



# The Strategy of Risk

How Strategy Plays a Direct Role in Risk Realization



with  
Mark A. Pfister

 Webinar Start Countdown



# WEBINAR REMINDERS

*a few points to mention*

- **Purpose:** Share knowledge and trending on **strategy's important link to risk.**
- **Questions:** Write your questions in the Q&A section. My goal is to answer all questions at the close of the presentation. Otherwise, I will follow-up with you via email afterwards.
- **Materials:** Yes, this entire webinar is being recorded and you will receive a link via email from us shortly. This link will also include the ability to view & download the presentation deck in its own separate file.
- **International Board Director Competency Designation:** IBDC.D certification holders will receive 1 CPE credit by attending (be sure to follow proper CPE credit submission guidelines).



# YOUR HOST



## Mark A. Pfister

Non-Executive Director, CEO,  
& Chief Board Consultant

M. A. Pfister Strategy Group

- Governance & Strategy expert, Non-Executive Director, & Chief Board Consultant having consulted & advised hundreds of public, private, and nonprofit Boards.
- He is known as “*The Board Architect*” for his work in defining the structural components of effective Boards.
- His book, ‘*Across The Board: The Modern Architecture Behind an Effective Board of Directors*,’ is a bestseller with circulation in over 70 countries.
- He is the creator of the *International Board Director Competency Designation (IBDC.D)*, a globally-recognized Board and Board Director education & certification.



I am willing to take the risk...





