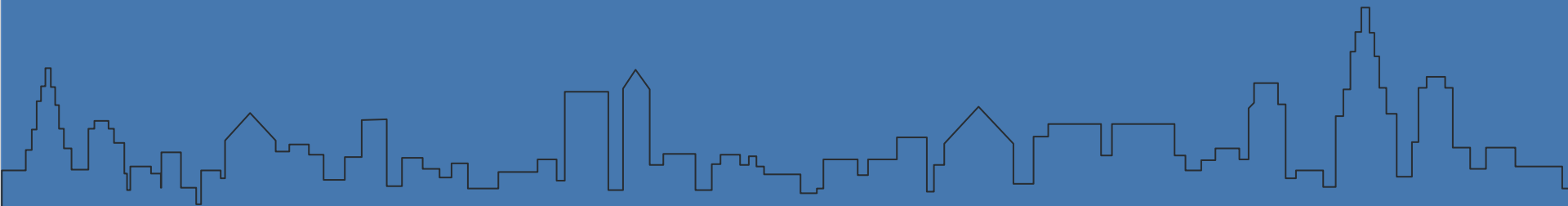


THE CHANGE  
LEADER, INC  
Transforming Organizations

Strategic Planning and Risk Management:  
How to Create, Implement, and Sustain  
Growth in Today's VUCA Environment



# TCL's holistic solutions



# The Change Leader



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# Overview of today's discussion

- Overview of planning process
- Understanding disruptions
- Categorizing risks
- Tools for forecasting risks
- Determining your risk appetite
- Planning your steps forward / scenario planning

## Admin note:

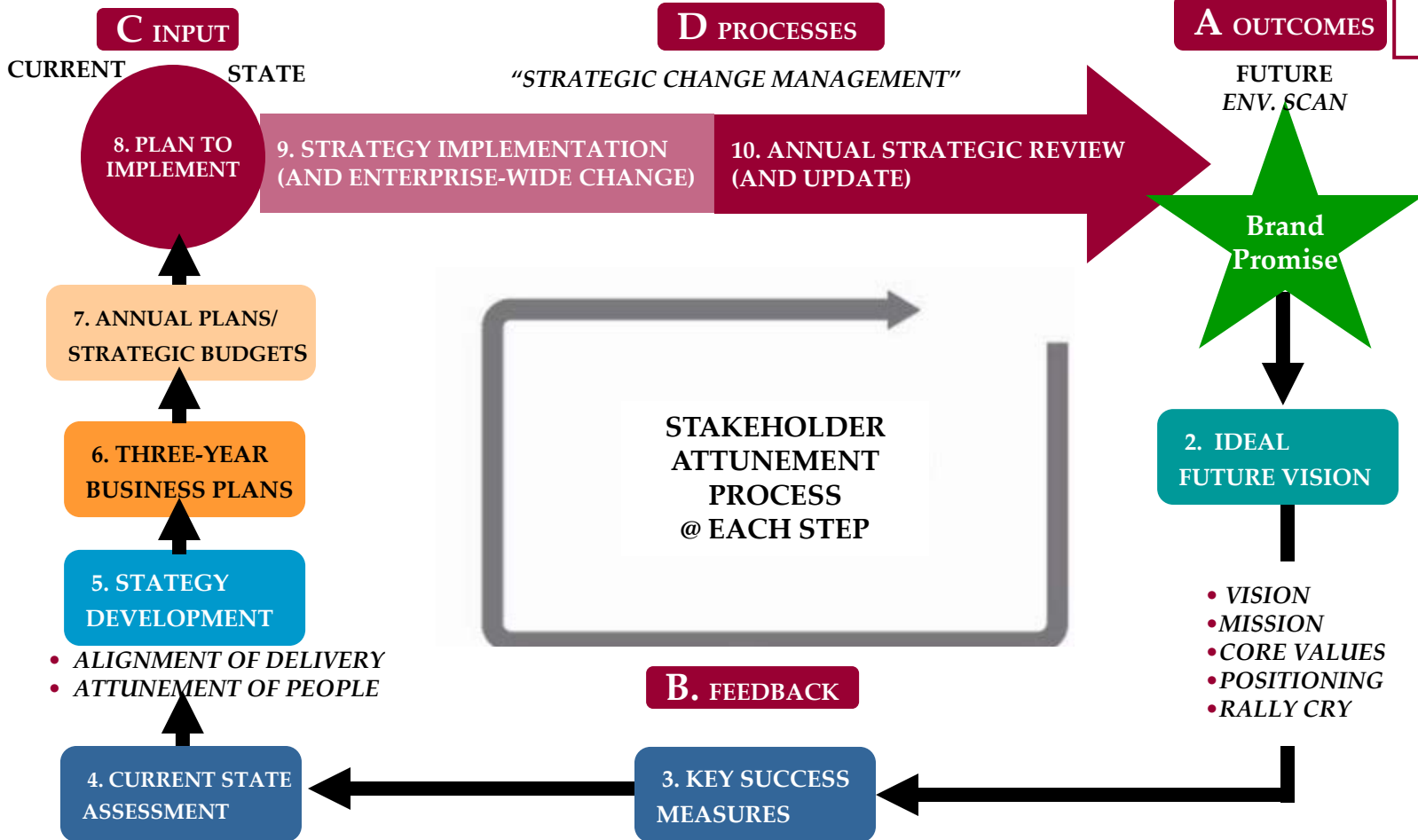
- Lot to new information to cover, but...
- Feel free to ask questions as we go along – it is too important not to understand
- Email me to get the full deck after the presentation

# Holistic approach to planning

## Five strategic questions

- A. Where do we want to go?
- B. How will we know when we get there?
- C. Where are we now?
- D. How do we get there?
- E. What will / may change in our environment in the future?

