

## Workshop 1: Establishing a Strong Strategic Foundation for Risk Management



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**Wednesday, June 11, 2025 | 1:00 p.m. – 3:30 p.m. EDT**

# 2-Part Workshop | Outline

**WORKSHOP 1**  
**June 11**

**Using a Strategic Lens to Identify Risks to Your Organization's  
“Crown Jewels” and Key Strategic Initiatives**

**WORKSHOP 2**  
**June 18**

**Developing Strategic Responses to Manage Top Risks**

# Learning Objectives – Workshop 1

1. Understand the **connection between risk and strategy**, and outline how approaches to using a strategic lens to pinpoint risks leads to valuable decision-making insights.
2. Emphasize the value of starting from a strategic lens to pinpoint **internally and externally emerging risks**.
3. Discuss different ways to **engage leaders in risk dialogue** conversations.
4. Obtain access to **tools and techniques** that can be used in already existing **strategic planning** or **budgeting** activities to proactively pinpoint risks that might impact future strategic initiatives.

# Continuing Education Credits (CPEs)

- Total CPEs available for completion of both sessions is **5.4**
- Participant may earn up to the maximum CPEs below for full participation in each session:
  - **Workshop 1:** 2.7 CPEs maximum
  - **Workshop 2:** 2.7 CPEs maximum

# CPE Credit Requirements

- Poll submissions and Zoom attendance record are used to verify participation throughout the session.
- **Participants seeking CPE credits must:**
  - Participate fully in the learning activities and submit ALL polls throughout the course.
    - **If you miss a poll**, send a Chat message as soon as possible. The time stamp on your Chat can be used to verify your participation.
  - Log in to each session with first name, last name and email by the scheduled start time.
  - Request a certificate via the final evaluation poll or email.
- **If you plan to petition your state board of accountancy for CPE credits, please submit ALL polls, including the final evaluation.**
- For more information on CPE credits, **contact Lindsay Wells at [consult.lwells@gmail.com](mailto:consult.lwells@gmail.com).**  
**\*\* Certificates will be issued after completion of the full course.** For an interim certificate showing CPEs earned to date, please contact Lindsay.