*“I am willing to take the risk  
and buy this house.”*

Picture credit: Associated Press

AP



*“I am willing to take the risk and try this shortcut.”*

Picture credit: starecat.com

*“I am willing to take the risk and proceed directly to production.”*



Picture credit: unknown

# There are a lot of risks to consider

Health & Safety Risk

Volatility Risk

Compliance Risk

Systemic Risk

Security Risk

Budget Risk

Reputational Risk

Competitive Risk

Infinite Risk

Refinancing Risk

Financial Risk

Weather Risk

Model Risk

Operations Risk

Regulatory Risk

Commodity Risk

Interest Rate Risk

Process Risk

Political Risk

Dispute Risk

Inflation Risk

Program Risk

Country Risk

Residual Risk

Exchange Rate Risk

Project Risk

Upside Risk

Investment Risk

Integration Risk

Contract Risk

Settlement Risk

Credit Risk

Force Majeure

Liquidity Risk

Strategy Risk

Strategic Risk

Economic Risk

Recession Risk

Quality Risk

Secondary Risk

Legal Risk

Seasonal Risk

Innovation Risk

Artificial Intelligence Risks

Technology Risk

Taxation Risk

Procurement Risk

Dread Risk

Infrastructure Risk

Tactical Risk

Existential Risk

Concentration Risk



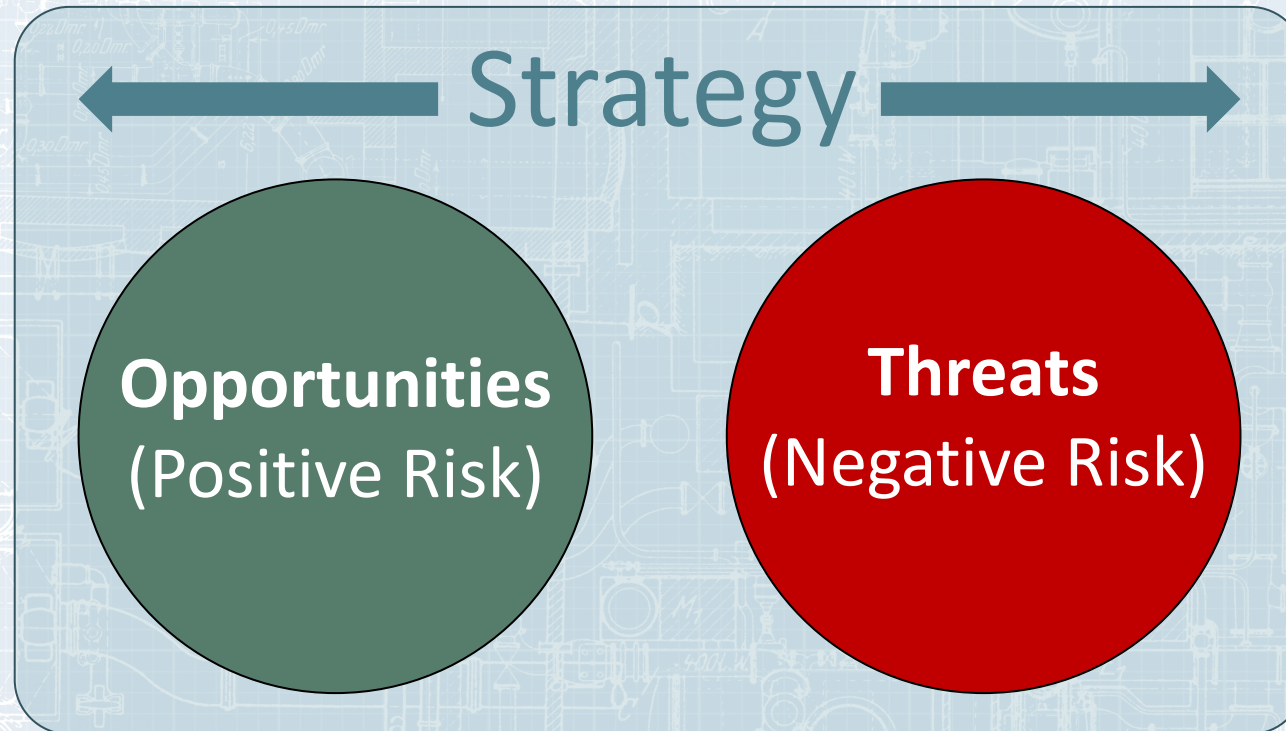


Not all risk is **bad**.

Some risk is **good**.



# This is where Strategy must come in.



The background is a detailed technical drawing of a mechanical system, likely a steam turbine or engine. It features various components such as turbines (labeled Turbine 11, 12, 13), condensators, and a machine house (Maschinenhausfeller). The drawing includes numerous dimensions, labels like 'Zugflügelstand' and 'Aufzugflügelstand', and power ratings such as '400L W', '275L W', and '250L W'. The drawing is rendered in a light blue color on a white background.

Strategy can play a big role in risk.

Let me now take you on a journey...



A scenic view of a rocky coastline with a large red 'X' over a text box. The background shows a body of water, a rocky shore, and a forested hillside under a blue sky. A large red 'X' is drawn over a dark teal text box in the center of the image.

*Definition: A strategy is a careful plan or method, usually over a period of time, to achieve a specific goal.*

*We need to redefine the modern definition of strategy...*



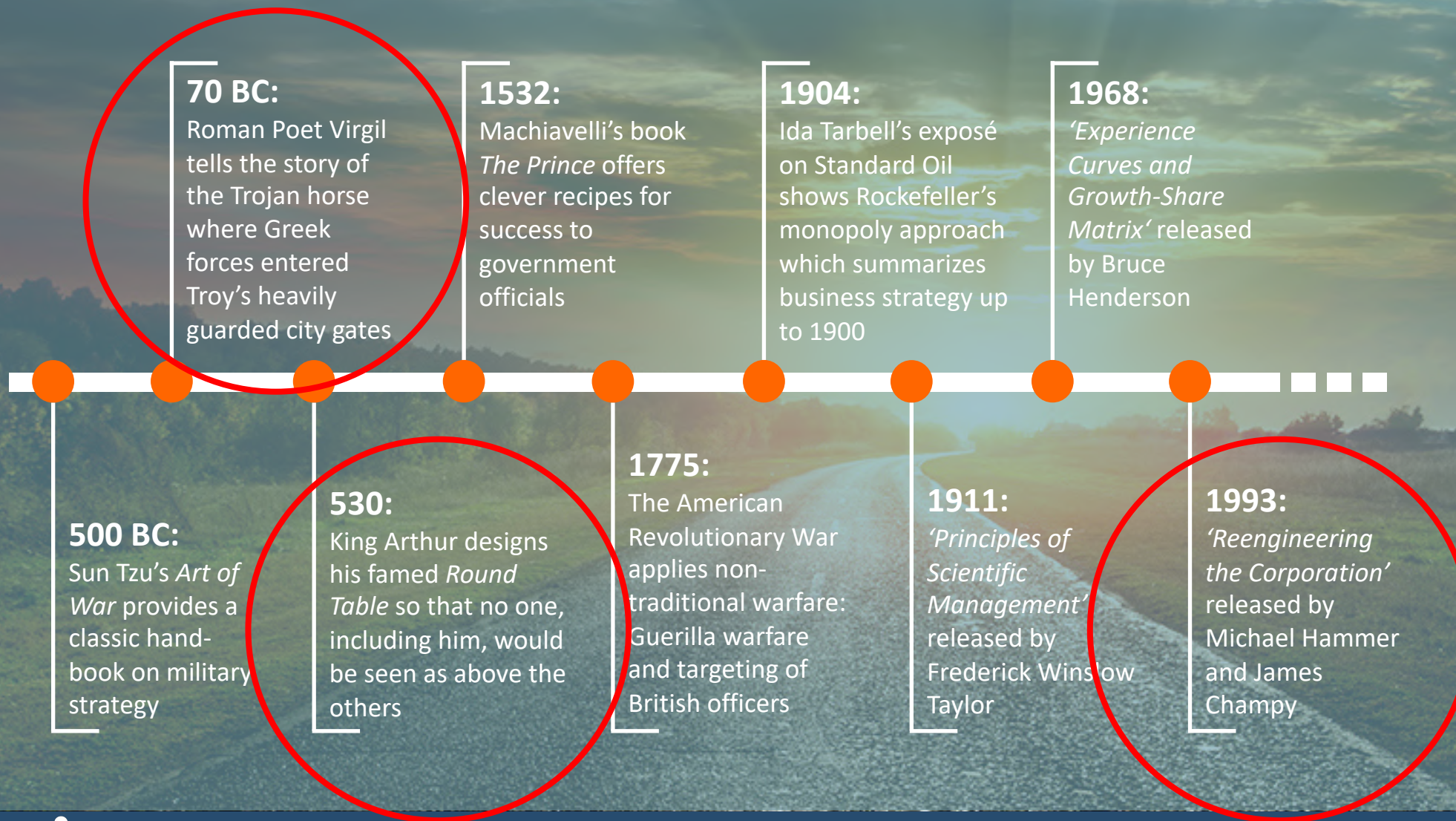


Let's first review the history of strategy...