# TCL's holistic management system



# Planning vs. strategic management

**Plans are nothing.  
Planning is everything.**

*—Dwight D. Eisenhower*

# Risk and Scenario Planning



# Higher ed faces “disruption”

- What is disruption
- Enterprise risk management
- What is risk oversight
- Categorizing risks
  - Governmental
  - Societal
  - Technology
  - Hazards and accidents

# Categorizing risk: Governmental

- Instability of foreign economies and/or governments
  - COVID impact on overseas exchange programs
  - 9/11 and overseas exchange programs
- Protectionist programs
  - Trump administration and visas
- Radical regulatory change
  - Title IX changes
- Corruption and illegal discrimination
  - Black Lives Matter
- Geopolitical conflict
  - Branch campuses and/or overseas exchange programs

# Categorizing risk: Societal

- Major demand and/or demographical shifts
  - Enrollment cliff
- Popular and employee discontent
  - Black Lives Matter
  - Students' videos going viral on social media
- Acts of terrorism
  - US Capitol – what if that happened at your university such as UC Berkeley and pro-right / antifa riots in 2019?
- Workforce issues such as lack of skilled workers
  - Lack of professors to teach AI
  - Impacts of foreign workers visa programs

# Categorizing risk: Technology

- New technology-driven business models
  - Online education, AI
- Technology implementation problems
  - Failed rollout of ERP / CRM system
- Cyber attacks
  - Rutgers / University of Utah ransomware
- False information
  - LAUSD rollout of new pay system
  - Students' videos going viral
  - Trump "winning" reelection and social media

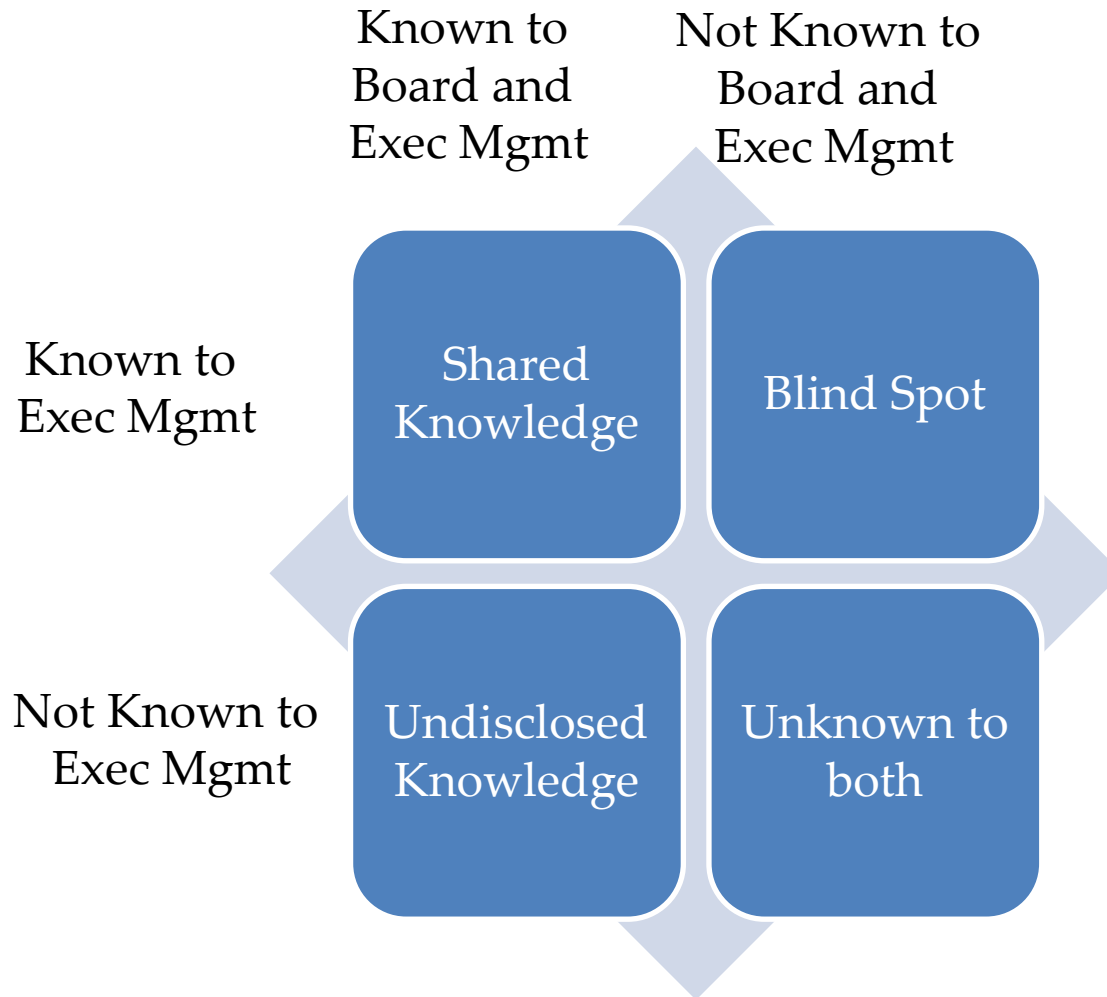
# Categorizing risk: Hazards / Accidents

- Natural disasters
  - Tulane and Hurricane Katrina
  - TMUS and CA wildfires
- Gradual environmental depletion / climate change
  - NYU and rising seas
- Public health crises
  - COVID
- Man-made disasters
  - Football (soccer) crushing fans
  - Automobile crashes because student drinking

