

Model for Group Presentations

Group Formation:

Students will ideally be in groups of 4 students. Groups will be formed in a random fashion and numbered sequentially starting in the order of presentation. It is expected that two or three groups will present each lecture. Each group will be responsible for examining the risk management statements and practices as reflected in the annual reports of three companies within a selected industry. It is conventional for one student to cover each company two students cover the industry and company risk management background.

Step 1: Economic and Market Analysis

Structure of the Industry: competition and market dynamics

Products being produced: what the products do, technology, substitute products

Firm cost structure and revenue composition

Firm Strategy: what are the firm's stated objectives for future growth

Regulatory Environment

Step 2: Risk Management Environment

What are the major risks faced by firms in the industry?

How can these risks be measured?

What are the available techniques and products for managing this risk?

What are the prospects for risk management to be effective in the industry?

What are the potential hazards for firms in the industry from risk management activities?

Step 3: Analysis of Financial Statements for Each Firm

Under FASB 133 and 138, firms are required to provide information about risk management activities. For each of three firms, the information contained in the annual report will be examined. Information will be provided about the risk management statement and the products that the firm uses for risk management.

Step 4: Making a recommendation about Risk Management

After careful consideration concerning the information in steps 1-3, the group will propose a model risk management program for each of the firms that were examined.