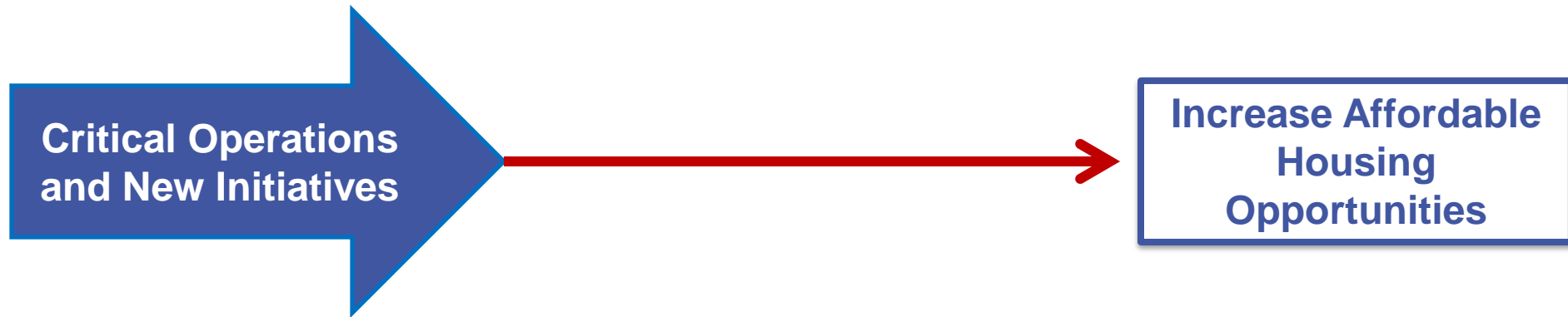
# Polling Question #1

**Size of Organizations Represented  
Annual Gross Revenues**

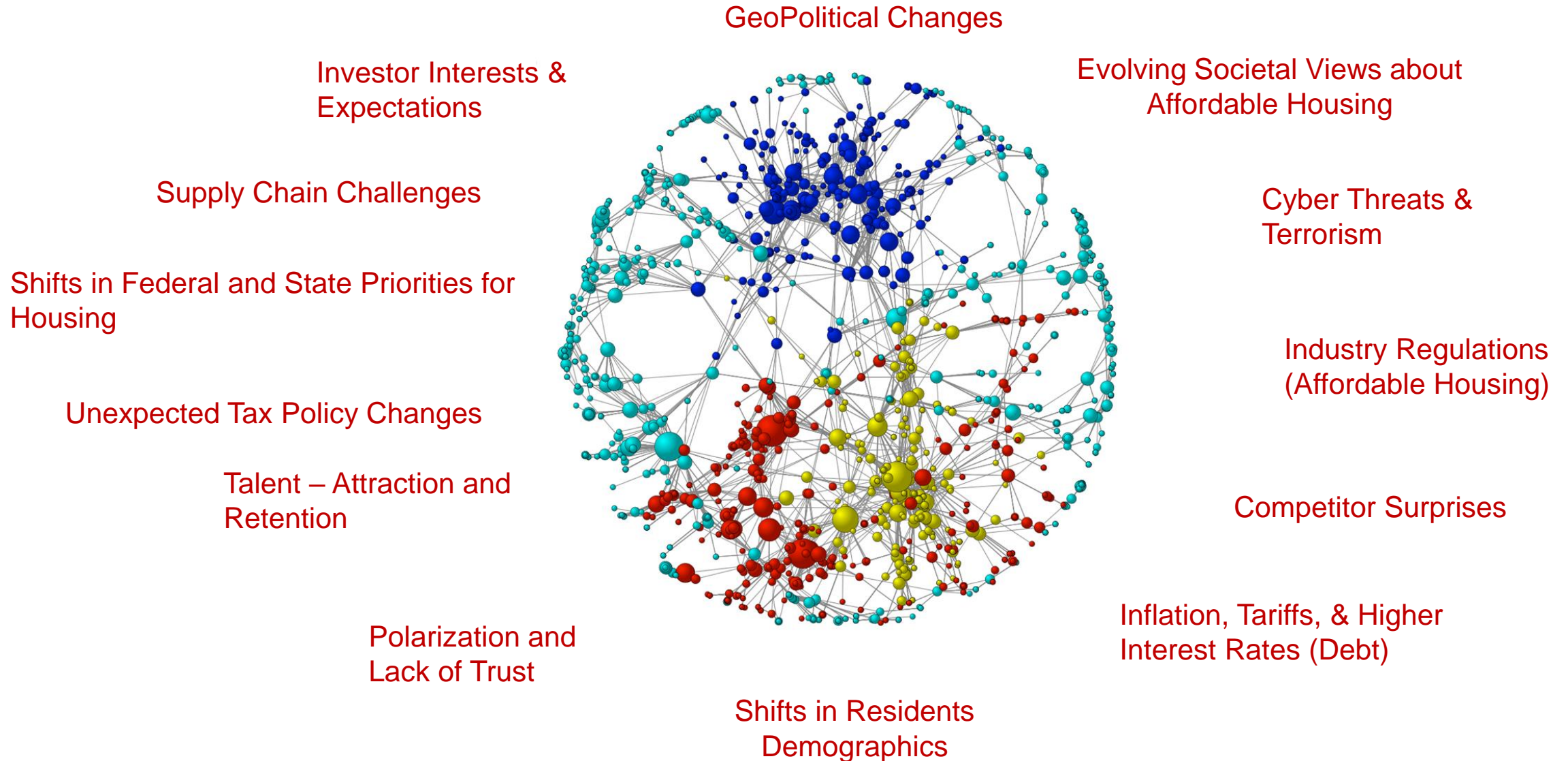
# Polling Question #2

Number of household units  
owned/managed

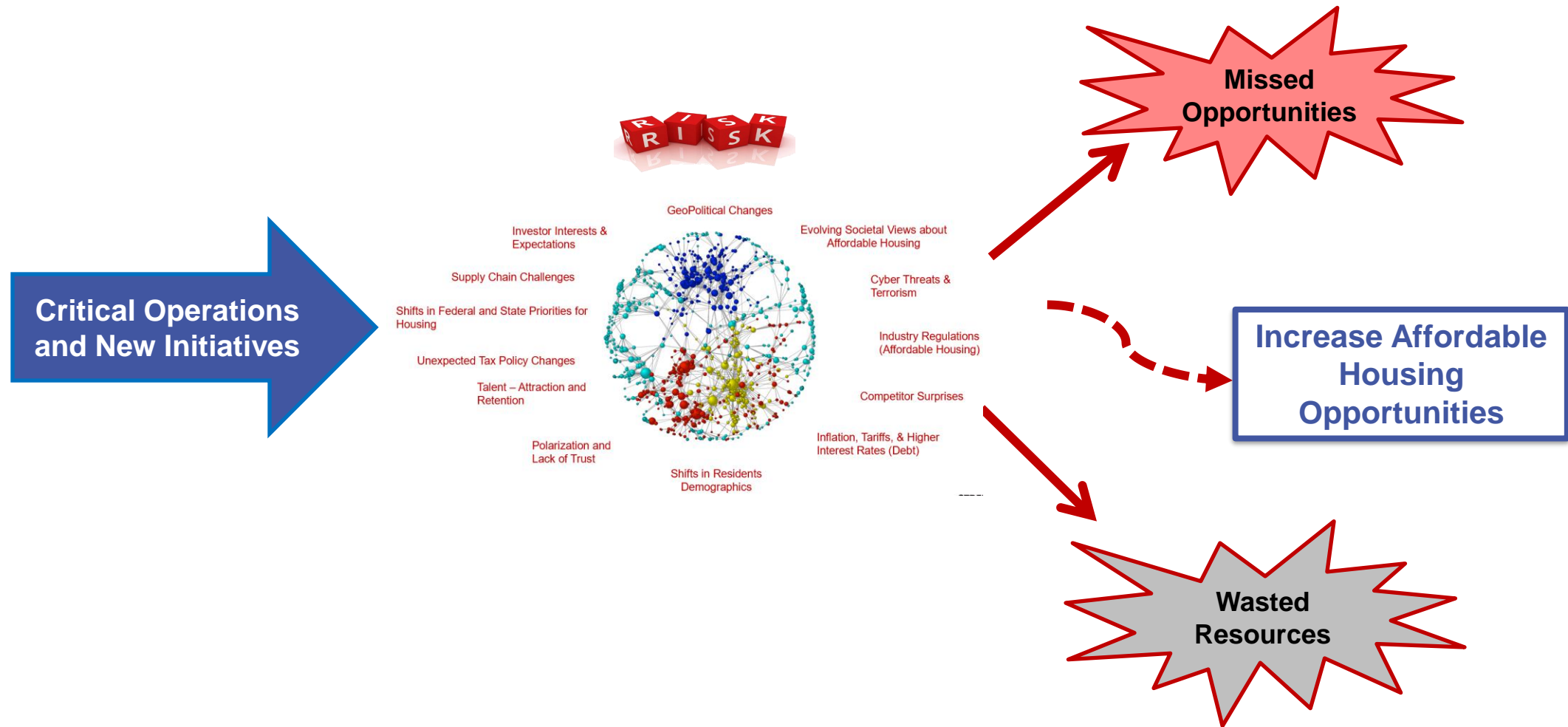
# Management Works Hard Every Day



# Reality - World of Growing Uncertainty



# Uncertainties Trigger Risks that Derail Objectives



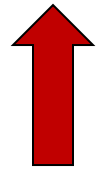
# Let's Chat

*What uncertainties worry you the most?*

# Polling Question #3

## Volume and Complexity of Risks

# Risk & Return



*Are there differences in attention given to each side?*