The History  
of Strategy



# STRATEGY EVOLUTION



# STRATEGY EVOLUTION

## Warmongers

- Winning wars
- Avoiding wars

## Politicians

- Gaining power
- Holding power

## Business Leaders

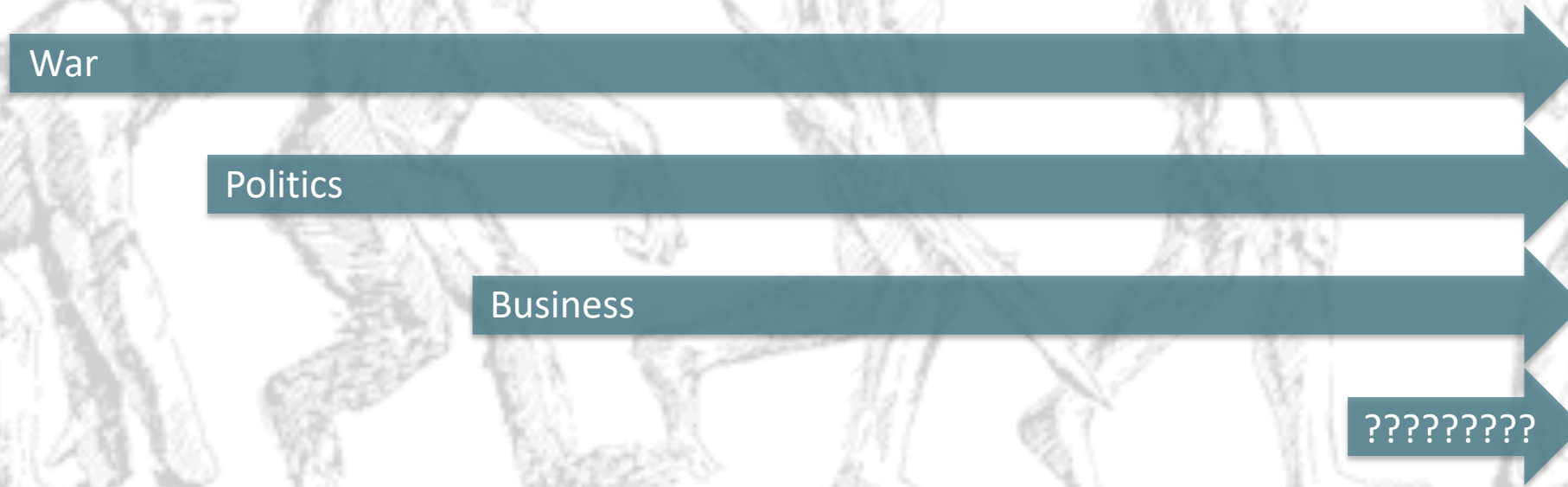
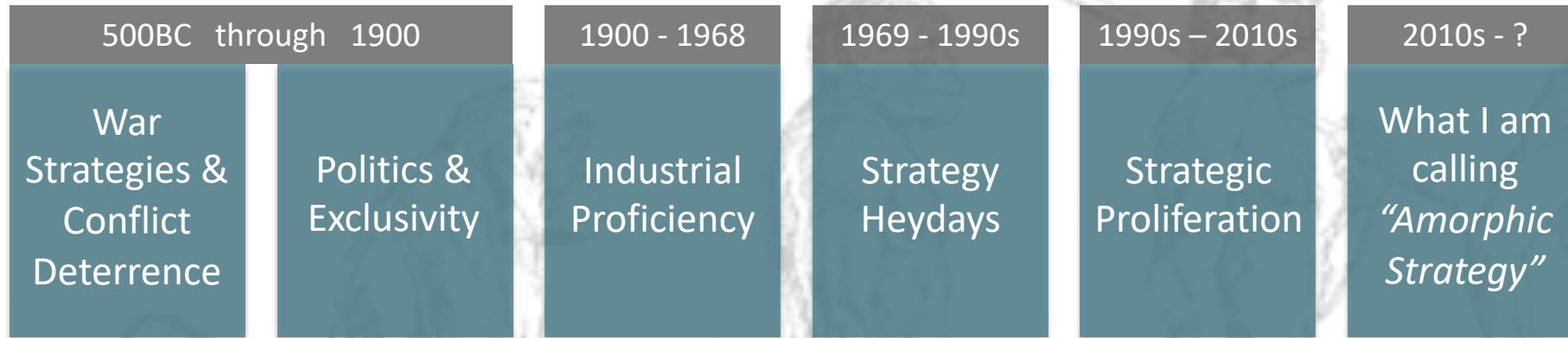
- Monopolies
- Building Power

