



The 4A Risk Culture OD Playbook

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About Me



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If you do not actively attack risks, they will actively attack you.

Tom Gilb, Gilb International

Some Stats to Ponder



41% of organizations have faced three or more critical risk events recently



30% of employees at financial firms worried about conduct breaches



70% of change efforts failed due to cultural factors



Companies without integrity-focused cultures 10x more likely to commit unethical acts

The #1 Risk Factor in Organizations



Risk Incidents Caused by Cultural Failures



2014

- Falsified appointment wait-time data
- Led to delays in care
- > 40 deaths linked to delays
- Pressure to meet wait-time metrics
- **\$ Impact: Billions**
- **VA Reform, SOD resignation, new legislation, reputational rebuilding**



2018-2019

- Two crashes due to a flawed MCAS system
- Inadequate pilot training
- Root cause linked to a culture of concealment
- **\$ Impact: \$20 Billion**
- **Planes recertified and reintroduced in 2020, reputational rebuilding**

WELLS
FARGO

2016

- Employees created millions of fake accounts to meet sales quotas
- Driven by cultural pressure and weak accountability
- **\$ Impact: \$3 Billion**
- **Ongoing regulatory oversight, organizational restructure, increased accountability**

Demystifying Organizational Development (OD)

- **Planned, systematic approach** to improving an organization's effectiveness, health, and capacity for change.
- **Core functions:**





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Risk Management safeguards systems and compliance. OD builds the human capacity and capability to sustain and strengthen them.

Vic Clesceri, The Management Sherpa

The 4A Risk Culture OD Playbook

The **4A Playbook** (Accountability, Awareness, Action, Adaptability) is designed to:

- **Strengthen organizational risk culture** by integrating *Organizational Development (OD)* principles into risk management.
- Provide a **structured framework** to identify cultural gaps that drive risk exposure.
- Translate **abstract cultural issues** into **concrete actions** organizations can measure and improve.
- Ensure that risk is not only managed through **systems and compliance** but also through **people, behaviors, and culture**.



The 4As of the 4A Risk Culture



- **Accountability:** Owning decisions and consequences
- **Awareness:** Detecting risks early
- **Action:** Timely response and follow-through
- **Adaptability:** Learning and evolving from events

How does this differ than other risk playbooks?

Most risk playbooks focus on Detect → Assess → Respond → Learn

There is no deliberate accountability or adaptability

A Culture of Accountability & Psychological Safety

High Accountability

ANXIETY ZONE

- Strong performance pressure but little trust.
- Fear of failure dominates, leading to burnout and risk-averse behaviors.
- Innovation and learning are stifled because people won't speak up.
- Typical behaviors: over-control, blame-shifting, perfectionism, fear-driven work.

LEARNING AND PERFORMANCE ZONE

- High-performing, resilient organizations.
- People feel safe to raise concerns, admit mistakes, and innovate.
- Clear RACI ownership drives results without fear.
- Typical behaviors: constructive debate, continuous improvement, strong collaboration with accountability.

Low Accountability

AVOIDANCE ZONE

- People stay silent, fearing blame or punishment.
- Responsibilities are unclear; no one owns outcomes.
- Mistakes are hidden, risks are ignored, performance suffers.
- Typical behaviors: passive compliance, disengagement, "checking the box."

COMFORT ZONE

- Friendly and supportive environment, but with low performance pressure.
- Team members feel safe but lack urgency, discipline, or follow-through.
- High morale without results; mediocrity tolerated.
- Typical behaviors: harmony-seeking, over-collaboration, "nice but not effective."

