

Study Questions--Meulbroek--“A Senior Manager’s Guide to Integrated Risk Management”

1. According to Meulbroek, what is integrated risk management all about?
2. What are the three basic ways firms can implement risk management?
3. What are the six key ways that risk management can contribute to firm value?
4. How does risk management by the firm facilitate the outside investor’s management of her systematic risk?
5. How does financial distress, or the fear of it, affect the real operations of firms?
6. How can risk management by the firm reduce the risks faced by key investors?
7. How does risk management reduce taxes?
8. How does firm risk management reduce the monitoring costs faced by those outside the firm?
9. How does risk management help provide internally generated funds that can be invested?
10. How are operational risk management and financial risk management complementary?
Illustrate by reference to Microsoft.
11. Explain how a firm faced with different risks might save by insuring all of those risks with a single carrier?
12. Does Meulbroek advise minimizing risk? Explain.
13. Explain how firms might alter their operating plans to manage risks. Give examples.
14. For what kinds of risks is equity capital a well-suited management tool?
15. What are two disadvantages of increasing equity capital to manage risk?
16. Does risk reduction universally increase firm value? Explain.
17. How does Meulbroek categorize the risks the firm faces? How good is this classification?
18. What is the difference between tactical and strategic risk management, and how does ERM fit into this distinction?
19. “Risk management is the province of the derivatives specialists in the firm.” Discuss this statement from the point of view of Meulbroek. What is your view?