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SPECIALIST IN LEADERSHIP RISK



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Leadership risk - The risk that the insight, behaviour and judgement of the senior leadership team fail to direct and monitor the business in line with its current and future objectives.



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Why do successful businesses fail?

There are countless drivers of corporate collapse and reasons why businesses fail to achieve their potential.

But one central cause is leadership.

Business failure is a reflection of leadership failure:

- Failure to spot and address issues early enough
- Failure to reassess priorities in the light of new developments
- Failure to engage with complexities and uncertainties inside and outside the business
- Failure to adapt leadership style to the situation

The significance of leadership risk is widely recognised by business leaders and regulators but it is often little understood and poorly managed. When leadership risk is not addressed, value can be destroyed or potential can go unrealised. With our approach, clients achieve a deeper understanding and awareness of themselves and their businesses.

This helps them align their attention, thinking and leadership approach with the current and future needs of the business. It provides a solid basis for decisions, it maximises leadership effectiveness and it ensures that the leadership team and business are best prepared when challenges arise.



Clients find that this approach gives them an advantage.

We call this advantage The Edge.



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The challenge

Leadership risk is opaque and hard to contain but its impact can be devastating

The senior leaders of a business confront the highest levels of complexity and uncertainty. To identify new opportunities and formulate and implement strategy, whilst ensuring they are prepared for risks and unexpected developments they need agility, resilience and insight. Leaders also need to appreciate that they do not stand outside the risk landscape – they are part of it.

Traditional risk management frameworks are fragmented and dominated by financial and quantitative analysis. This approach struggles to address the ‘human’ dimension – the impact of how people think and behave.

On the other hand, the tools available for understanding the human and leadership dimensions of business are often too abstract and do not frame results properly in terms of business impact.

Understanding ‘risk’ or ‘leadership’ in isolation is not enough. Unless leaders can bridge the gap between these two dimensions, blind spots develop and leadership risks are left to incubate unchecked. This can mean that:

- Emerging threats and issues are overlooked
- Resources are misallocated
- Attention and energy are not channelled to best effect
- Governance is compromised





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The opportunity

With our support, leaders gain a clear appreciation of the landscape of leadership risk which confronts them, and a solid basis for managing this

Our approach bridges the gap between the 'hard' and 'soft' dimensions of business. We bring leaders a richer understanding of themselves and their business.

We emphasise focus and pragmatism - providing clients with a clear understanding of key priorities and how to address them.

We give clients an appreciation of leadership risk which:

- Improves alignment between risk, leadership and corporate goals
- Ensures threats are identified early, enabling effective action
- Builds a richer picture of the business and the drivers of success and failure
- Enables more robust engagement with complexity and ambiguity



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Clarity for businesses:

- Improves oversight and governance
- Enables early identification and mitigation of leadership risks
- Brings a shared view of priorities
- Promotes agility, resilience and efficiency
- Facilitates clear, rounded decisions
- Helps promote a culture which is aligned with the business needs

Value for senior leaders:

- Raises awareness of embedded habits and assumptions
- Boosts flexibility and broadens leadership repertoire
- Highlights development priorities so minimising derailment risk
- Maximises personal effectiveness across a range of situations
- Supports their development of future leaders
- Builds more effective teams



Experience

With over ten years' experience as pioneers in the field of leadership risk consulting, we have developed an approach which is credible, flexible, professional and collaborative

Drawing on our expertise in risk management, finance, organisational behaviour and leadership, we explore the business agenda in terms of the leadership risks it presents.

We explore leadership through a 'risk' lens

- Focus on business impact and value creation and destruction
- Take a disciplined, structured approach
- Triangulate evidence from varied sources
- Identify issues and address problems in advance

We also explore risk through a 'leadership' lens

- Draw on psychological and behavioural tools
- Avoid oversimplification by applying artificial 'metrics'
- Emphasise listening and facilitating rather than imposing 'expert' solutions
- Recognise that leaders are part of the risk landscape

The Edge comprises a suite of core offerings which support senior leaders and their businesses:

- **Senior executive leadership development**
- **Succession planning**
- **Decision support and management due diligence**
- **Leadership risk mapping**

Senior executive leadership development

Development initiatives rarely reach the most senior levels of the organisation and often fail to recognise the challenges facing senior executives

Common approaches to leadership development can seem abstract and unrealistic. This can try the patience of senior executives and provide limited long-term benefit. We understand the challenges and constraints which come with senior leadership roles and we recognise that effective leadership is not an end in itself. Clients value the leadership risk perspective because it is rooted in the business context rather than leadership theory.