# Reflect for a Moment...

*What does “risk management” look like in your organization?*

# Discuss Survey Results

# Ponder This...

***What kinds of risks dominate your management team's discussions?***

# Polling Question #4

## Focus of Risk Attention

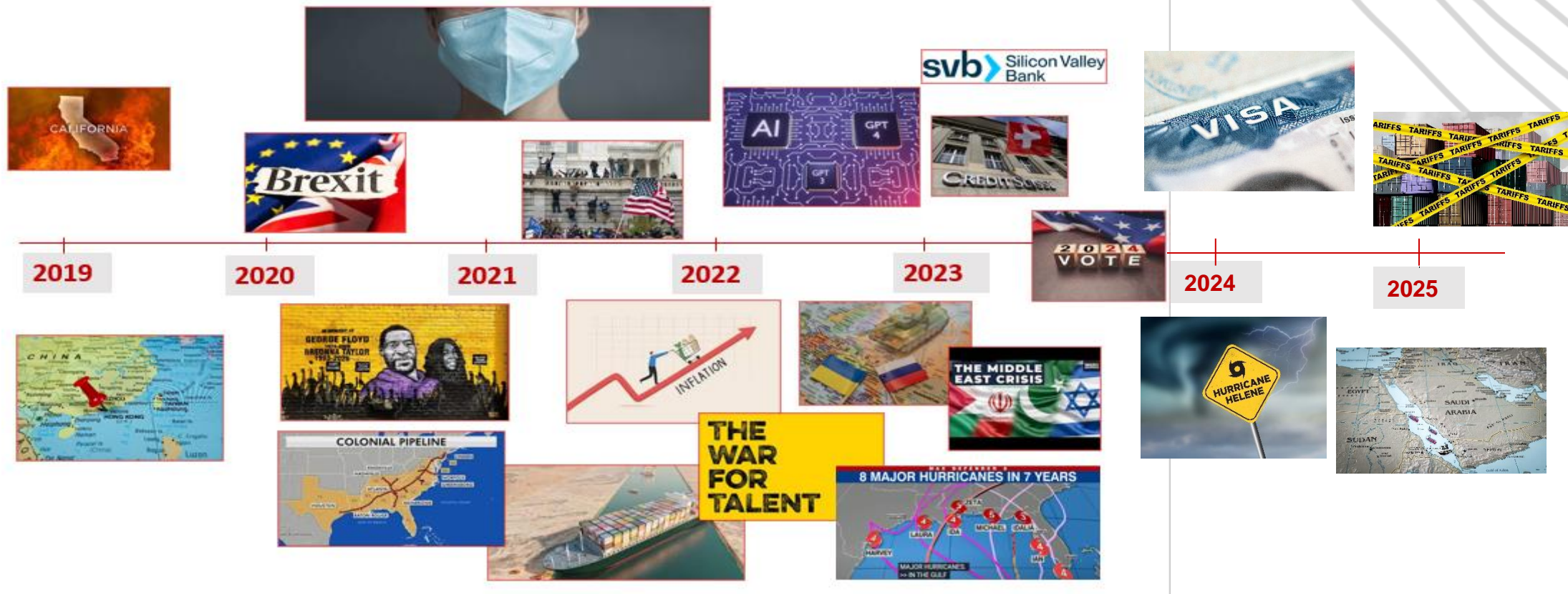
Strategic Risk Management Should Help Move...

**Unknown, but Knowable Risks**



to a **Known State**

# Major Crises are the “New Normal”



We have a choice...

Option A		Option B	
Fear the Unknown	vs	Confidence in Readiness	
Panic	vs	Preparedness	
Emotional Reactions	vs	Sound Decisions	