Low Psychological Safety

High Psychological Safety

Illustrative 4A RACI for Public Sector

| 4A Principle | Activity | Agency Head | Dept. Managers | Risk Officer | Team Members | Oversight Bodies | Citizens |
|----------------|-------------------------------------------------|-------------|----------------|--------------|--------------|------------------|----------|
| Accountability | Define clear roles for risk ownership | A | R | C | I | C | I |
| Accountability | Integrate risk metrics into performance reviews | A | R | C | I | I | I |
| Accountability | Model accountability behaviors | A | R | C | I | I | I |
| Awareness | Conduct risk awareness training | C | R | A | R | I | I |
| Awareness | Establish anonymous reporting channels | A | R | C | I | C | I |
| Awareness | Share risk dashboards transparently | A | C | R | I | C | I |
| Action | Approve emergency response protocols | A | C | R | I | I | I |
| Action | Conduct crisis simulations | C | R | A | R | I | I |
| Action | Escalate risks in real time | I | R | A | R | I | I |
| Adaptability | Conduct After Action Reviews (AARs) | C | R | A | R | I | I |
| Adaptability | Update policies and SOPs from lessons learned | A | R | C | I | C | I |
| Adaptability | Communicate changes to stakeholders | A | C | R | I | I | I |

Behavioral Expectations of a 4A Risk Culture

| 4A Step | Self-Leadership | People Leadership | Thought Leadership | Results Leadership |
|-----------------------|------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Accountability | Integrity, personal responsibility | Builds trust with clear expectations | Defines accountability norms | Cascades accountability into metrics |
| Awareness | Emotional intelligence, reflection | Creates psychological safety | Scans & interprets risks | Ensures systems → decisions |
| Action | Decisiveness, courage | Empowers frontline | Anticipates & designs playbooks | Measures timeliness & impact |
| Adaptability | Growth mindset, humility | Encourages learning & innovation | Embeds lessons into strategy | Converts lessons into outcomes |

Definition in 4A: Learning from failures, embedding continuous improvement, and building resilience.

- **Self-Leadership:** Growth mindset, humility, and resilience in the face of change or failure.
- **Thought Leadership:** Translates patterns and lessons into new strategies, policies, and innovations.
- **People Leadership:** Promotes experimentation and celebrates learning as progress, not failure.
- **Results Leadership:** Converts lessons learned into concrete outcomes (policy changes, reduced repeat incidents).

Case Study: Houston, TX City Government Reform

- **Background:** 2017 Hurricane Harvey revealed gaps in disaster readiness and interdepartmental coordination
- **OD Intervention:** Mayor's Office initiated a cross-agency "Rick Culture Task Force" built on the 4 As
 - **Accountability:** Department heads had clearly assigned risk readiness KPIs
 - **Awareness:** Created a real-time risk dashboard accessible citywide.
 - **Action:** Instituted "first 72" hours protocols for emergencies.
 - **Adaptability:** After each incident, they conducted After Action Reviews (AARs) with clear ownership of improvements.

Case Study: Houston, TX City Government Reform

■ Outcomes:

- 40% reduction in emergency response time in follow-up flooding events.
- 25% faster interagency decision-making during crisis.

| Outcomes | Description | 4A Connection |
|-------------------------------|---------------------------------------------------|-------------------------------|
| 1. 500-Year Standard | Raised regulatory standards for flood risk | Accountability & Adaptability |
| 2. \$2.5B Flood Bond | Funded over 100 watershed projects | Accountability & Action |
| 3. NOAA-Based Mapping | Modernized flood mapping with new rain data | Awareness & Adaptability |
| 4. Harvey Data Project | Data-driven community vulnerability insights | Awareness & Accountability |
| 5. Inwood Basin | Construction of a major flood mitigation facility | Action & Adaptability |

Risk Culture Indicators (RCIs)

| 4A Step | Leading (Predictive) | Lagging (Outcomes) |
|-----------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Accountability | <ul style="list-style-type: none"> • % of leaders with risk-related objectives included in performance goals. • Frequency of role-clarification and decision-rights discussions in leadership meetings. • #of employees trained in accountability and ethical decision-making. | <ul style="list-style-type: none"> • % of risk events traced back to unclear accountability. • Number of escalations due to accountability disputes. • Turnover rates in high-risk functions due to perceived lack of responsibility. |
| Awareness | <ul style="list-style-type: none"> • % of employees trained in risk awareness (e.g., cyber hygiene, compliance). • Frequency of cross-functional risk information-sharing sessions. • Volume of risk issues raised through reporting channels (indicating openness). | <ul style="list-style-type: none"> • % of risk incidents where early warning signals existed but were ignored. • # of repeat incidents tied to lack of awareness. • Audit findings citing “information not escalated.” |
| Action | <ul style="list-style-type: none"> • Average time from risk identification → escalation → decision. • % of employees empowered with pre-delegated authority for risk response. • Frequency of simulation/drill exercises completed annually. • % of resources pre-allocated to emergency or contingency funds. | <ul style="list-style-type: none"> • Average delay in crisis response vs. target. • Cost of incidents where delayed action worsened outcomes. • Regulatory penalties due to slow or inadequate responses. |
| Adaptability | <ul style="list-style-type: none"> • % of risk events followed by After Action Reviews (AARs). • % of process/policy updates directly linked to lessons learned. • # of change-readiness assessments conducted annually. • Employee survey score on “We adapt quickly when risks emerge.” | <ul style="list-style-type: none"> • Frequency of repeat incidents of the same risk type. • % of external regulator findings repeated year-over-year. • Average time between identification of systemic risk → implemented fix. |

