

Non-Financial Risk

Strategy – a roadmap to a possible future

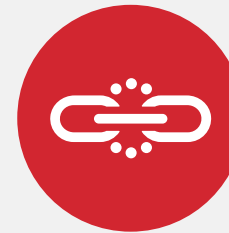
Strategy can be thought of as a roadmap to one of many possible futures that the board and executives of an organisation have developed to guide the development and growth of the business.

When an organisation develops its strategy, it will typically use a structured process to consider a number of strategic dimensions that could impact its future, e.g. the market it operates within, customer behaviour, competitors (both existing and future), suppliers and employees.



IDENTIFY AND UNDERSTAND

1. Help to identify and understand the reasoning behind key assumptions used to develop your organisations strategy against each strategic dimension: markets, customers, competitors, products, inputs and staff.
2. Work with people from across the organisation to identify key attributes, assumptions, pressure points and interdependencies between strategic dimensions for each dimension.
3. Identify key risks in each dimension, their root cause and interdependencies with other key risks.



STRESS TESTING

1. Assist management and the board to explore the impact that changes in assumptions and non-financial strategic risks may have on plans, financial objectives and forecasts.
2. Help management and the board understand flow-on effects which result if interdependencies are triggered by assumptions and risks in point 1 above.
3. Validate levels of proposed risk accepted in your strategic plan against your organisations risk appetite.



MODEL

1. Assist stakeholders to understand the financial impact of new ideas and integrate them into revised budgets and forecasts.
2. Assist with the development of key risk indicators which will help management to understand if key underlying assumptions and associated risks are moving outside of expected ranges, or starting to materialise, and integrate them into your management reports.



MONITORING

1. Integrate strategic risk dashboards into management and board reporting.
2. Review strategic risk dashboards on a regular basis.
3. Assist with the development of action plans or strategies to reduce the level of risk to acceptable levels (risk appetite).

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