# There is Value in Building Readiness

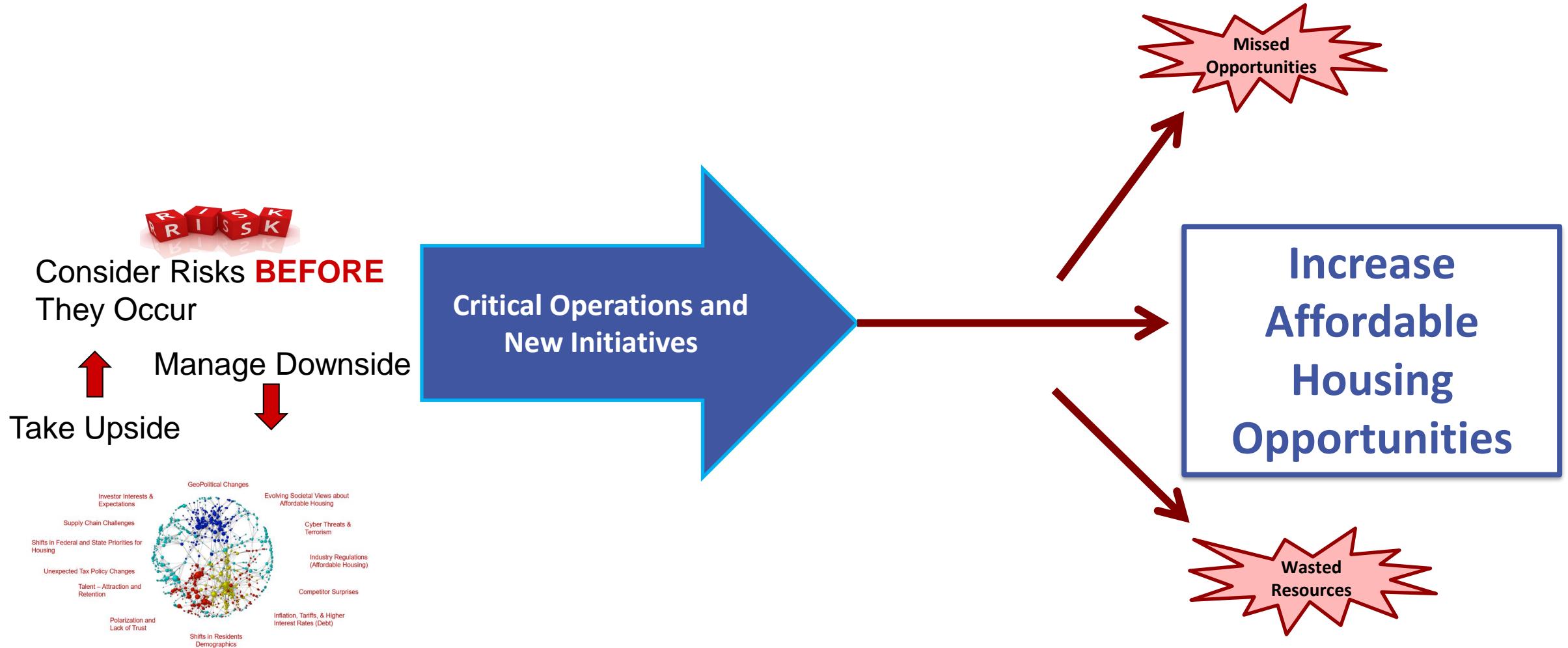
- Proactive risk management is better than reactive
- Develop a playbook in advance
- Scenario planning does have value – even if you predict a different scenario
- Train talent to navigate crisis
- Helps see risk opportunities



# Polling Question #5

## Risk Culture

# Goal – Identify Emerging Risks **BEFORE** They Happen



# Let's Discuss...

*What kinds of external factors might impact affordable housing?*

# Tools to Tease Out Emerging Risks and Engage Leaders in Risk Dialogue Conversations

# PESTLE Analysis – External Environment

<u>Angle</u>	<u>Description</u>
<b>Political</b>	How government affects economy, industry, your entity
<b>Economic</b>	How economic conditions impact overall economy, industry, and your entity
<b>Social</b>	How cultural trends, demographics, population shifts, preferences affect overall economy, industry, your entity
<b>Technology</b>	How innovations in technology may affect the operations of the economy, industry and your entity
<b>Legal</b>	How laws affect doing business in a particular country, industry, and/or your entity
<b>Environmental</b>	How conditions related to climate, weather, geographical location, affect overall economy, industry, and your entity

# PESTLE Tool

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## ERM Tool Using PESTLE Analysis to Identify Potential External Risks

### BRIEF DESCRIPTION OF TOOL

While risks can emerge internally from within the operations of the organization, some of the most significant risks are triggered by events external to the organization. Often it's the external risks that are least managed, given the root causes of those risks are outside the organization's control.

One tool that can be helpful in fostering robust conversations about emerging risks is a PESTLE Analysis, which provides a framework for considering risks that may be triggered by political, economic, social, technological, legal, and environmental factors.

### HOW TO USE

This template can serve as a discussion guide in a risk workshop with an organization's key leaders. It might help to share the template with leaders in advance of the meeting to have them think in advance about issues that might be relevant for discussion.

PESTLE Analysis Template	
COMPONENT	RELEVANT ISSUES AND AFFECTS
<b>POLITICAL FACTORS</b> <i>Elections/change of government leadership, geopolitical forces, potential policy changes, rule of law, etc.</i>	
<b>ECONOMIC FACTORS</b> <i>Economic growth or stagnation, interest rates, exchange rates, inflation, unemployment, etc.</i>	
<b>SOCIAL FACTORS</b> <i>Population and demographic changes, health conditions, level of education, social mobility, social attitudes, religious beliefs, socio-cultural changes, etc.</i>	
<b>TECHNOLOGICAL FACTORS</b> <i>Changes in the availability or price of new technologies, technological infrastructure, potential changes in technological standards, etc.</i>	
<b>LEGAL FACTORS</b> <i>Labor laws, relevant court cases, employment regulations, etc.</i>	
<b>ENVIRONMENTAL FACTORS</b> <i>Climate, weather, energy consumption regulations, etc.</i>	

# Breakout Room Discussion

## Understanding the External Environment

# Breakout Discussion on External Risks Affecting Developers

PESTLE Analysis Template	
COMPONENT	RELEVANT ISSUES AND AFFECTS
<b>POLITICAL FACTORS</b> <i>Elections/change of government leadership, geopolitical forces, potential policy changes, rule of law, etc.</i>	
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Take a  
Break!

# Polling Question #6

## Structured Approach to External Risks

# Tools to Identify Emerging Risks

- **PESTLE** Analysis – an external focus – threats and/or opportunities
- **SWOT** Analysis – both internal and external views
- **Pre-Mortem exercise**
- A focus on **key assumptions** in a strategy
- **Blind spots** – what might we be overlooking?