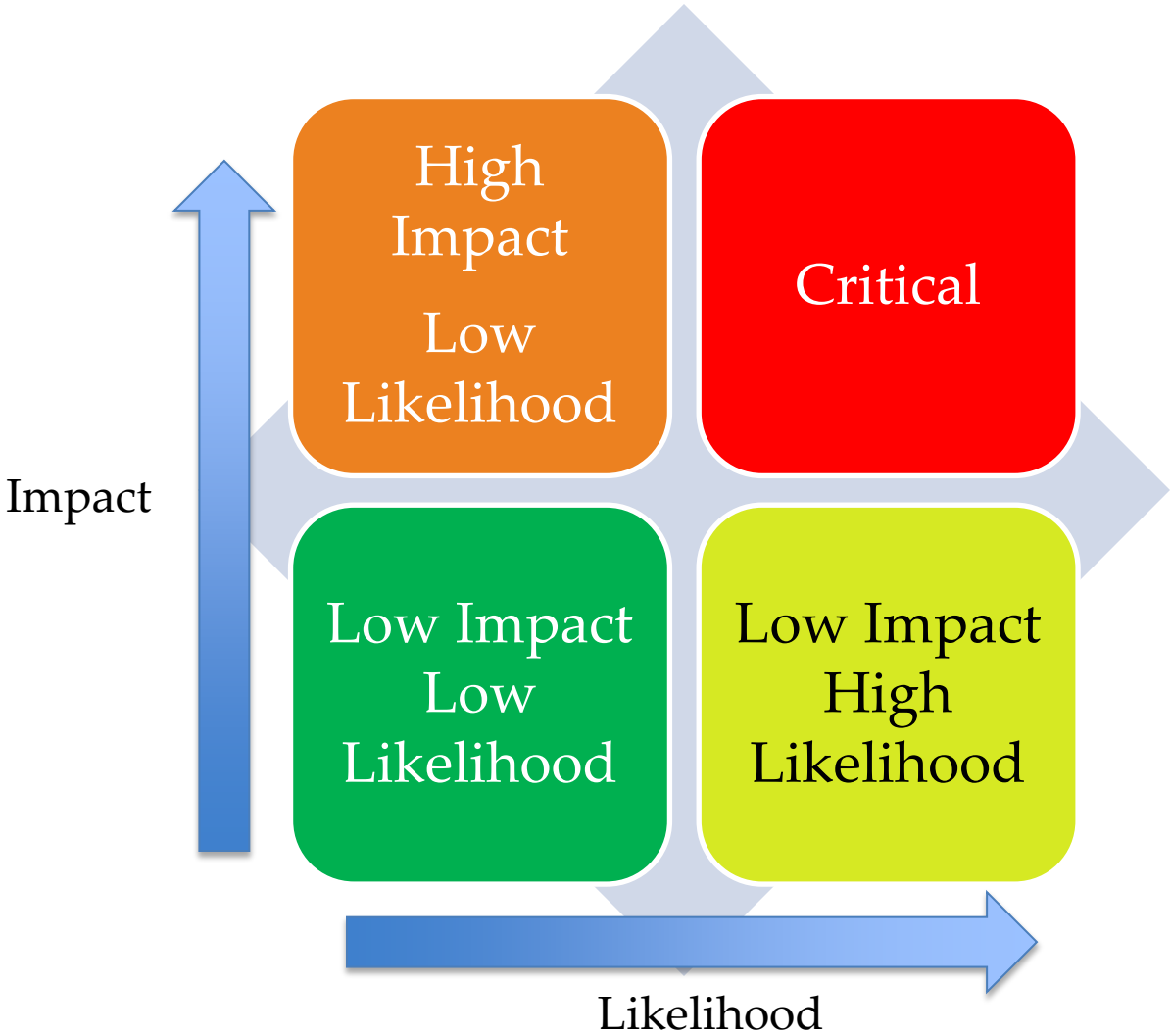
# What are your major risks

- Personnel (C-suite and key players)
- Reputational
- Finance
- Enrollment
- Future environment and emerging trends
  - Socio-demographic
  - Competition
  - Environmental/economic
  - Political
  - Technology
  - Industry
  - Customers / Suppliers