We work with senior executives both individually and in teams.

There are two elements to our work:

Assessment

We tailor our approach, drawing on a range of tools which are of proven value with senior populations.

We look at leaders from a number of perspectives - establishing and triangulating different points of reference.

Clients value our thorough, objective and constructive approach.

Executive Coaching

We provide a safe space and bring an appropriate balance of challenge and support in which clients gain a deeper understanding of themselves, their role and the wider context. We help clients to frame clear goals and strategies for achieving these.

Typical contexts include:

- Boosting leadership effectiveness
- Engaging with a new role
- Career planning

Succession planning

The issue of succession planning represents a growing source of challenge and risk to many boards

The significance of succession planning is driven by a number of factors:

- Shorter average tenure rates in senior executive populations
- Increased competition for senior talent
- Changes in the internal and external business environment driving a need for new leadership skills
- Legacy effects of management lay-off programmes

A robust, disciplined approach to succession planning is a key element of effective leadership risk management. We provide a clear, objective view of the internal leadership pipeline with recommendations for maximising future success. Our approach has been used successfully in a wide range of organisational settings and it yields a number of benefits:

- Prompts thinking around the kind of leadership which will create value and drive success in the future
- Provides an overview of strengths and weaknesses and the business implications
- Identifies gaps in the leadership pipeline
- Facilitates open, objective and constructive feedback
- Helps to identify more general leadership themes which may deserve attention
- Provides a basis for focussed leadership development at different levels of the organisation



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Support for Private Equity and strategic investors

For many investors, the leadership capability and potential of the investee management team represents an important source of risk and opportunity

We support investors to build a clear, objective understanding of the leadership risk dimension of existing and prospective investments and the teams leading them. Our approach enables investors to identify and harness talent and latent potential whilst forging effective, constructive relationships with management teams.

We have a range of well-tested tools for assessing and developing investee management teams.

There are many points in the investment life-cycle where these can be usefully applied, for example:

- Management due diligence – to inform investment decisions and fast-track relationship building between the investor and the management team
- Change of CEO – to minimise disruption and ensure smooth integration
- Portfolio review – to understand and address underperforming and problem investments
- Business change – to facilitate effective leadership through strategic inflection points
- Pre-sale – to identify and support the optimal team which will see the business into its next phase



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Leadership risk mapping

Business leaders and regulatory agencies recognise the significance of leadership risk... yet businesses often struggle to chart the leadership risks which they face

We support boards and senior teams in exploring and understanding the behavioural and leadership dimensions of their strategic agenda. Our approach enables businesses to arrive at a more objective understanding of the leadership aspects of current operations and future plans.

- We can help clients to create a tailored leadership risk dashboard through which leadership risks can be tracked and managed
- We facilitate workshops for different groups, raising awareness of how leadership risk applies to specific functions and divisions
- We work with senior teams and specialist functions such as internal audit or members of the risk committee, to establish an approach for understanding and mitigating leadership risk. This perspective complements the traditional, 'bottom up' approaches to risk management
- We raise awareness of the ways in which organisational culture can compound or mitigate leadership risk

As well as promoting higher standards of governance and regulatory compliance, leadership risk mapping can be especially helpful when implementing new strategies, managing major projects and managing change.

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Our clients

Since 2004 we have successfully brought the Leadership Risk perspective to hundreds of clients across a broad spectrum of sectors and geographies. We are experienced in supporting clients operating in a range of ownership structures including publicly quoted, privately owned, partnerships and family business.

Almost any business can benefit from gaining a deeper understanding of Leadership Risk. Over time we have developed a depth of specialist understanding in a number of contexts where leadership risk can be especially significant:

- Private Equity – we work with both investee teams and the General Partners themselves. We can also advise Limited Partners
- Financial Services – where the Leadership Risk approach can be especially useful in gaining a richer view of the risk landscape
- Professional Services Partnerships – where flatter leadership structures and the pressure of short-term delivery can mean that the leadership aspects of partnership are overlooked
- Businesses experiencing rapid growth – where ‘growing pains’ can compound leadership risk issues as old ways of leading are no longer applicable
- Organisational planning and managing change – whether implementing new strategies or managing high-stakes projects, tracking leadership risk can be decisive in ensuring success

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To explore the benefits which 'The Edge' could bring to your business
please contact:

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