# SWOT Analysis

## Your business' (internal to entity)

- Strengths
- Weaknesses

## The marketplace (external to entity)

- Opportunities
- Threats

### **Strengths**

*What do we do well?  
What internal resources do we have?  
What advantages do we have over competitors?*

### **Weaknesses**

*What factors in your control detract from your ability to obtain competitive edge?  
What areas need improvement?  
What does your entity lack?*

### **Opportunities**

*What opportunities exist in marketplace that you can benefit from?  
How has growth in market been recently?  
Forecasted?  
Is opportunity sustainable or one-time?*

### **Threats**

*Who are your competitors?  
What factors exist that are beyond your control?  
Any anticipated unfavorable trends?  
What might threaten your marketing efforts?  
How might consumer behavior shift?*

# SWOT Analysis for the Affordable Housing Industry

## Strengths

*What does the Industry do well?*

*How are we exceeding expectations*

## Weaknesses

*How is our industry not meeting market needs and expectations?*

## Opportunities

*What opportunities exist in marketplace for developers of Affordable Housing*

*What are the possibilities for our industry as a whole?*

## Threats

*What factors might threaten our industry's future?*

# SWOT Tool

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## ERM Tool Using SWOT Analysis to Identify Potential Risks

### BRIEF DESCRIPTION OF TOOL

One tool that can be helpful in fostering robust conversations about emerging risks is a SWOT Analysis, which provides a framework for considering both risk threats and risk opportunities linked to an organization's strengths, weaknesses, opportunities and threats.

Considering "Strengths" and "Weaknesses" often help leaders think about internal risks to the business, given they focus on what the organization does well and where there are potential vulnerabilities.

Considering "Opportunities" and "Threats" often helps leaders think about risks external to the business, given they focus on conditions in the overall business environment that might create strategic advantages or disadvantages for the organization.

### HOW TO USE

This template can serve as a discussion guide in a risk workshop with an organization's key leaders. It might help to share the template with leaders in advance of the meeting to have them think in advance about issues that might be relevant for discussion.

SWOT Analysis Template	
STRENGTHS	WEAKNESSES
<p><i>What do we do well?</i></p> <p><i>What internal resources do we have?</i></p> <p><i>What advantages do we have over similar organizations?</i></p>	<p><i>What factors in our control detract from our ability to be more effective?</i></p> <p><i>What areas need improvement?</i></p> <p><i>What does our organization lack?</i></p>
OPPORTUNITIES	THREATS
<p><i>What opportunities exist in our area of expertise that we can benefit from?</i></p> <p><i>Is the opportunity sustainable or one-time?</i></p>	<p><i>What might threaten our effectiveness?</i></p> <p><i>What factors exist that are beyond our control?</i></p> <p><i>Are there any anticipated unfavorable trends?</i></p>

# Conduct a “Pre-Mortem” Analysis

Instead of asking “what *could* go wrong?”

Ask “what *went* wrong?”

## THE WALL STREET JOURNAL.

June 11, 2029

*New York* – Just four years ago, Raleigh Housing Unlimited LLC’s business was at all time highs with no end in sight.

What a difference four years can make, with the LLC barely surviving.....

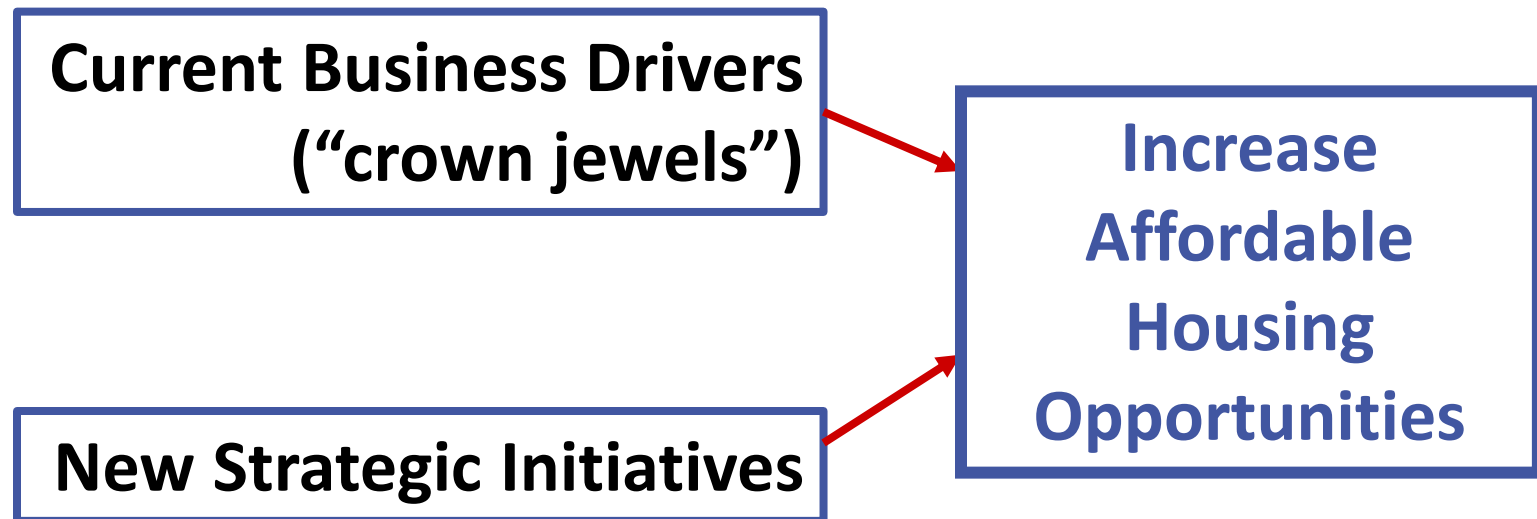
***Identify 3 of the most like causes for this headline.***

# Risk Management Should Inform Strategy

# Ponder This...

*How confident are you that your leadership team can consistently articulate core strategies?*

# Understand Existing Drivers + New Initiatives



# Let's Look at an Example - University

Mission Critical Deliverables  
("crown jewels")



Advancing Initiatives  
("tactics")

Flagship Public University in State

Top-notch Research

Innovative Partnerships with Federal and State

ACC Conference

+ others

Expand STEM-based Research & Education

Increase Access for Under-represented Students

Focus on STEM Research Agendas

Deploy Resources to Address Pressing Issues in State and World

**Enhance Mission and Reputation**

# ERM Tool – Core Strategic Drivers

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## ERM Tool

### Understanding the Organization's Core Strategic Drivers

**BRIEF DESCRIPTION OF TOOL**

An effective ERM program should be one that provides significant value by highlighting risks that might emerge and impact what drives strategic success for the enterprise. However, to anticipate risks that might be strategically important to the organization, business leaders need to have a clear and consistent understanding of what is strategically most important to the organization's success.