# Risk management prioritization



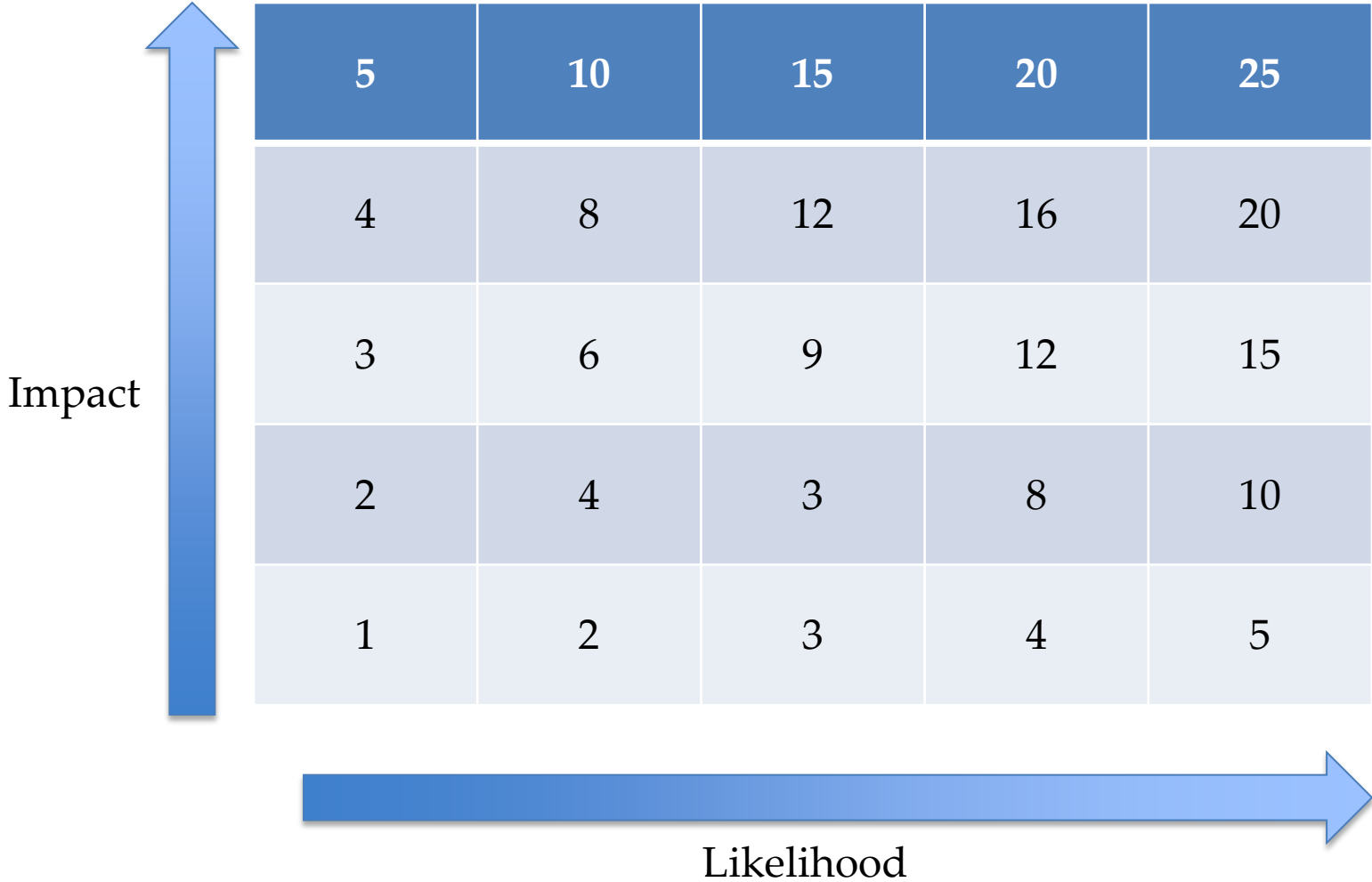
# Creating a risk (heat) map







# Benefits of using a risk (heat) map



# Benefits of using a heat map

Heat maps:

- Provide a visual, big picture, holistic view to share while making strategic decisions
- Help improve ERM processes
- Increase the focus on the risk appetite and risk tolerance of the institution
- Quantify the risk assessment process
- Identify gaps in the risk management and control process
- Allow for greater adoption of ERM across the institution and embed ERM in operations.

# Example: Societal volatility

Source of Concern	Dimensions or Features	Why a Concern Now	Institution Risk Aspects
Major shifts in enrollment patterns, enrollment cliff	Birth rates, needs for graduate education	Many programs that had been forecast to be profitable are not	Decline in enrollment means decline in tuition, R&B, facilities fees
Popular and employee/faculty discontent	Populist voting patterns in elections, cancel culture / free speech issues, Black Lives Matter, insiders divulging "trade secrets"	Reputational issues, public funding of education, ability to attract top professors and students	All resulting in decrease of revenues, possible fragmentation of institutional culture, litigation, reputational damage

# Creating your heat map

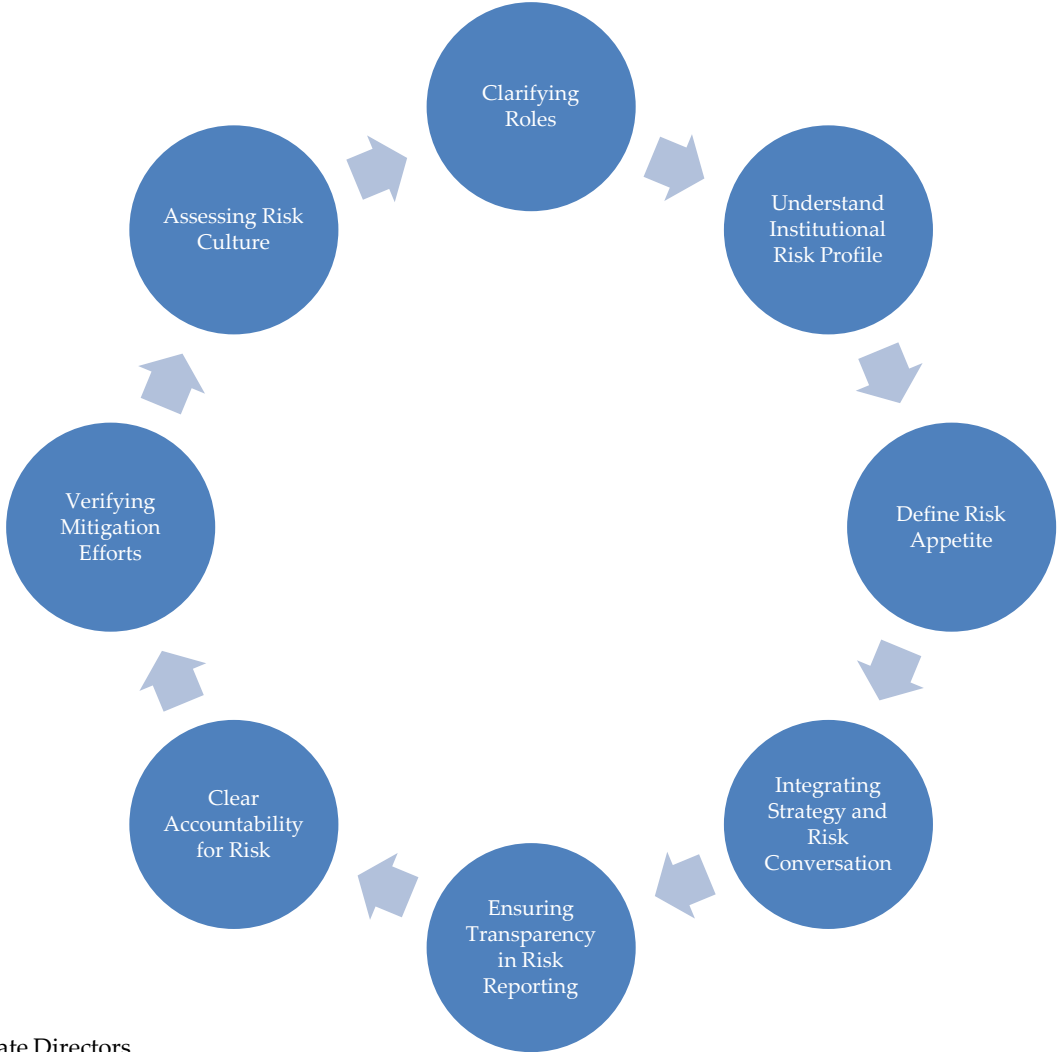
## Do:

- Conduct stakeholder risk self-assessment workshops to take advantage of their insights
- Create a 'straw-man' starting point
- Ensure you have consensus on risk tolerances
- Clarify terms used to establish probability estimates
- Establish participants' understanding of the effectiveness of controls and other risk responses used in the institution

## Do not:

- Rely on surveys to capture initial thoughts about risks
- Get stuck in root cause analysis
- Forget to quantify risks in terms of potential financial impact on the organization in terms of revenues
- Forget to consider the state of controls and other risk management practices in place in the institution

# Risk oversight



# Developing Scenarios

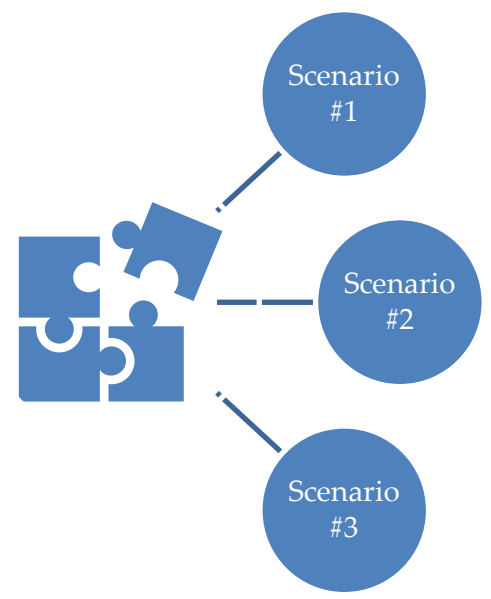
# Developing scenarios

War gaming

Used to be 10% above and below norm.