Source: The Management Sherpa



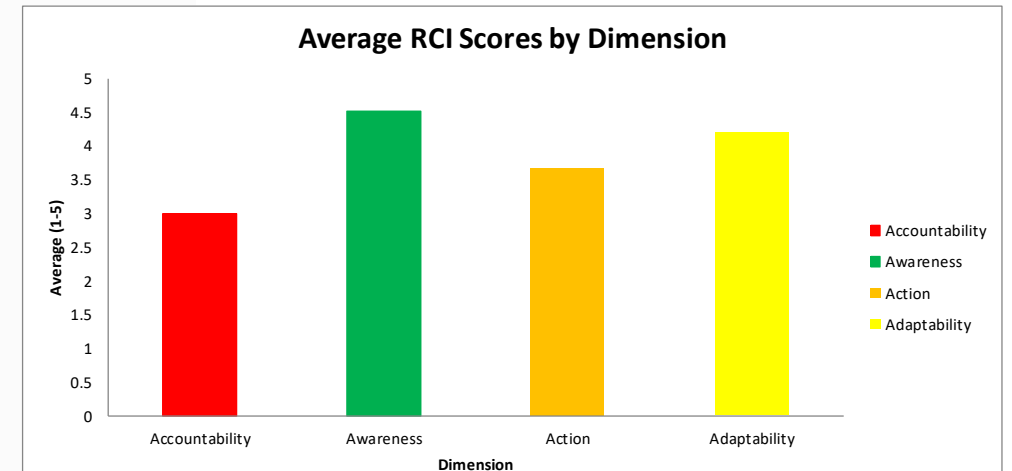
The 4A Risk Culture Assessment



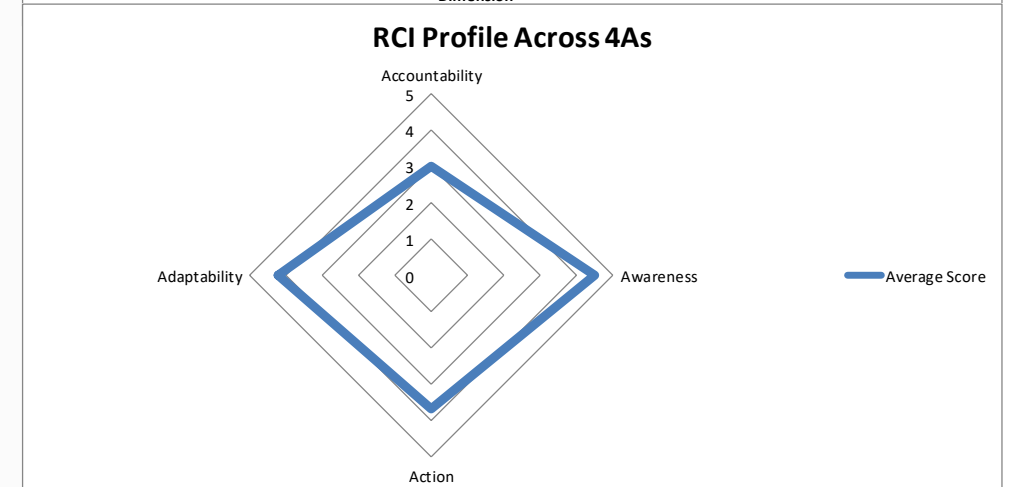
- Organizational self-assessment
- 40 statements
- 5-point Likert scale from Strongly Disagree to Strongly Agree
- Measures an organization's readiness for change management in creating a "risk-ready" culture
- Four outcomes:
 - < 3 = Needs Attention / High Risk
 - 3 to < 3.75 = Developing / Moderate Risk
 - 3.75 to < 4.5 = Almost there / Slight Risk
 - ≥ 4.5 = Strong / Resilient

