

What are the three greatest risks to your company?

What is the purpose of this article?

This article enables a discussion regarding the three greatest risks to your company. The audience for this article includes: boards of directors, CEO, C-Suite, individual investors, and institutional investors.

This article does not provide tax, legal or financial advice.

You must do your own research and fact-based analysis using current and relevant information.

What are the critical learnings in this article?

The three greatest risks to your company are:

- 1) The talent on your board of directors
- 2) The talent on your C-suite
- 3) If you have controlling shareholders, the talent of the controlling shareholders.

Why are these three the greatest risks?

#1 They make the business decisions with the greatest impact on the company e.g.

- 1) Appointment and termination of the CEO
 - 2) Assessment and approval of the talent selection, development, and exiting processes and policies – including your board of directors and C-Suite.
 - 3) Assessment and approval of: the strategic plan, budget, and policies.
- #2 They monitor the performance of the company, its talent, processes, and technology. They take corrective action.
- #3 They have, or lack, a variety of external relationships which can enable your company's success
- #4 They have, or lack, the capability to assess the analysis and recommendations provided to them from internal and external sources.
- #5 Their behaviours, actions, and decisions communicate the expected values, morals, and ethics to the entire company and members of your company's ecosystem.

The talent as a whole must be competitively differentiated.

- 1) If the talent as a whole significantly lags the competition, the company will under perform or fail.
- 2) This does not mean that every single person in the above talent pool must be better than all of the competition. Company success requires a team.

What are your next steps?

- 1) Define the words/concepts you're using, in a glossary. I've seen major confusion when the same words mean different things to different people.
- 2) Define what you mean by risk vs uncertainty.
- 3) Define how you measure the impact of risk e.g. how does the measure of a high-risk item compare to the measure for a low-risk item.
- 4) Describe your future scenarios. There must be at least three failure scenarios. #1 Your company goes out of business. #2 Your company creates negative economic profit. #3 Your company produces below median benchmark results.
- 5) Define the evaluation criteria for talent. Start with the criteria outlined in the further reading section below: "What are the core components of talent? V4"
- 6) Do an anonymous self assessment of your talent. The directors assess the board as a whole and C-Suite as a whole. The directors also assess any controlling shareholders. The C-Suite assesses the board as a whole and C-Suite as a whole. The C-Suite also assesses any controlling shareholders. The assessment questions are: Will the talent at the board, C-Suite, and any controlling shareholders enable company success in every future scenario. If so, why? If not, why not. For the scenario in which your company fails, what components of talent enable failure?
- 7) Discuss the results. Create an action plan to increase the chances of your company's success and reduce the chances of failure.

What further reading should you do?

What are the core components of talent? V4 Koor and Associates

<http://koorandassociates.org/creating-business-value/core-components-of-talent/>

Your company will fail.

<http://koorandassociates.org/avoiding-business-failure/your-company-will-fail-v1/>

Jeff Bezos 2020 letter to shareholders – his final one. He quantifies value creation in financial terms for some members of Amazon's ecosystem.

<https://www.aboutamazon.com/news/company-news/2020-letter-to-shareholders>