

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.

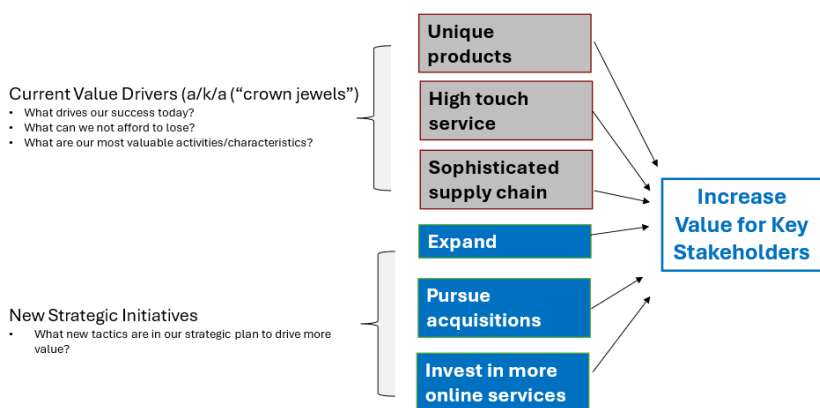
HOW TO USE

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.

Understand Current Value Drivers + New Strategic Initiatives



Use the template on the next page to briefly describe your organization's top 3-5 current value drivers and top 3-5 new strategic initiatives.

Identifying Current Value Drivers: Think about answers to these questions:

1. What activities, attributes, assets, advantages, capabilities, etc. does your organization currently have that are incredibly valuable to its strategic success? For example, perhaps you have a loyal customer base or in-house expertise that provides significant strategic value.
2. What are your organization's "crown jewels"?
3. What can you not afford to lose?

Identifying New Strategic Initiatives: Think about answers to these questions:

1. What next tactics or initiatives are in your organization's strategic plan that leadership is working on to increase value for the organization?
2. What new activities are recently funded/proposed in your organization's budget?

Brainstorm answers to these questions and provide a brief description of your top 3-5 current value drivers and top 3-5 new strategic initiatives in the spaces provided in the template on the next page.

Business leaders could prepare these individually and then share them with others. Or, these questions could be used in a workshop format to generate discussion and dialogue. Either way, the goal is to have the leadership team reach consensus about what is most strategically important to the organization so that it can use that strategic understanding as it begins to identify risks important to the organization's strategic success.

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