



Figure 3.1 Herman Map of North America, 1712

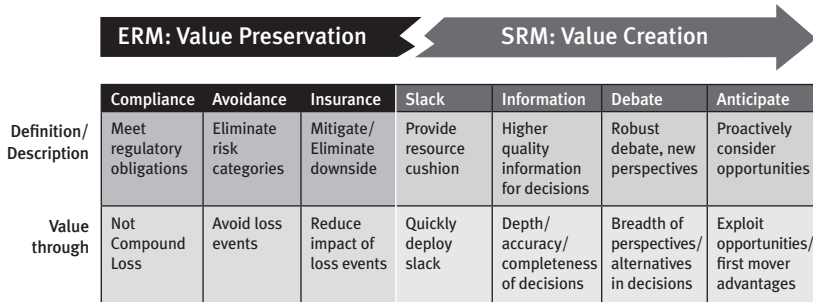


Figure 3.2: How ERM and SRM create value

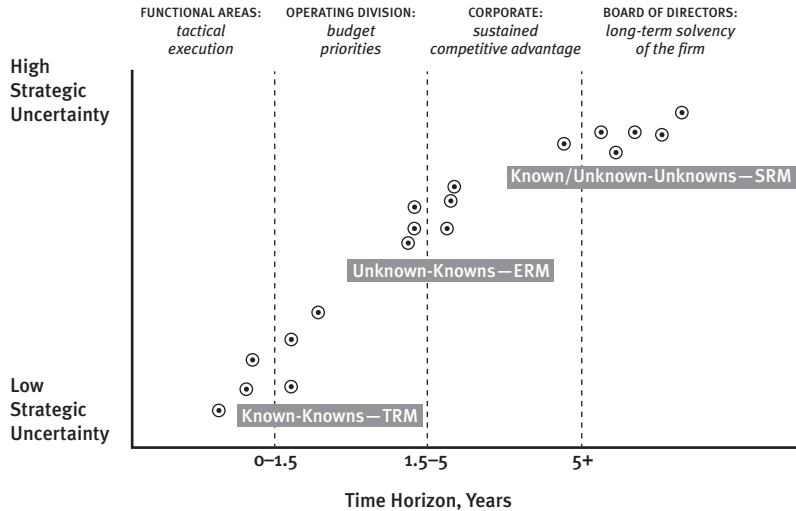


Figure 4.1 *The Strategic Uncertainty Frontier. Adapted from The Strategy Paradox, Michael Raynor, 2007*

Perspectives	Downside Risks of Strategy “What’s the worst that could happen?”	Upside Risks of Strategy “What’s the best that could happen?”	Downside Risks of Strategy “What will keep it from working?”	Upside Risks of Strategy “What do we need to make it work?”
Office of the Chief Risk Officer	Inability to identify and mitigate downside • Brand damage • New correlations • Known/unknown unknowns	Correctly perceive and realize opportunity • Brand extension • New correlations • Known/unknown unknowns	Gaps and delays in risk data • Inadequate modeling • Decision-making biases • Failure to communicate • Unknowns become knowns	Knowledge of opportunity evolution/timing • Brand creation • New correlations • Unknowns become knowns
Office of the Chief Strategy Officer	Competitive parity—no advantage • Suboptimal choice • Opportunity costs • Unacceptable return on investment	Quantum shift in competitive advantage • Optimal choices • Exercise strategic options • Solid return on investment	Ease of replication • Faulty execution • Market timing • Lack of resources • Poor competitive intelligence	Create barriers to imitation • Capital investments • Knowledge and learning • Excellent market knowledge

Table 4.1: The Complementary Roles of the Chief Risk Officer and the Chief Strategy Officer