Now using heat maps to develop knowns and unknowns

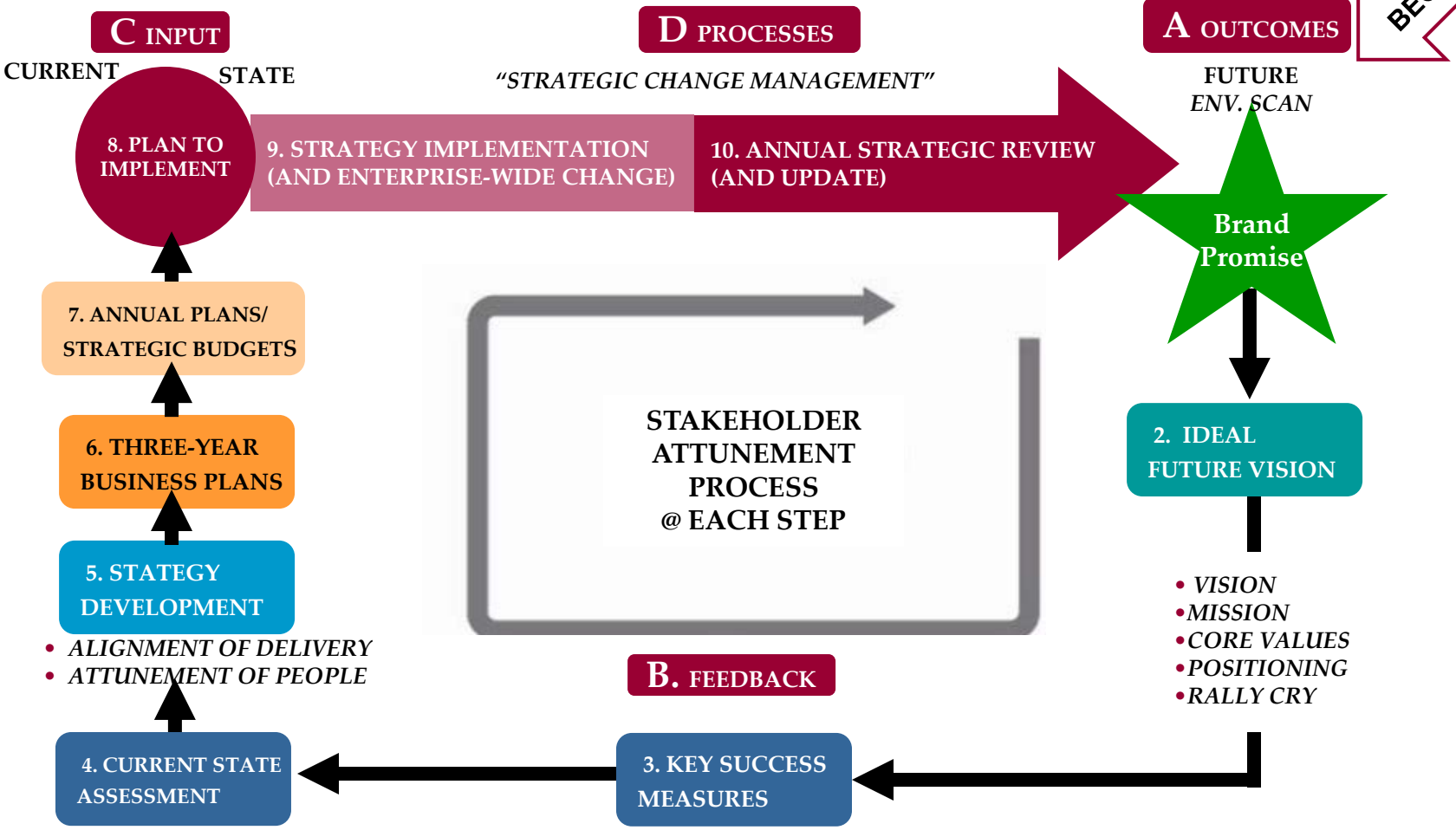
Create potential scenarios





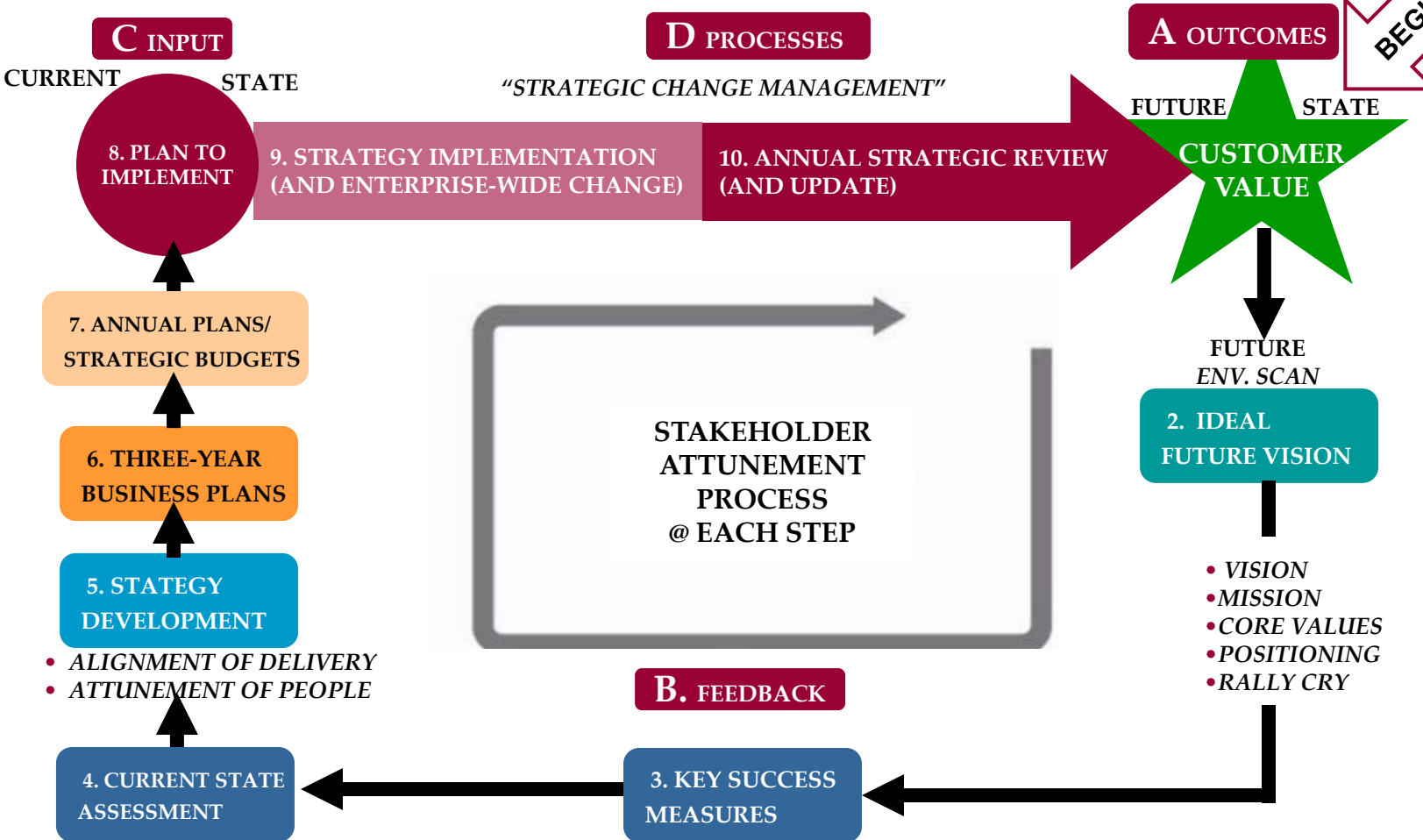
# 1 Year Business Plan

# TCL's holistic management system

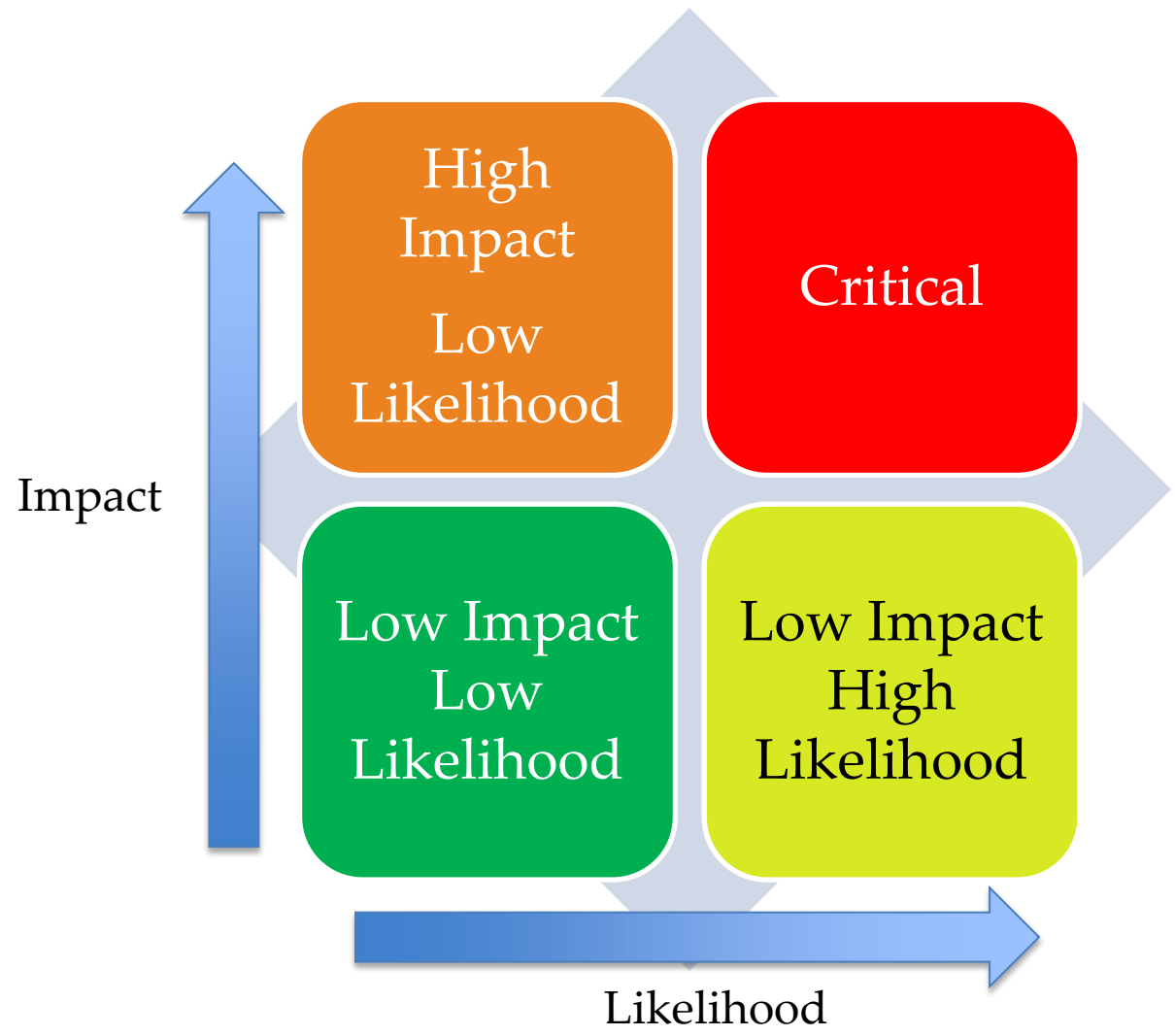


# Putting it All Together

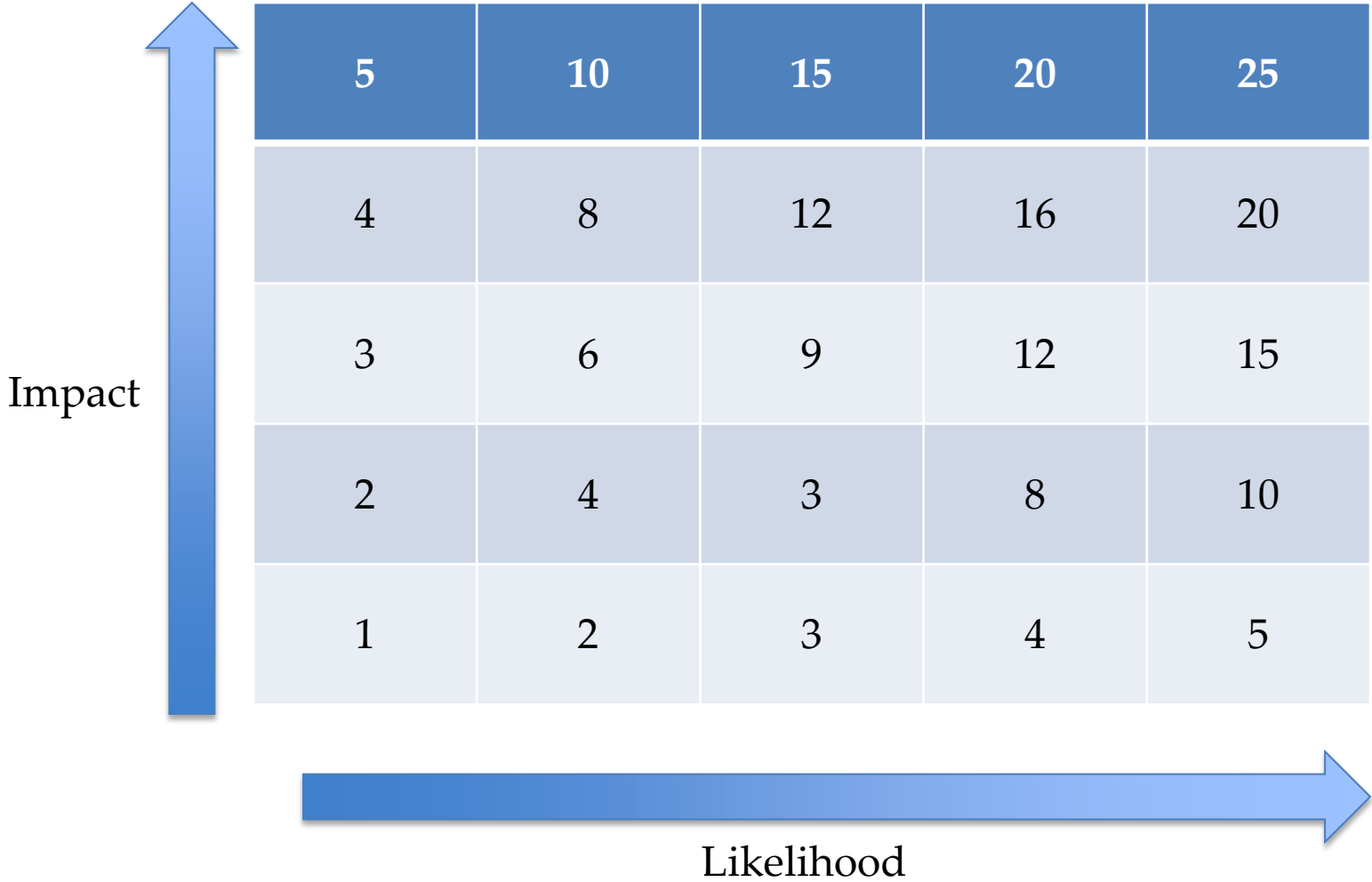
# TCL's holistic management system



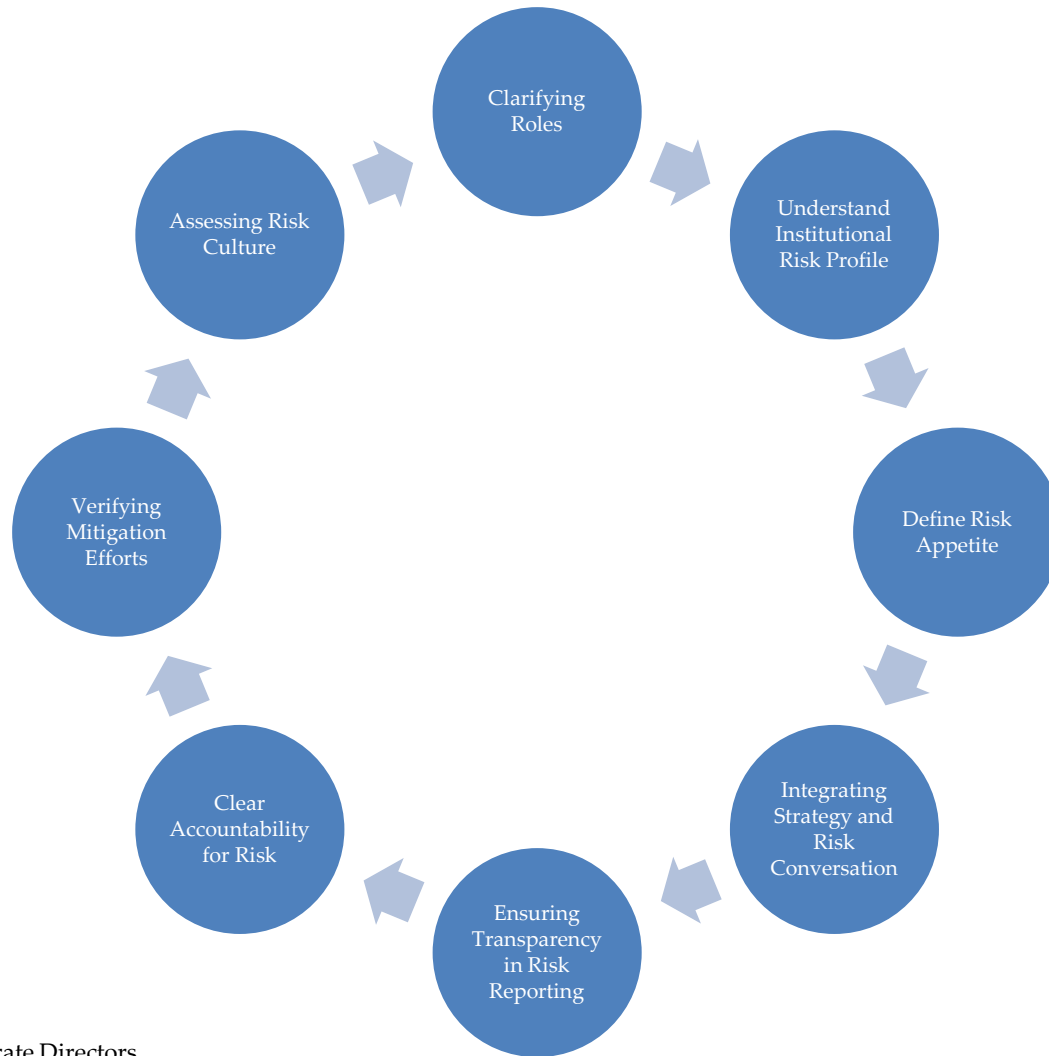
