

Skills

Jobs

[Home](#) > [Career Explorer](#) > [Quality Auditor](#) > [Salaries](#)

Quality Auditor salary in United States

How much does a Quality Auditor make in the United States?

Average base salary ?

\$42,231

Per year

Most common benefits

Cash bonus

\$2,000 per year

Top companies for Quality Auditors in United States

LONDON CONSULTING GROUP

3.4 ★ \$123,147 per year

[32 reviews](#) [5 salaries reported](#)

Engineering Resource Group

4.7 ★ \$107,239 per year

[9 reviews](#) [10 salaries reported](#)

United Natural Foods

2.9 ★ \$89,906 per year

[1517 reviews](#) [8 salaries reported](#)

MJHS

3.6 ★ \$80,391 per year

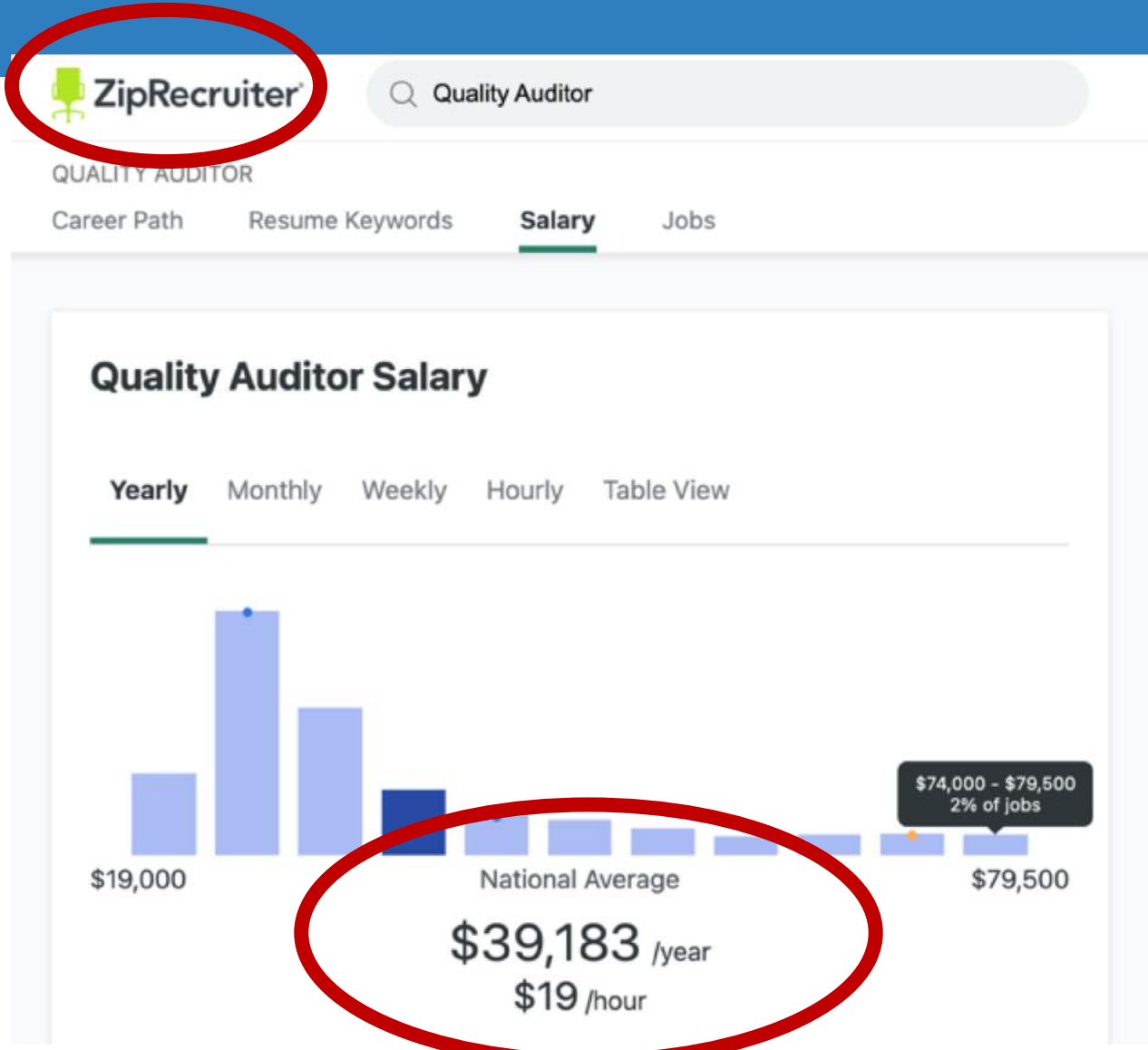
[258 reviews](#) [5 salaries reported](#)