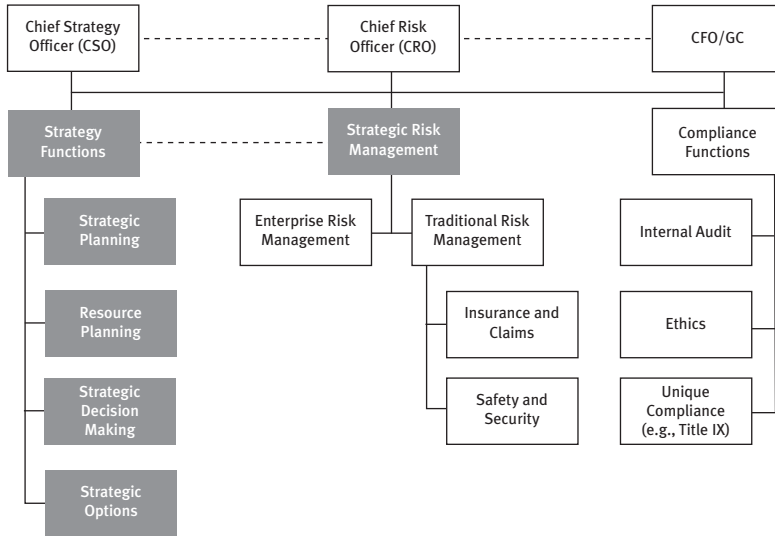


Figure 5.1 SRM and the Risk Function

Macro-Level Forces				
	Political	Economic	Social	Technological
The advent of ESPN	United States begins deregulating cable (1972) to allow more programming	The decline of the age of mass market goods and the rise of segmentation	Sports, both participation and programming, becoming more central to American life	Satellite transmission technology brings content to geographically dispersed cable providers
Disney's Florida land purchase	Local and state regulatory agencies grant Disney development rights	The reality that development causes land to appreciate in value over time	Increasing willingness of individuals and families to travel to destination resorts	Technological challenges involved in water management, power provision, and construction
Apple's Newton and mobile computing	Laissez-faire policy regimes toward electronic innovation and new technology	Moore's Law—the cost of complex computing operations falls at a predictable rate	Growing demographic of computer literate/electronically "native" people. Preferences for miniaturization	Moore's Law—increasing technical capabilities in chipsets fuels more complex computing