# Benefits of using a risk (heat) map



# Benefits of using a risk (heat) map



# Risk oversight



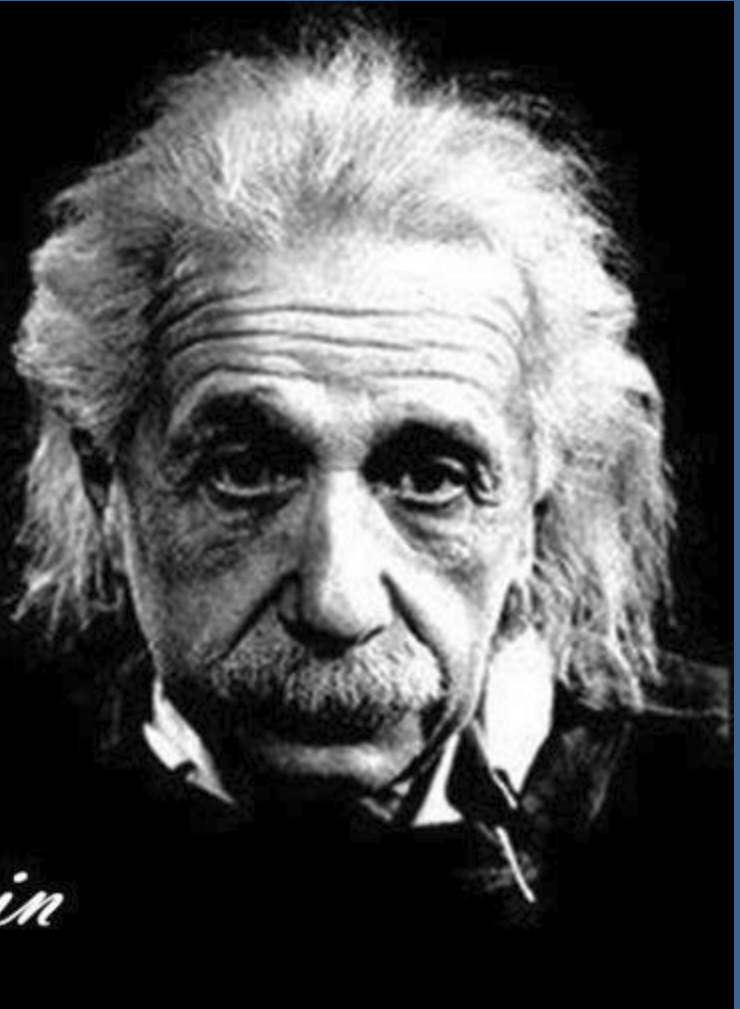
# Questions to consider

- How much risk are we willing to accept?
- What constitutes a material risk to our institution?
- What is the range of acceptable variance from our key performance and operating metrics?
- How will we define our terms to evaluate the likelihood of risk events and the impact that they might have on our institution, so that we can map our potential risk events to our heat map?



WE CANNOT SOLVE  
OUR PROBLEMS WITH  
THE SAME THINKING  
WE USED WHEN  
WE CREATED THEM

*~ Albert Einstein*



Questions?

# Thank you for your attention

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