That requires a high-level understanding of what currently drives strategic value for the enterprise today and what future initiatives and tactics are in the strategic plan that the organization will be working on to enhance strategic value in the future. This tool is designed to help business leaders pinpoint its most important strategic activities.

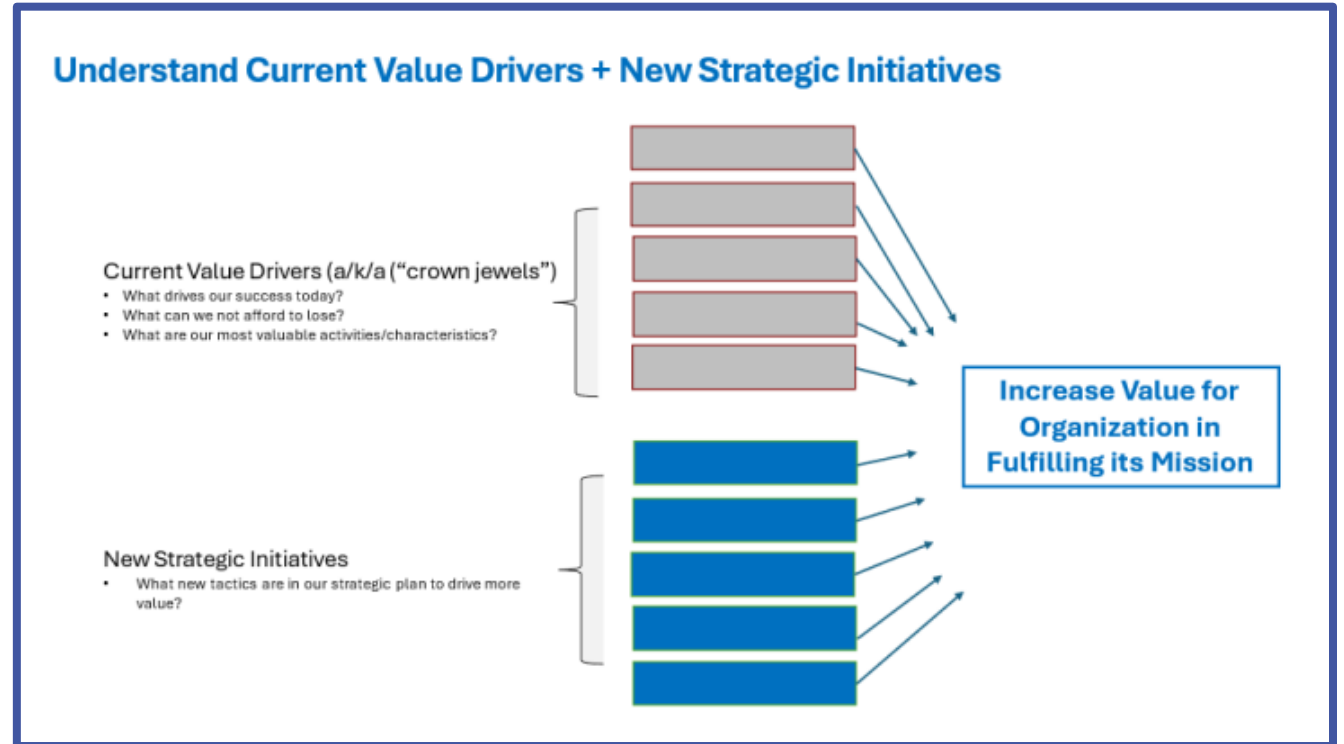
**HOW TO USE**

As illustrated in the diagram below, "Current Value Drivers" represent those activities, attributes, assets, capabilities, etc. that are incredibly valuable in explaining the success of the organization to date. "New Strategic Initiatives" represent those ideas, tactics, activities that the organization is working on to grow future value for the organization. Often these can be found in the organization's strategic plan, budget, or other business planning documents.

This tool can be used to ask business leaders to individually identify what they see as the organization's top 5 current value drivers and the top 5 new strategic initiatives. Then, those leaders could discuss what they have identified and reach a consensus about which are most strategically important to organization's value preservation and creation.

Once there is clarity about what is strategically most important, business leaders can use that understanding to begin pinpointing risks that might threaten those strategic values.

The diagram shows two columns of boxes on the left. The top column, 'Current Value Drivers (a/k/a "crown jewels")', contains four boxes: 'Unique products', 'High touch service', 'Sophisticated supply chain', and 'Expand'. The bottom column, 'New Strategic Initiatives', contains three boxes: 'Pursue acquisitions', 'Invest in more online services', and 'Expand'. Arrows from all seven boxes point to a central box on the right labeled 'Increase Value for Key Stakeholders'.