Figure 5.1: A PEST Analysis of Three Weak Signals

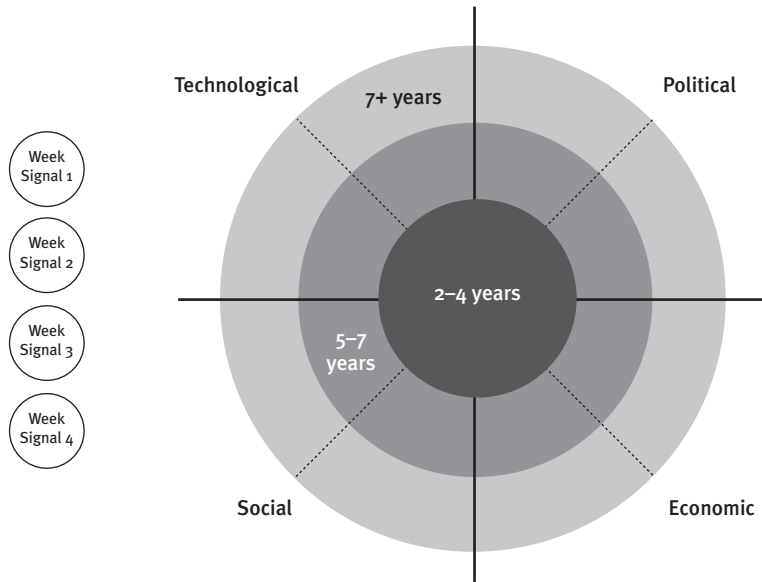


Figure 5.2 The Strategic Uncertainty Map

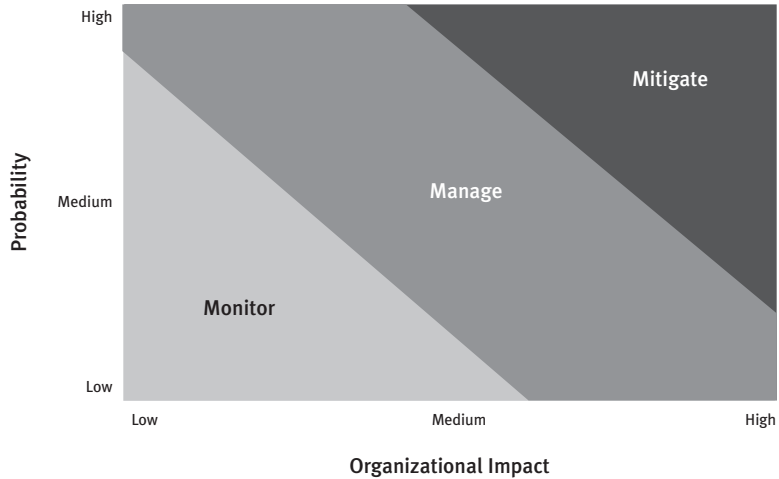


Figure 6.1 A traditional heat map

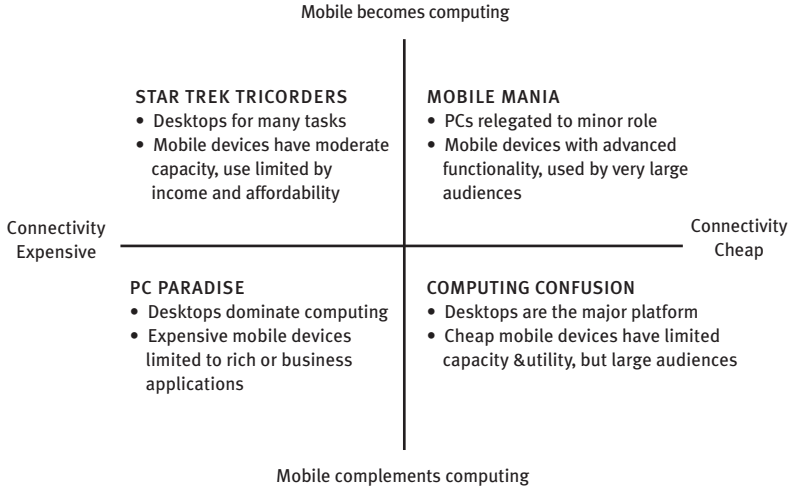


Figure 6.2 Potential scenarios in mobile computing, ca 1996-8

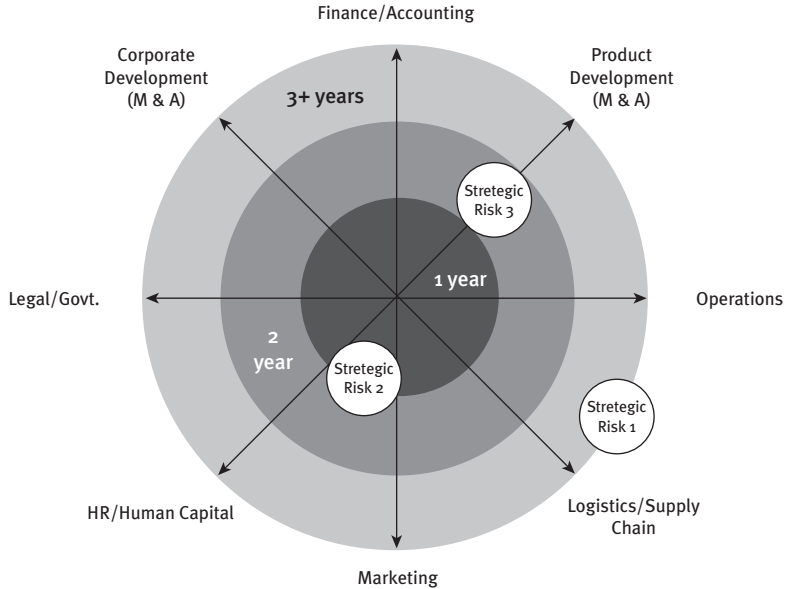


Figure 6.3 The Risk Ownership Map

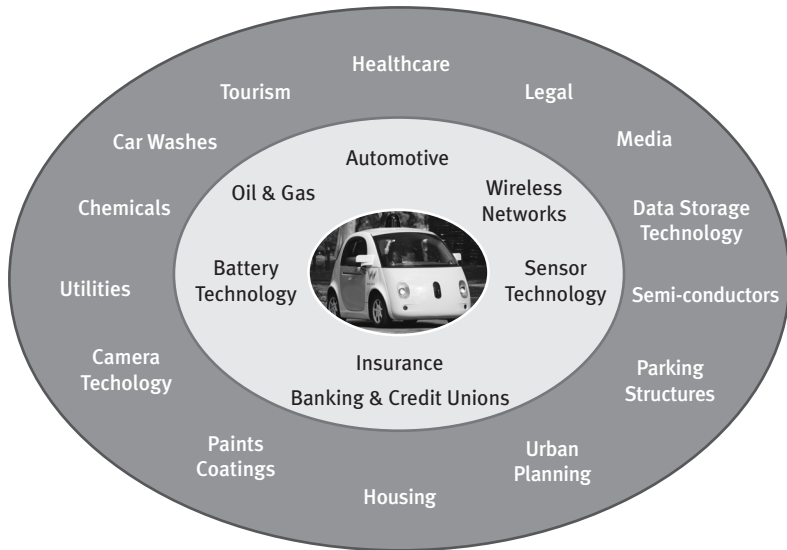


Figure 7.1 The impact of changes in the automobile (Short and Long Term)