Illustrative 4A Risk Culture RCI Scorecard

| Dimension | Indicator | Score (1-5) | Traffic Light |
|----------------|------------------------------------------------------|-------------|-----------------|
| Accountability | Leaders with risk goals in performance plans (%) | 2.96 | Needs Attention |
| Accountability | Frequency of role-clarity sessions | 2.99 | Needs Attention |
| Accountability | % of risk events traced to unclear ownership | 3.13 | Developing |
| Accountability | Number of escalations from accountability disputes | 2.87 | Needs Attention |
| Awareness | % employees trained in risk awareness | 4.50 | Strong |
| Awareness | Volume of issues raised via reporting channels | 4.51 | Strong |
| Awareness | % incidents with ignored early signals | 4.67 | Strong |
| Awareness | Audit findings citing lack of escalation | 4.33 | Almost There |
| Action | Average hours from risk identification to escalation | 4.55 | Strong |
| Action | Frequency of simulation/drill exercises per year | 3.04 | Developing |
| Action | Average delay in crisis response vs. target | 3.43 | Developing |
| Action | Regulatory penalties due to slow responses | 3.66 | Developing |
| Adaptability | % of events followed by After Action Reviews | 4.13 | Almost There |
| Adaptability | % of updated policies linked to lessons learned | 4.07 | Almost There |
| Adaptability | Repeat incidents of the same type (%) | 4.44 | Almost There |
| Adaptability | Time from systemic risk ID to fix (days) | 4.17 | Almost There |



| Dimension | Average Score | Range | Traffic Light |
|----------------|---------------|-------|-----------------|
| Accountability | 2.9875 | 0.26 | Needs Attention |
| Awareness | 4.5025 | 0.34 | Strong |
| Action | 3.67 | 1.51 | Developing |
| Adaptability | 4.2025 | 0.37 | Almost There |



| Incident | Description | Loss Value | Status |
|-------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------|---------------------------------------------------------------------------------------------------|
| Boeing 737 MAX Crashes (2018–2019) | Two crashes (Lion Air & Ethiopian Airlines) due to flawed MCAS system and inadequate pilot training. Root cause linked to a culture of concealment and prioritizing speed-to-market over safety. | \$20 B | Planes recertified and reintroduced to service in 2020; ongoing reputational rebuilding efforts. |
| Equifax Data Breach (2017) | Cyber breach exposing personal data of 147 million people. Cause: failure to patch known vulnerability, compounded by poor internal awareness and accountability. | \$1.38 B | Settlements reached; company still under regulatory scrutiny for cybersecurity resilience. |
| Veterans Affairs Wait-Time Scandal (2014) | VA hospitals falsified appointment wait-time data, leading to delays in care for veterans. At least 40 deaths linked to delayed treatment. Cultural issue: pressure to meet metrics led to concealment. | Unknown but in Billions | Secretary resigned, reforms enacted (Veterans Access, Choice, and Accountability Act). |
| Wells Fargo Fake Accounts Scandal (2016) | Employees created millions of unauthorized accounts to meet sales quotas, driven by cultural pressure and weak accountability. Customers were charged fees without consent. | \$3 B | Ongoing regulatory oversight; leadership shakeups and restructuring of risk management practices. |

In Closing

- So, let's bring this together.
- Risks will always be with us. But **risk culture** determines whether we're constantly in crisis, or consistently resilient.
- The **4A Risk Culture OD Playbook** isn't about adding more bureaucracy. It's about embedding accountability, awareness, action, and adaptability into the DNA of your organization.
- I want to leave you with this:
Culture is not a soft side issue. It's the hardest edge of risk management. If you want to safeguard your systems, your reputation, and your future, you must start with culture.