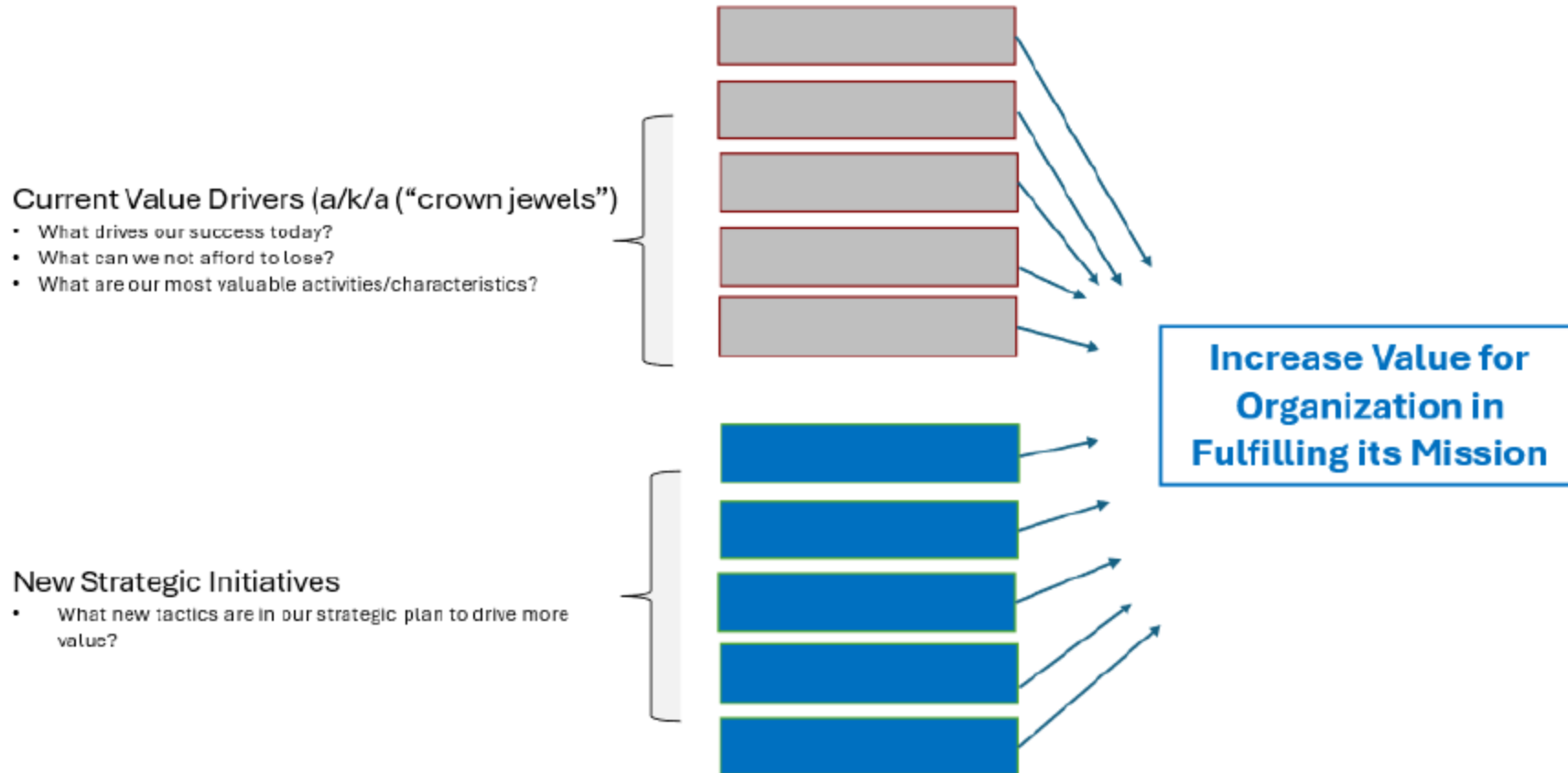
# Polling Question #7

**Strategic clarity**

# Breakout Room Discussion

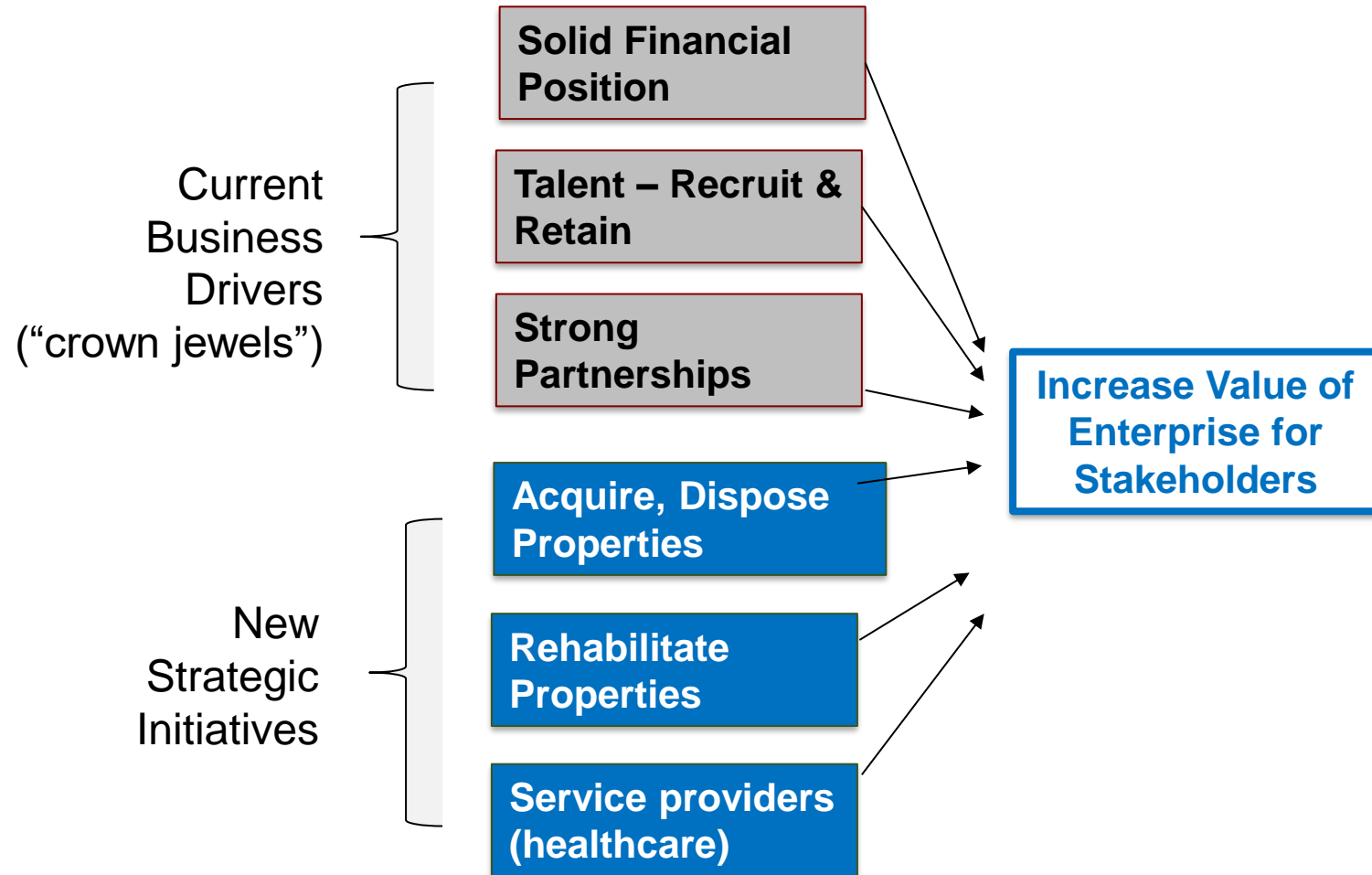
**Brainstorm About Common Value  
Drivers and Strategic Initiatives**