← 2500+ Years →

*2500+ years of strategy mainly benefits 3 professions*



# STRATEGY EVOLUTION



Reference: Adapted from AT Kearney - The History of Strategy and Its Future Prospects



# *“War Strategies & Conflict Deterrence”* Phase 500BC – 1900

*“Winning a  
battle without  
fighting is the  
best way to  
win”*

Sun Tzu  
*“The Art of War”*



# *“Politics & Exclusivity”* Phase

500BC – 1900

*“It is better to be  
feared than loved,  
if you cannot be  
both”*



Niccolo Machiavelli  
*“Father of Modern  
Political Science”*



# *“Politics & Exclusivity”* Phase 500BC – 1900

Control  
Everything

=

No  
Competition

John D. Rockefeller  
Standard Oil



# *“Industrial Proficiency”* Phase 1900 – 1968

Strategy  
summarized  
as *“competition  
on price”*

Peter Drucker  
*“Father of Modern  
Management”*



# "Strategy Heydays" Phase 1969 – 1990s

Do what everyone else is doing, but spend less money doing it.

Do something no one else can do.

Michael Porter  
*"What is Strategy"*



# "Strategic Proliferation" Phase: 1990s - 2010s



# "Strategic Proliferation" Phase: 1990s - 2010s

But as the strategies piled up, so did the complexity...

...rendering many companies in a paralysis state

- Brand Loyalty
- Brand Recognition
- Bricks and Clicks
- Business Assessment Array
- Business Cycle
- Business Incubator
- Business Intelligence
- Business Interruption Insurance
- Business Models
- Business Process Reengineering Hammer
- Champy
- Buy-Side Analyst
- Cannibalization
- Capacity Utilization
- Capital Budgeting
- Cartel
- Catastrophe Theory Thom
- Causal Ambiguity
- Centralization and Decentralization
- Ceteris Paribus
- Chain of Command
- Chairman of the Board
- Entrepreneurial Government Osborne
- E-Procurement
- Exit Strategy
- Experience Curve
- Extended Marketing Mix 7P's
- External Environment
- Factor Endowments
- False Consensus Bias
- Feasibility Study
- First-mover Advantage
- Five Forces Porter
- Flip
- Force Field Analysis Lewin
- Forget Borrow Learn Govindarajan Trimble
- Franchising
- Friendly Takeover
- Game Theory Nash
- GE Business Screen
- Globalization
- Glocalization
- Golden Parachute
- Parenting Advantage Gold Campbell
- Parenting Styles Goold Campbell
- PARTS Brandenburger
- Penetration Pricing
- Pension Parachute
- People Pill
- Performance Categories Baldrige
- Performance Management
- Performance Prism
- PEST Analysis
- Plausibility Theory
- Reasoning
- Portfolio Analysis
- Pressure Group
- Price Skimming
- Problem Analysis Tree
- Product Life Cycle Levitt
- Product/Market Grid Ansoff
- Profit Pools Gadiesh, Gilbert
- Rätselvermehrung Heinsohn
- Real Options Luehrman
- Supply Chain Design
- Sustainable Competitive Advantage
- Synectics Gordon
- Systemic Risk
- Systems Thinking / Dynamics Forrester
- Tacit Knowledge
- Targeted Repurchase
- Target Marketing
- TDC Matrix Internet
- Technological Forecasting
- Ten Schools of Thought Mintzberg
- Theory E and Theory O Beer Nohria
- Thought Constraints Goldratt
- Reasoned Action Ajzen Fishbein
- Three Dimensional Business Definition Abell
- Time to Market
- Top-down Approach
- Trade Marketing Mix
- Trajectories of Industry Change McGahan
- Triple Bottom Line Elkington
- Turnaround Management
- Twelve Principles of the Network Economy Kelly