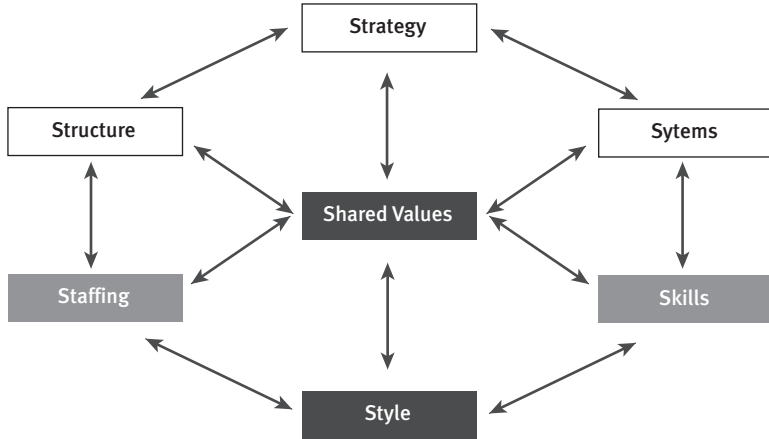


Figure 8.1 The 7 S Model

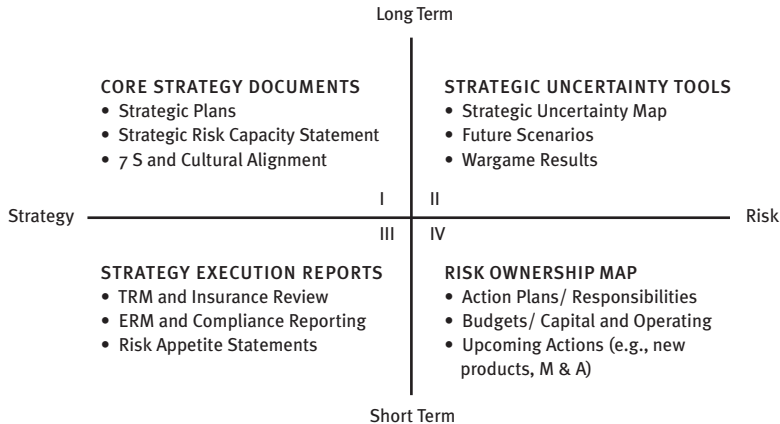


Figure 8.2 The Strategic Risk Reporting Matrix

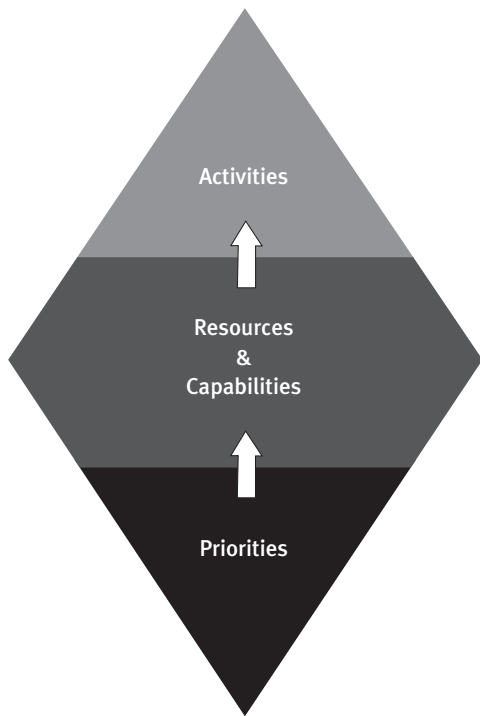


Figure A.1 The Company Diamond

The “Industry View”

NAICS Sector—Simplified



Disney Business

The “Job to be Done” View

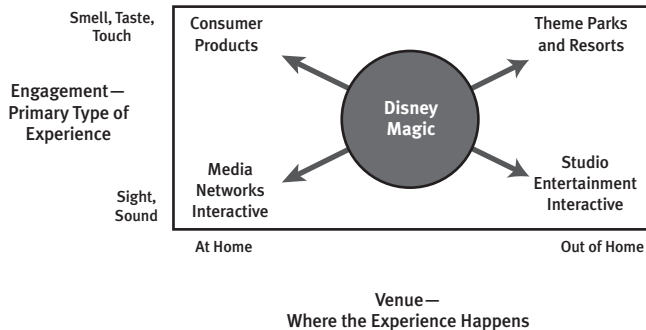


Figure A.2 Where Disney Competes

Risk Scenario	Quantitative Key Performance Indicator	Quantitative Key Risk Indicator
Loss exposure that threatens cash flow for R & D	Loss exposure to pretax operating should range from \$10 million to \$60 million	Sales declines of greater than 4% in any given quarter.
Scale and scope	Five major sales customers for each line of business	A single customer will account for no more than 10% of total sales
Environmental sustainability	Reduce energy usage by 40%	Energy costs increase by 5%

Table B.1: Quantitative Dimensions of Risk Appetite

Risk Scenario	Qualitative Key Performance Indicators	Qualitative Key Risk Indicators
Brand equity	Customer focus group results indicate strong emotional connection with the brand	Delays in product shipments or stock-outs during critical sales windows
Brand proliferation	Customers understand brand extensions and logic	New products create confusion and dissipate brand messages in focus group participants
Brand crises	Public relations or media coverage negative of the brand	Internal training and public relations proactivity and timing around negative events

Table B.2: Qualitative Dimensions of Risk Appetite