



Corporate Governance: Importance of Strategic Audit

Prof. Sougata Ray
Indian Institute of Management Calcutta



Corporate Governance: The Stakeholder Perspective



- ❖ The board has broader responsibilities
 - Focus is on protecting key stakeholder rights
 - Shareholders
 - Employees
 - Vendors
 - Customers
 - Society as a whole



Corporate Governance: Tasks

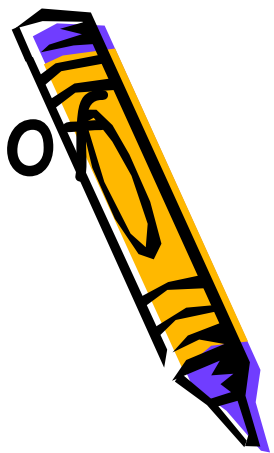


**Board of
Directors**

- ❖ **Caring for shareholders' and other stakeholders' interests**
- ❖ **Setting vision, mission, corporate strategy, overall direction**
- ❖ **Hiring and firing the CEO and top management**
- ❖ **Reviewing proposals and approving the use of resources**
- ❖ **Controlling, monitoring, or supervising top management through independent, objective and competent oversight of day-to-day operations**
- ❖ **Other functions prescribed by law**

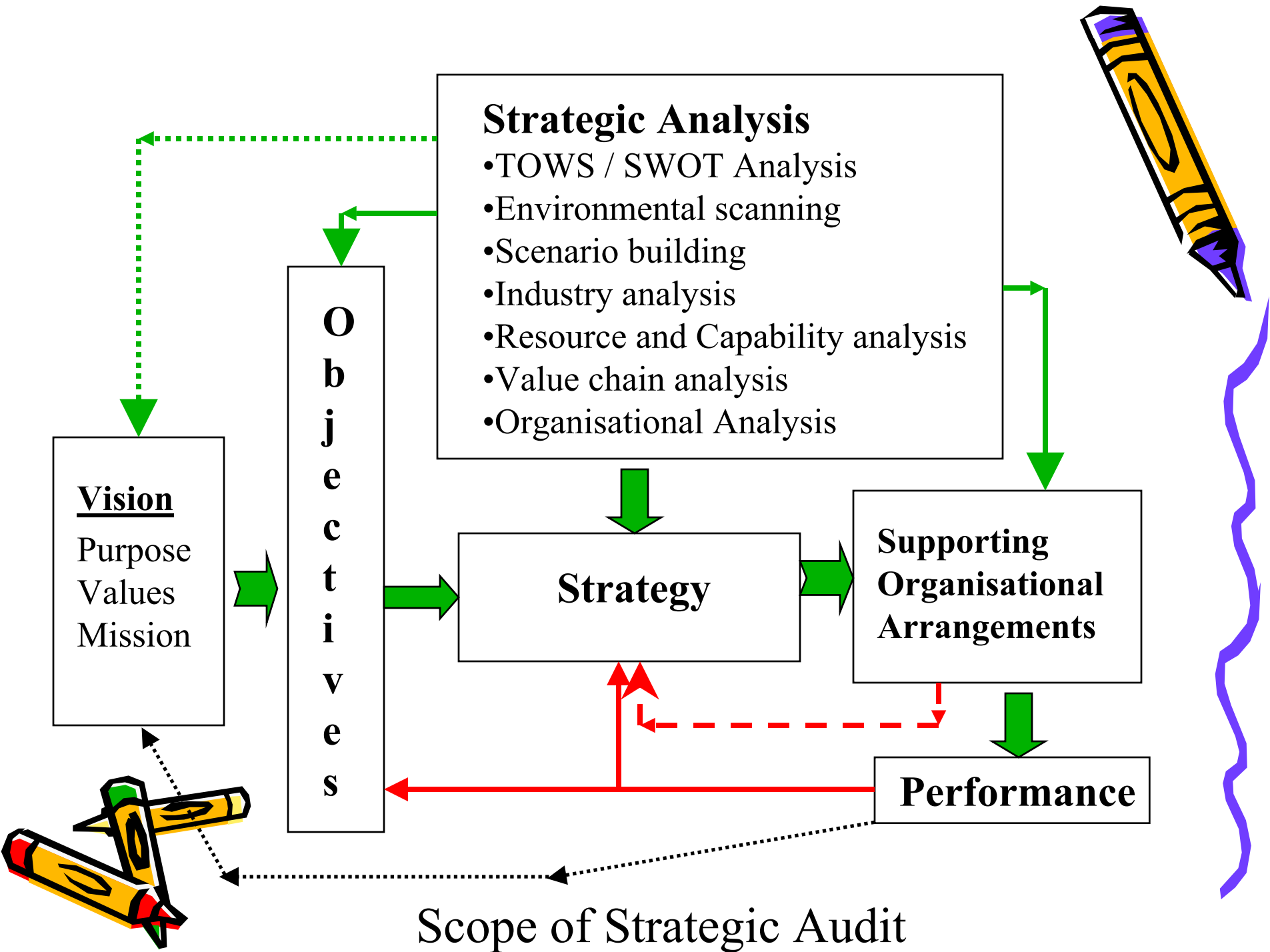


Evaluation and Control: Role of Strategic Audit



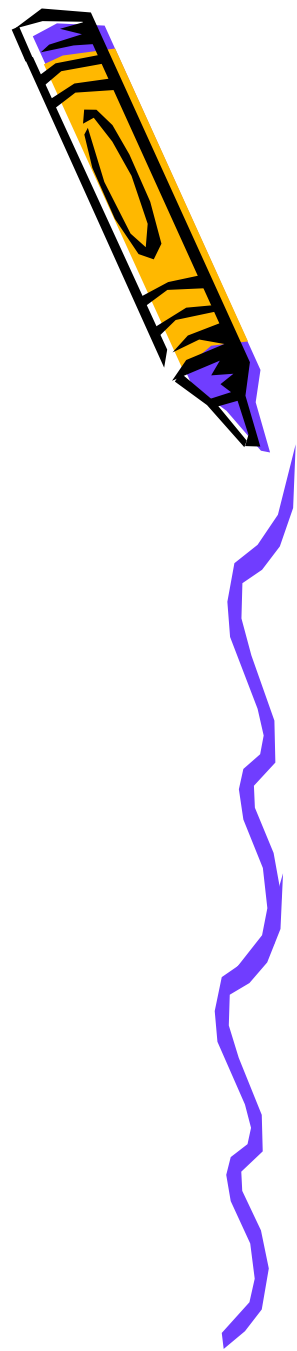
Strategic Audit: *A holistic management audit that is extremely useful as a diagnostic tool to assess the present situation, highlight organizational strengths and weaknesses, opportunities and threats, pinpoint corporate-wide problem areas and evaluate the appropriateness of the strategies for the future (P-S-P-D-G).*





Strategy Tools - External Audit

- ❖ Environment Scanning - PEST
- ❖ Industry & Competitive Analysis
- ❖ Experience Curve
- ❖ Game theoretic models
- ❖ TOWS
- ❖ Scenario Planning



Strategy Tools - Internal Audit

- ❖ SWOT
- ❖ Performance Analysis
- ❖ Value Chain Analysis
- ❖ Value-Cost Framework
- ❖ Resources & Capability Analysis
- ❖ Portfolio Models
- ❖ Strategic Risk Analysis
- ❖ Financial Models (IRR & NPV, Risk vs Return, Options)