# "Strategic Proliferation" Phase 1990s - 2010s

Prerequisite  
for Success

Compelling Vision,  
Bold Leadership &  
Decisive Action

Prerequisite  
for Failure

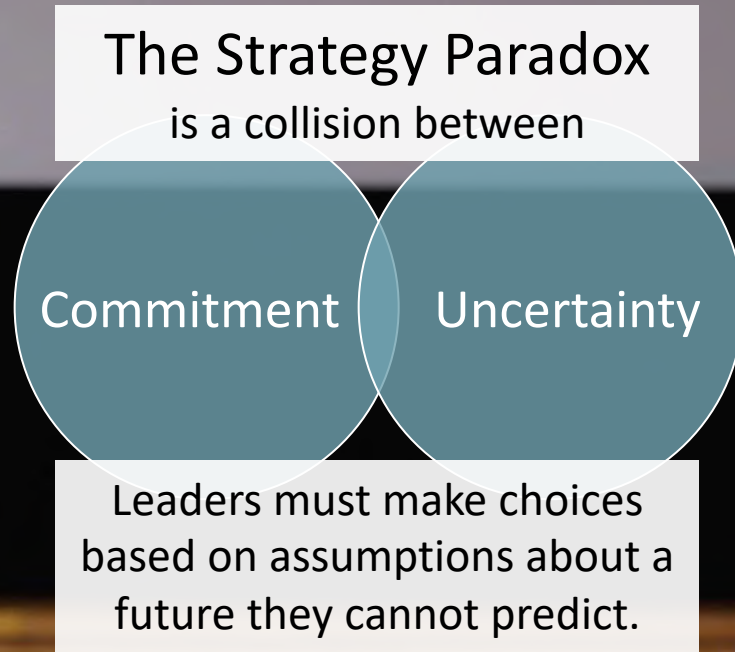


Michael E. Raynor  
*"The Strategy Paradox"*





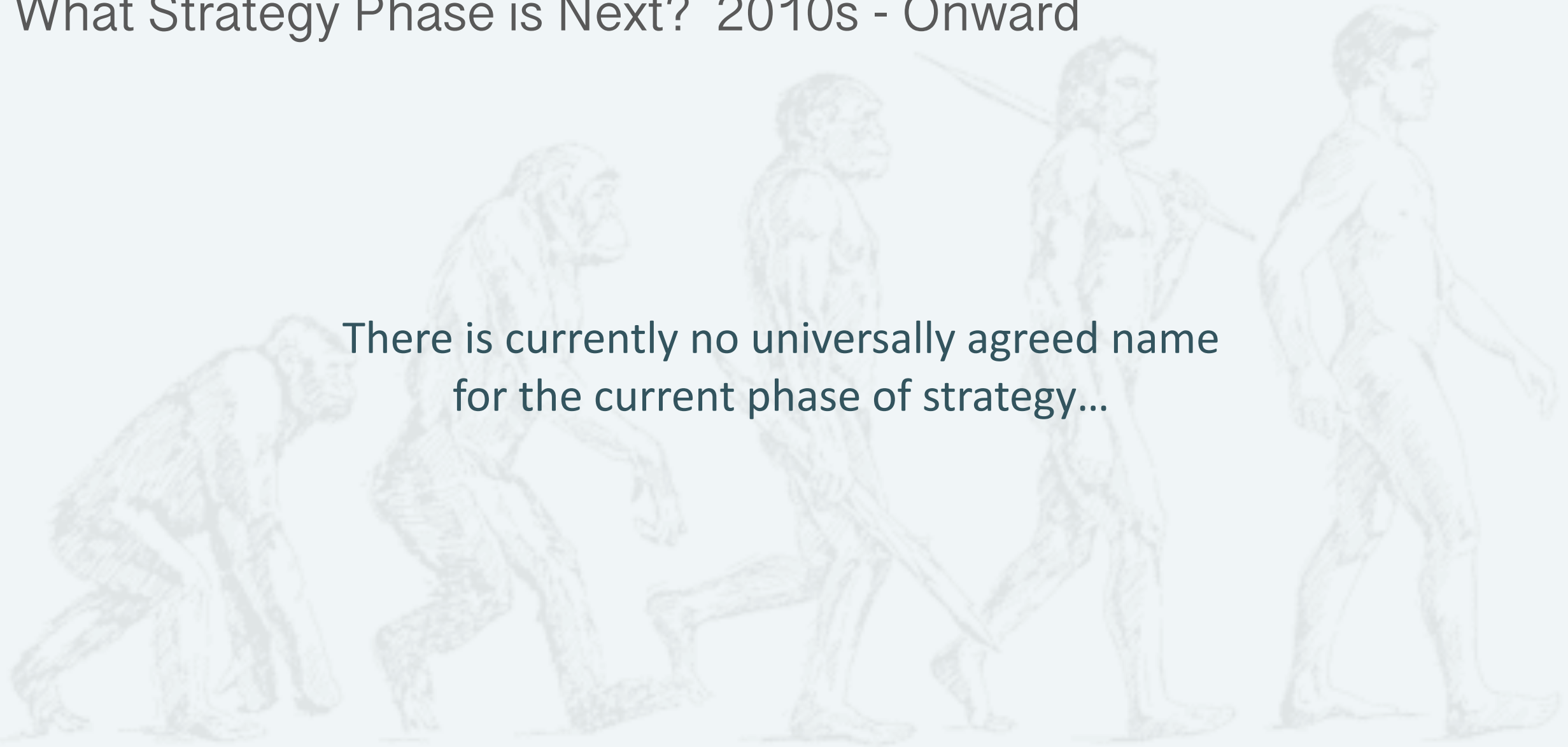
# "Strategic Proliferation" Phase 1990s - 2010s



Michael E. Raynor  
*"The Strategy Paradox"*

# What Strategy Phase is Next? 2010s - Onward

There is currently no universally agreed name for the current phase of strategy...