PulteGroup, Inc

3.8 ★ \$78,090 per year

[511 reviews](#) [5 salaries reported](#)

Quality Auditor Salaries



Internal (Risk) Auditor Salaries

indeed

Build a career you'll love

What

internal auditor

Where

United States

Overview

Internal Auditor

Jobs

[Home](#) > [Career Explorer](#) > [Internal Auditor](#) > [Salaries](#)

Internal Auditor salary in United States

How much does an Internal Auditor make in the United States?

Average base salary ?

\$77,385

Per year ▼

Most common benefits

Top companies for Internal Auditors in United States



Meta

4.1 ★ [642 reviews](#) [9 salaries reported](#)

\$182,579

per year



FHLBank San Francisco

3.1 ★ [23 reviews](#) [8 salaries reported](#)

\$168,609

per year



Freddie Mac

3.8 ★ [898 reviews](#) [15 salaries reported](#)

\$127,608

per year



First Republic Bank

3.9 ★ [208 reviews](#) [21 salaries reported](#)

\$126,942

per year



Selby Jennings

4.2 ★ [6 reviews](#) [25 salaries reported](#)

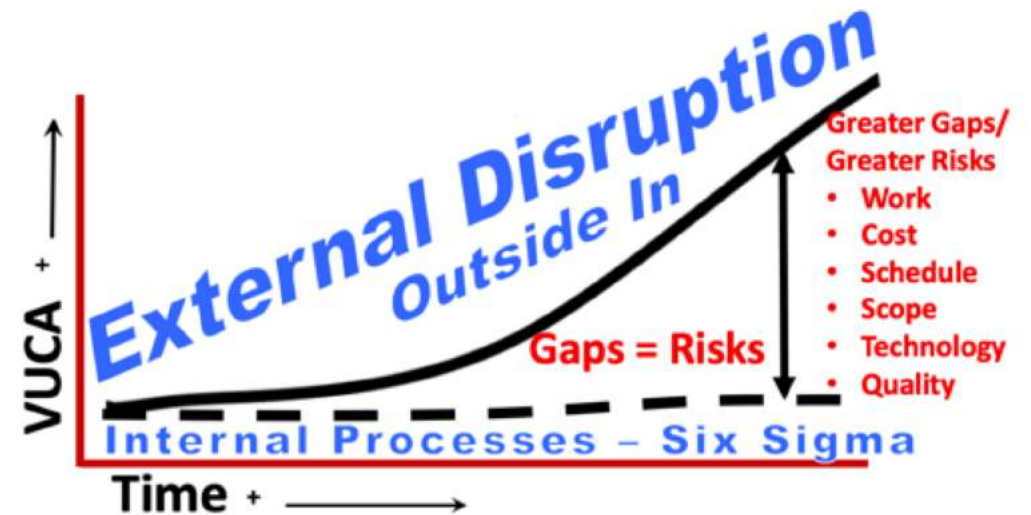
\$123,956

per year

[Show more companies](#) ▼

8. What Are Your Takeaways Today Or How to Make 2X?

- We're now living in a VUCA world in VUCA time
 - VUCA = Volatility, Uncertainty, Complexity, Ambiguity
- All life & work are disrupted
- Risk is the new lens for work and living
- All management is now risk management
- Future of Quality: Risk[®]



Your Takeaways: Risk Learnings

- Boards want operational and supply chain risk information
- Quality audits should go the Board risk/audit committee
- Quality perfectly placed to provide operational risk information
- ISO anticipated this: Risk is integrated into ISO standards
- Global CB's are driving risk (ISO 31K) certificates of conformance
- Risk Based Auditing is common to **all** management systems
- Quality auditors evolve into business risk/assurance auditors



