

"I want to keep one eye on the sustainable strategy and the other on the risks."

Background

The Commission for Technology and Innovation (CTI) of the Federal Department of Economic Affairs, Education and Research supports a project between St. Gallen University of Applied Sciences, Detecon Consulting and parm Ltd. The project has been set up to integrate companies' sustainability-oriented management policies into their strategy development and implementation processes.

Sustainable development in corporate practice

The future belongs to those companies who do not allow themselves to be driven by previous results, but rather that recognise changes early on and actively shape their development to that effect. In this context, the motto of 'sustainable development' is becoming increasingly important. The sustainability concept is about finding an integrated approach in which economical, environmental and social aspects are considered equally in the company's actions and decisions.

From the point of view of environmental management research and practice, a focus on sustainability and strategy is becoming increasingly important because the environmental management systems are largely geared to detailed regulations at operational level. Modern strategic management systems such as the Balanced Scorecard are ideal for incorporating the strategy aspect into corporate environmental and sustainability management. Together with a downstream, operational project management system, integrated risk management and a global communications platform, it is possible to implement a holistic management system and/or a comprehensive control system.

It is a great challenge for companies to consider the three aspects in an integrated and balanced way as part of a management concept. An integrated system that goes beyond a normal ERP system is essential to avoid the formation of parallel management systems within the same company, to reduce interface problems and to minimise the ensuing co-ordination and harmonisation costs.

The Balanced Scorecard is particularly suitable as a management system because the environmental and social aspects that are relevant to sustainability are frequently of high quality and often impact on companies via non-market mechanisms. Both financial and non-financial factors, and hence also the environmental and social aspects, can be taken into account in the Balanced Scorecard. Furthermore, environmental and social aspects can be aligned to the strategy implementation and hence the long-term success of the company via cause-effect chains.

However, the use of the traditional Balance Scorecard in the implementation of sustainability strategies requires a corresponding conceptual modification of the traditional Balanced Scorecard.

Strategic risks

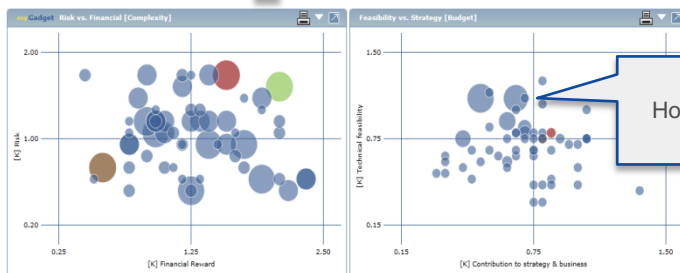
Risk management plays a key role, in particular when considering sustainability with long-term focus in the strategy. Assessing strategic risks is not easy. Firstly, strategic risks can rarely be accurately predicted and measured. Secondly, strategic risks often have a longer time horizon than operational risks. Thirdly, strategic risks are often 'compensated' risks because their opportunity potential seems large enough to accept possible setbacks. Fourthly, strategic risks are usually assumptions about something in the future that we don't yet know about.

"At the root of every flawed strategy is one or more underpinning assumptions about the future that eventually prove to be erroneous."

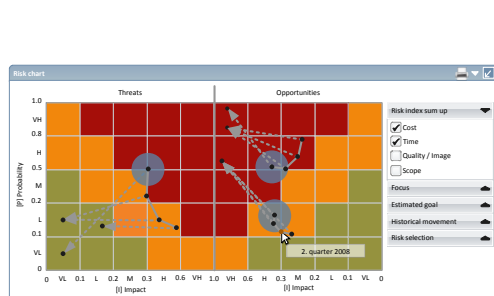
ROBERT SIMONS

This is how we solve the problem

Strategic Layer according Norton/Kaplan BSC.
Definition, formulation and implementation of the strategy map with your key business perspectives, goals and KPIs with status and trend analysis.



Tactical Layer (BCG Matrix).
How do my objects (subsidiaries, projects etc.) contribute to the corporate strategy?



Risk-based Management System.
Consistency of risk assessment allows transparency, efficiency, creates security and saves costs / time.

Date identified	Risk description	Impact	Impact	Probability	Probability	Strategy	Risk own
01.05.13	According to recen	Minor	10.000.00	Possible	10.00 %	Accept	GK Kav
17.02.14	The risk that custo	Critical		Unlikely	3.00 %	Transfer	BEA Sy
17.12.13	The risk that the n	Catastrophic	1.000.000.00	Rare	1.00 %	Mitigate	MS Ben

Number	Action	Action description	Responsible person	Due date	Status	Create	Apply
1	Review contract	The action to mitigate e...	BS Staniszewski, Bartosz	29.12.13	N/A		
2	Request confirmation of Lo	Reducing the uncertainty...	AP P. Aleksandra	18.12.13	N/A		
3	Prepayment after milestone	Secure the invoice can be...	MS Sommer, Martin	22.03.14	N/A		

Further information

Do you have further questions or would you like more information about applying?
Mr Pfister will gladly give you personal advice and further information
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