# What Strategy Phase is Next? 2010s - Onward

## Amorphic Strategy

Adapting quickly to change

- Data & analytics + 'big data'
- Technology advancements
- Disruption
- Market trending
- Geopolitical influences
- Generational motivations
- Progress in Machine Learning and Artificial Intelligence

↑  
simultaneity  
↓



*...Amorphic Strategy will be applied to EVERYTHING!*

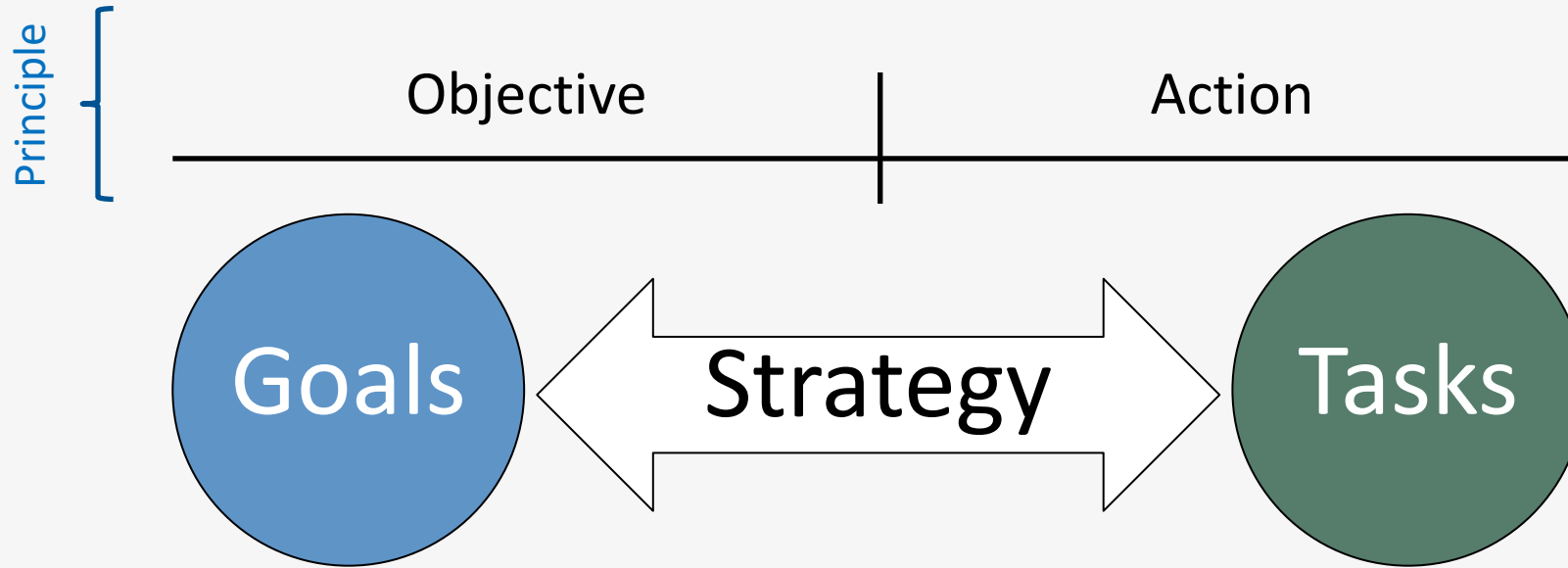


As leaders, how should we think about strategy?