Your Takeaways: Risk Recommendations

- Treat work/career/job disruptions as risk challenges
- Tailor audits to different levels (types) of risk assurance and risk tolerance
- Tailor your risk - control frameworks (IA, COSO, NIST 800s, etc.)
- Learn and do Risk Based, Problem Solving & Decision Making
- Learn and do risk based audits based on ISO 19011-2018
- Learn how to Architect – Design – Deploy - Assure risk controls
- Learn how to plan, conduct, and report different types of risk audits

Future of Quality Risk Resources

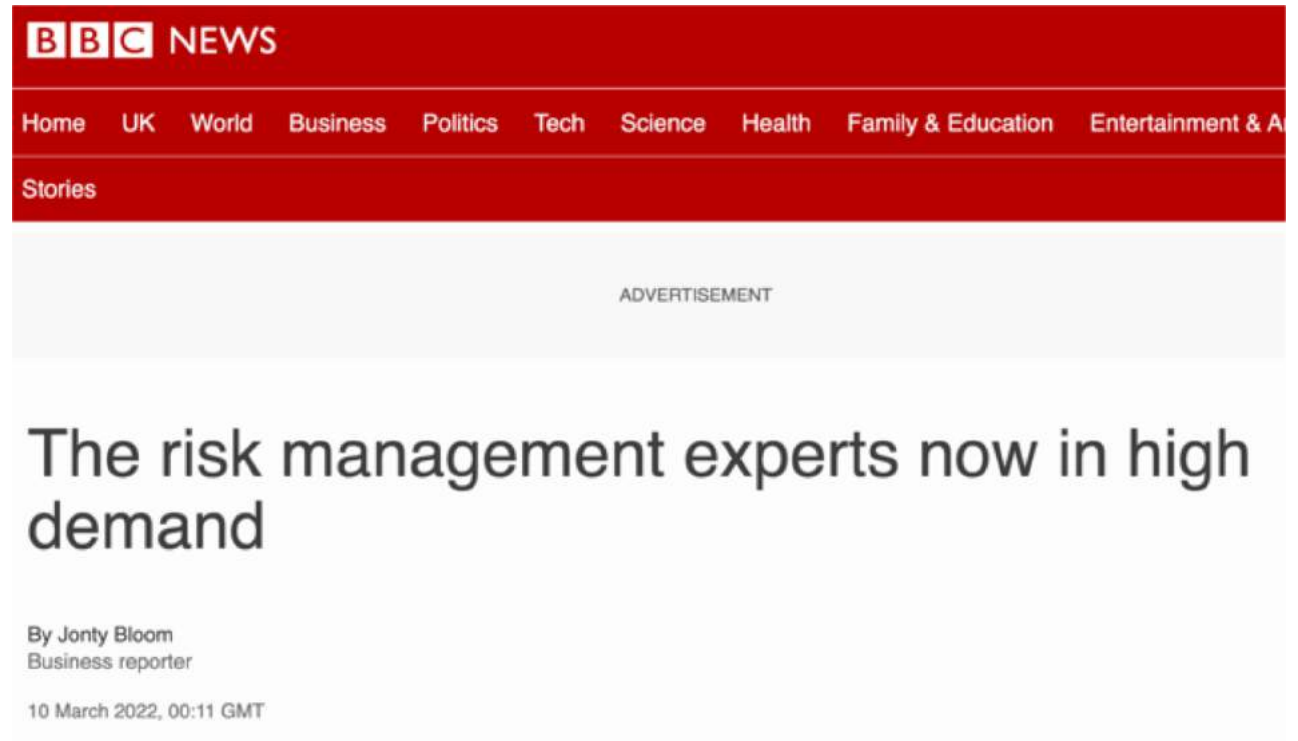
- It's a great time to upskill to risk
- But HOW?
- Your Next Step: Check out our risk resources:
 - www.insights.cermacademy.com/
 - 2000 articles on risk including Future of Quality
- www.FutureofProfessions.com/category/quality/Future

FINAL TIP:

Put 'Risk Management' in your job title

Why:

- **Ensure** your employability
- **Assure** your promotability in VUCA time



Source: [BBC March 10, 2022](#)

Thank You

- Remember, today we're now all VUCANs: Persons living in VUCA time in a VUCA world
- **NJ ASQ Section**
 - Thank you for inviting me
 - Reach out:
 - Greg@800Compete.com
 - 503.233.1012 (U.S.)