# Understand Current Value Drivers + New Strategic Initiatives



## Brainstorm About Common Value Drivers and Strategic Initiatives

# Understand Existing Drivers + New Initiatives



# Polling Question #8

**Strategic value**

# Embed Risk Considerations in Strategic Planning and/or Budget Process

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## ERM Tool

### Embedding Risk Considerations in Strategic Planning and Budgeting

**BRIEF DESCRIPTION OF TOOL**

Most executives understand the relationship of risk & return: In order to generate higher returns, we may need to be willing to take greater risks. Despite appreciating the connections of risk and return, organizations often struggle to explicitly integrate risk considerations in strategic planning or budgeting processes. While discussions of potential new strategic initiatives or budget requests might lead to discussions of risks, those discussions are often ad hoc and a by-product of other discussions.

There may be benefits of having business leaders articulate risk considerations as part of their development of a business plan or budget request. This tool identifies questions that an organization might embed in its instructions that are provided to business unit leaders as they develop a strategic plan or budget request for their business unit. The questions prompt business leaders to explicitly consider risk dimensions as they develop their strategic plan or budget request.

**HOW TO USE**

These questions could be added to the instructions provided to business unit leaders when they are asked to prepare their unit's business strategic plan or budget request.

Embed risk questions into strategic planning template

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ERM RESOURCE CENTER  
www.erm.ncsu.edu

## Embedding Risk Considerations in Strategic Planning and Budgeting

This tool illustrates how risk considerations might be embedded in a strategic plan or budget development process.

### EMBEDDING RISK CONSIDERATIONS IN STRATEGIC PLANNING

As part of strategic planning efforts, organizations often request business unit leaders to submit a strategic plan for their business unit. One way to integrate risk management into strategic planning is to embed prompts within the business plan development instructions for business unit leaders to explicitly address risks related to their business unit and risks related to their proposed strategic plan.

Consider including questions such as these in your strategic planning instructions provided to business unit leaders:

1. *What top 3 risks does your business unit face in its ability to achieve its strategic objectives over the next three-to-five years?*
2. *How does the business unit's proposed strategic initiatives contained within this business plan address the top risks identified in #1 above?*
3. *What assumptions are business unit leaders having to make about the unit's ability to achieve its strategic objectives over the next three-to-five years?*
  - a. *What is the basis of those assumptions and how do you know they are reasonable?*
  - b. *What risks would our organization face if the assumptions are significantly inaccurate?*
4. *What are the top 3-5 risks that might threaten the strategic success of the proposed strategic initiatives described in this business plan?*
5. *What are the business unit's strategies for managing the risks identified in #4?*
6. *What risks would our organization face if the strategic initiatives proposed in this business plan are wildly successful?*

# Embed Risk Considerations in Strategic Planning and/or Budget Process

Embed risk questions into budgeting template →

## Embedding Risk Considerations in Strategic Planning and Budgeting

This tool illustrates how risk considerations might be embedded in a strategic plan or budget development process.

### EMBEDDING RISK CONSIDERATIONS IN BUDGET REQUESTS

Most organizations request business unit leaders to submit an annual (or bi-annual) budget for their business unit. One way to integrate risk management and budgeting is to embed prompts within the budget development instructions for business unit leaders to explicitly address risks related to their business units and how the budget request impacts those risks.

Consider including questions such as these in your budget development instructions provided to business unit leaders:

1. *What top 3 risks does your business unit face in its ability to achieve its strategic objectives over the next three-to-five years?*
2. *How would the funding requested in the budget, if approved, help the business unit address the top risks identified in #1 above?*
3. *What assumptions are business unit leaders having to make about the unit's ability to achieve its strategic objectives over the next three-to-five years?*
  - a. *What is the basis of those assumptions and how do you know they are reasonable?*
  - b. *What risks would our organization face if the assumptions are significantly inaccurate?*
4. *What are the top 3-5 risks that might threaten the strategic success of the proposed strategic initiatives that would be funded by the budget if approved as requested?*
5. *What are the business unit's strategies for managing the risks identified in #4?*
6. *What risks would the organization face if the requested budget is not approved?*
7. *What risks would our organization face if the strategic initiatives to be funded by this budget request are wildly successful?*

# Polling Question #9

## Crisis Preparedness

# Polling Question #10

## Session Materials

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