

UNIVERSITY OF TOLEDO INTERNAL AUDIT DEPARTMENT FORMULATE BUSINESS UNIT STRATEGY

Effectiveness and efficiency of operations

A. The business unit strategies designed and implemented support company objectives.

Business risks

- The business will fail if business unit strategies are not in line with company objectives.
- The company will allocate resources inappropriately if strategies are flawed.
- Management will not understand the critical success factors necessary to achieve company objectives.

Control practices

1. Develop a business unit strategy that incorporates management's current and future vision for the company.
2. Evaluate periodically the direction and priorities set by senior management to ensure they are still valid.
3. Establish communication lines up, down, and across the organization to allow prompt identification and resolution of problems that impede achievement of strategic goals.
4. Hold regular management meetings to ensure the company's strategy is relevant, focuses the organization on its goals, and is being implemented effectively.
5. Hold periodic meetings including the board of directors and senior management to discuss strategic issues.
6. Communicate the environmental factors that may affect the implementation of the company's strategy to all relevant functions, departments, and personnel. Such factors include information regarding competitors, new products and technologies, customer needs, and legal requirements.

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B. Operations effectively support the implementation of the company's business unit strategies.

Business risks

- The company will not implement its strategy.
- The company will implement its strategy improperly.
- The company will not maximize overall performance.

Control practices

1. Monitor the execution of the company's strategy through benchmarking.
2. Implement appropriate performance measures for each critical business process. Ensure that these performance measures allow management to align operation, information, management, and support processes with the company's strategy.
3. Translate business strategy into goals that are specific enough to drive the strategy.
4. Identify and define critical processes. Critical processes are those that are essential to the achievement of the business strategy and goals.
5. Map critical business processes to visually represent their activities.
6. Identify key activities of each critical business process. (A key activity is a step that is critical to the process and its output.)
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