

Enterprise Risk Management at ABB

How ABB Leaders Engineer Success with Enterprise Risk Management

In a rapidly evolving industry, the global technology leader ABB Group (ABB) relies on robust enterprise risk management (ERM) to maintain operational excellence and navigate complex challenges. Drawing on first-hand practical insights from ABB, this article highlights practitioners' ERM challenges and strategies to transform them into opportunities.

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1. Practical Context

In a rapidly evolving industry, the global technology leader ABB Group (ABB) relies on **robust enterprise risk management (ERM) to maintain operational excellence and navigate complex challenges** (ABB, 2025). ABB has always strongly advocated for an advanced ERM framework and has invested in specialized expertise to enhance its risk management capabilities. Rather than directly adopting a **standardized ERM framework like ISO-31000 or COSO**, ABB's leadership chose to modify and adapt these frameworks to reflect their organization's distinct needs and characteristics (COSO, 2020; ISO, 2018). However, by 2023, it became clear that further progress was needed. The core issue was not a technical deficiency but processual improvement opportunities. These opportunities were related to driving consistency in identifying and assessing risks, ensuring that all levels of the organization played an active role in the ERM process, and developing a **closer link between risk management and the execution of business strategy**. ABB's leadership team, from senior executives to team managers, has been crucial in driving and inspiring risk management initiatives. Their active engagement and support have been vital in fostering a culture of proactive risk mitigation within the organization, which instills confidence in the company's direction and sets ABB apart in the industry (ABB, 2024).

In response to the identified opportunities to improve its ERM process, **ABB revamped its internal ERM framework** in close collaboration with its di-

verse leadership team. This inclusive and collaborative initiative provided valuable insights into how leaders can effectively manage risks, **offering lessons for other organizations striving to enhance their ERM practices**. ABB's updated ERM framework was informed by six internal challenges and strategies to transform them into opportunities. **Fig. 1** highlights these challenges, along with strategies to transform them into opportunities.

In this article, we look behind the scenes of ABB's ERM process revamp and derive lessons learnt for other practitioners in the field. We start with a discussion of ABB's approach to enabling people to identify risks and employ a risk mindset. Next, we elaborate on ABB's risk assessment parameters, with a deep-dive into how they assess the impact of an enterprise risk, likelihood of occurrence, and velocity of the potential adverse effects. We then explain ABB's risk response strategy and present their approach to ERM roundtables and reporting. Lastly, we close with a look ahead on ABB's ERM journey and conclude with final practical recommendations.

2. Enabling People to Identify Risks

Every division, business area, and corporate function of ABB is required to **identify, assess, and report its top enterprise risks** as part of the annual ERM process. This process is structured through a network of named ERM participants responsible for coordinating and delivering the ERM process for their respective areas. The network, consisting of approximately 150 participants globally, ensures



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