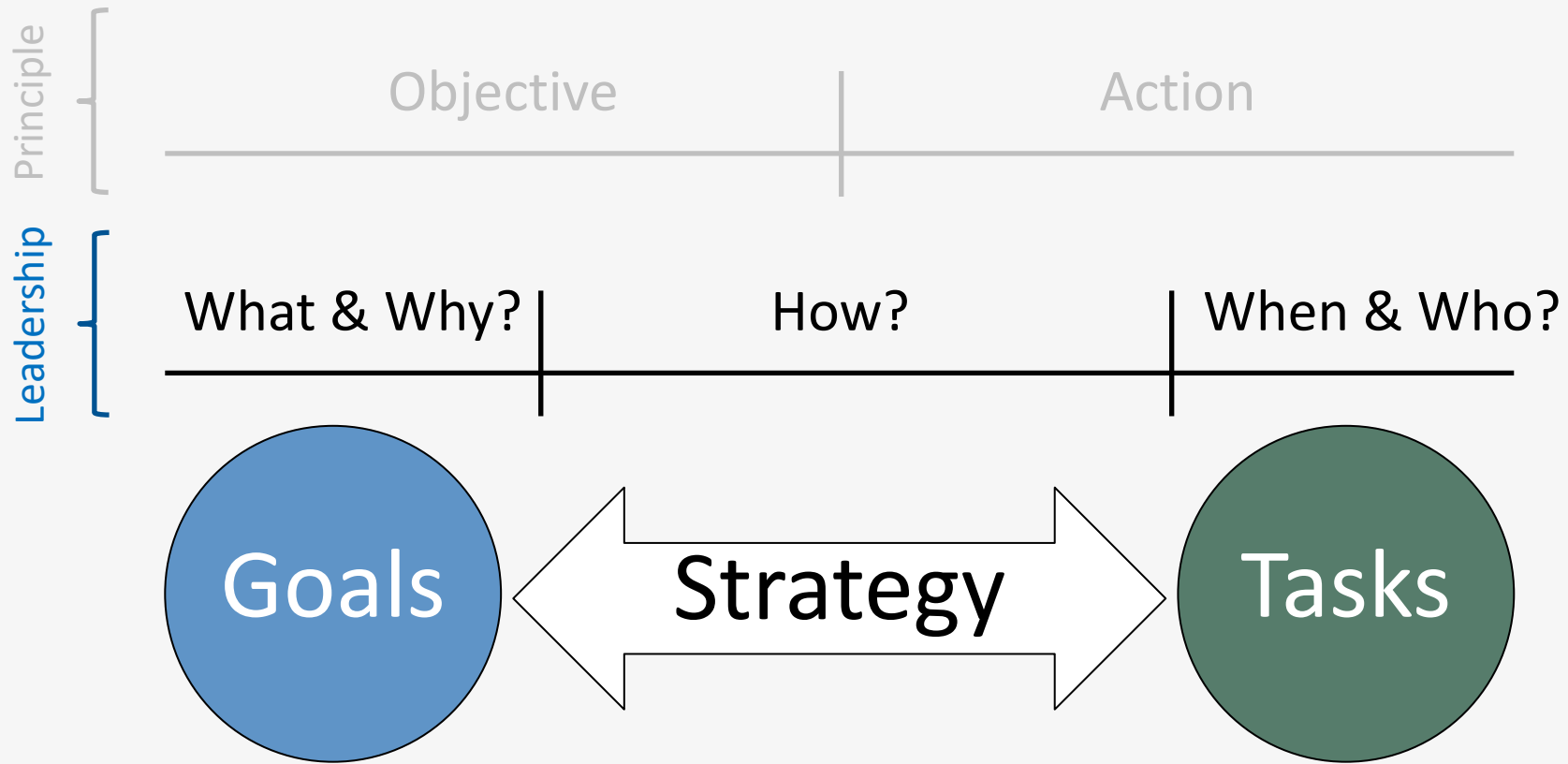
Strategy in  
Practice



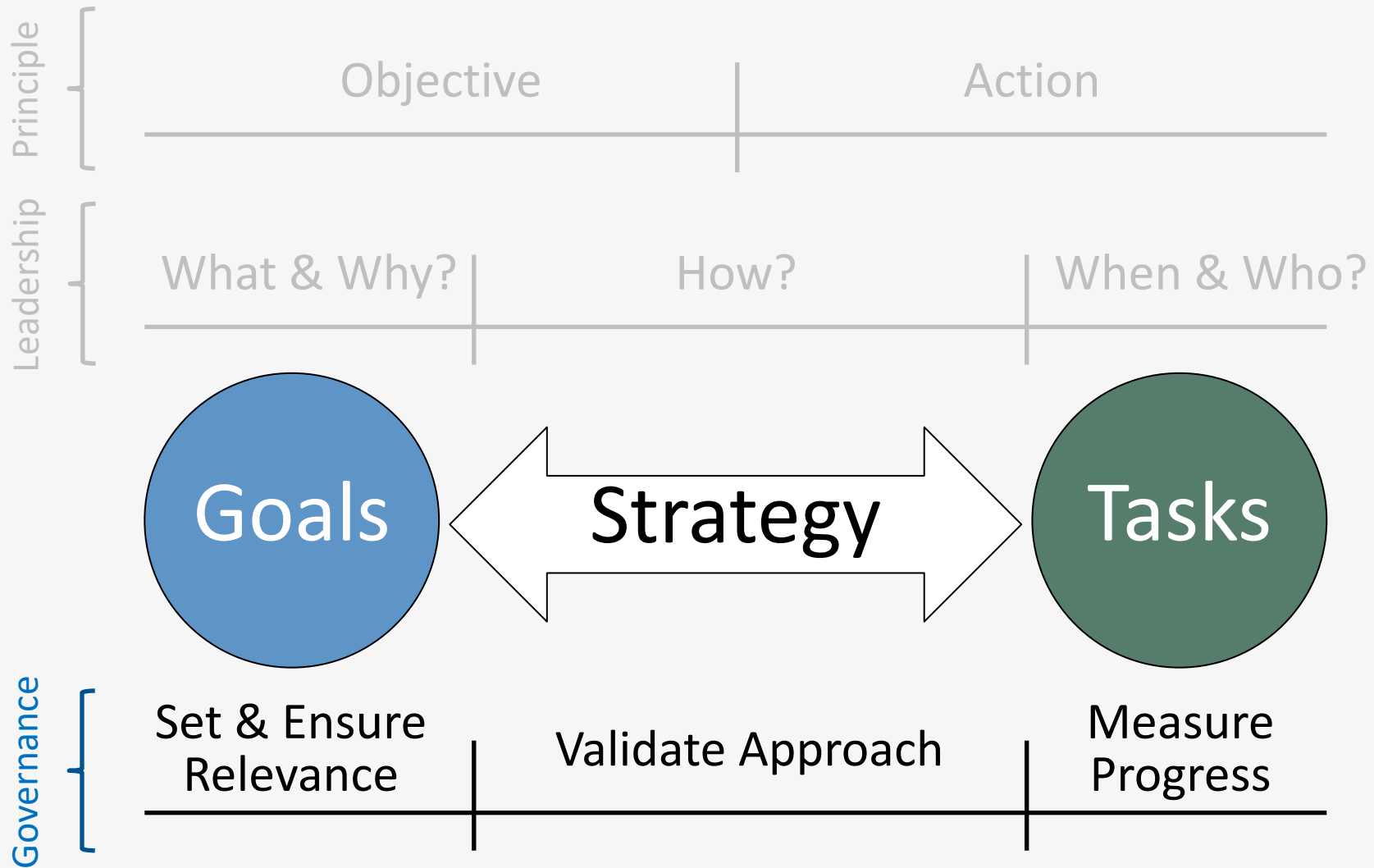
# How to think about Strategy



# How to think about Strategy

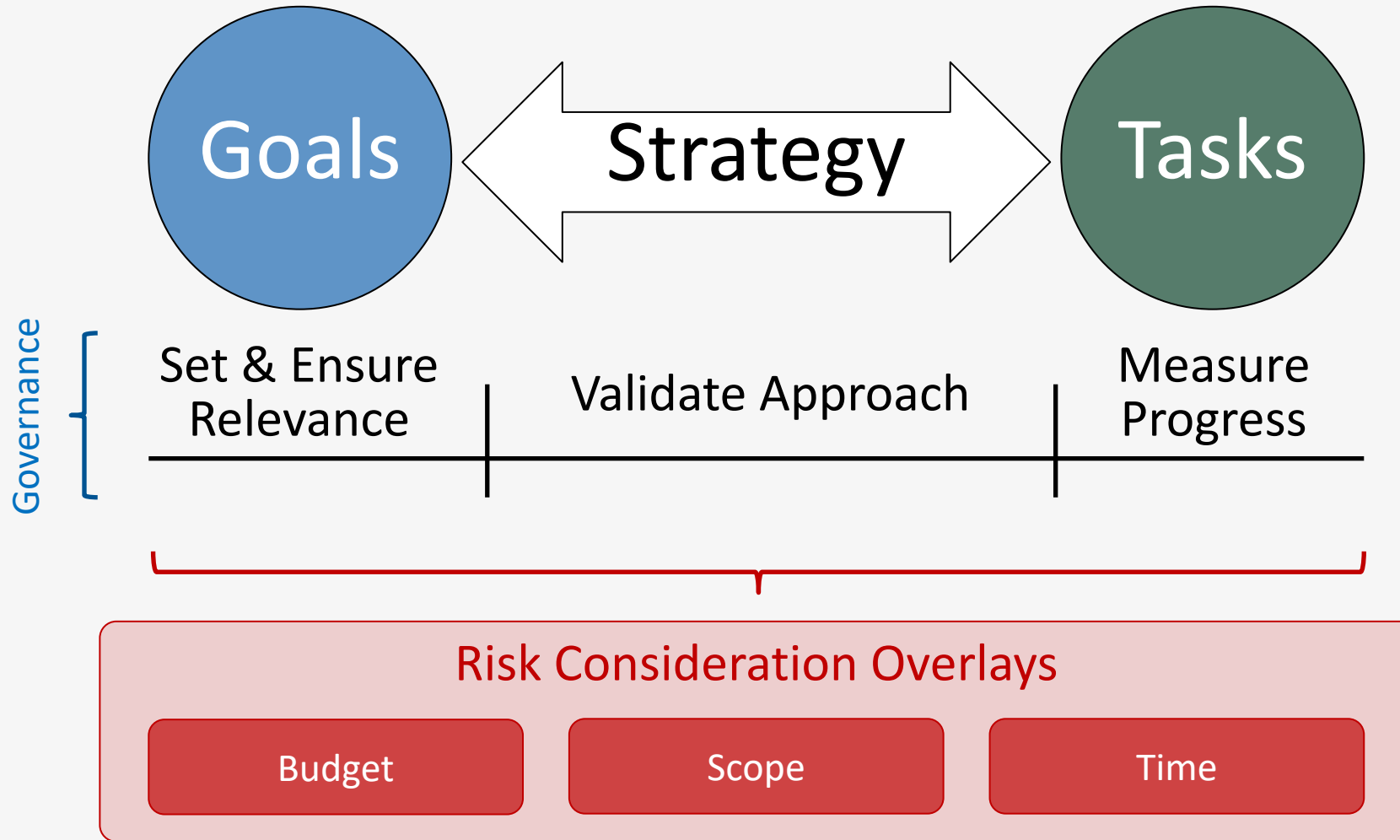


# How to think about Strategy




© International Board Director Competency Designation (IBDC.D)

# How to think about Strategy







There is a little more to the holistic Strategy picture...





# Linking risk to strategy & governance

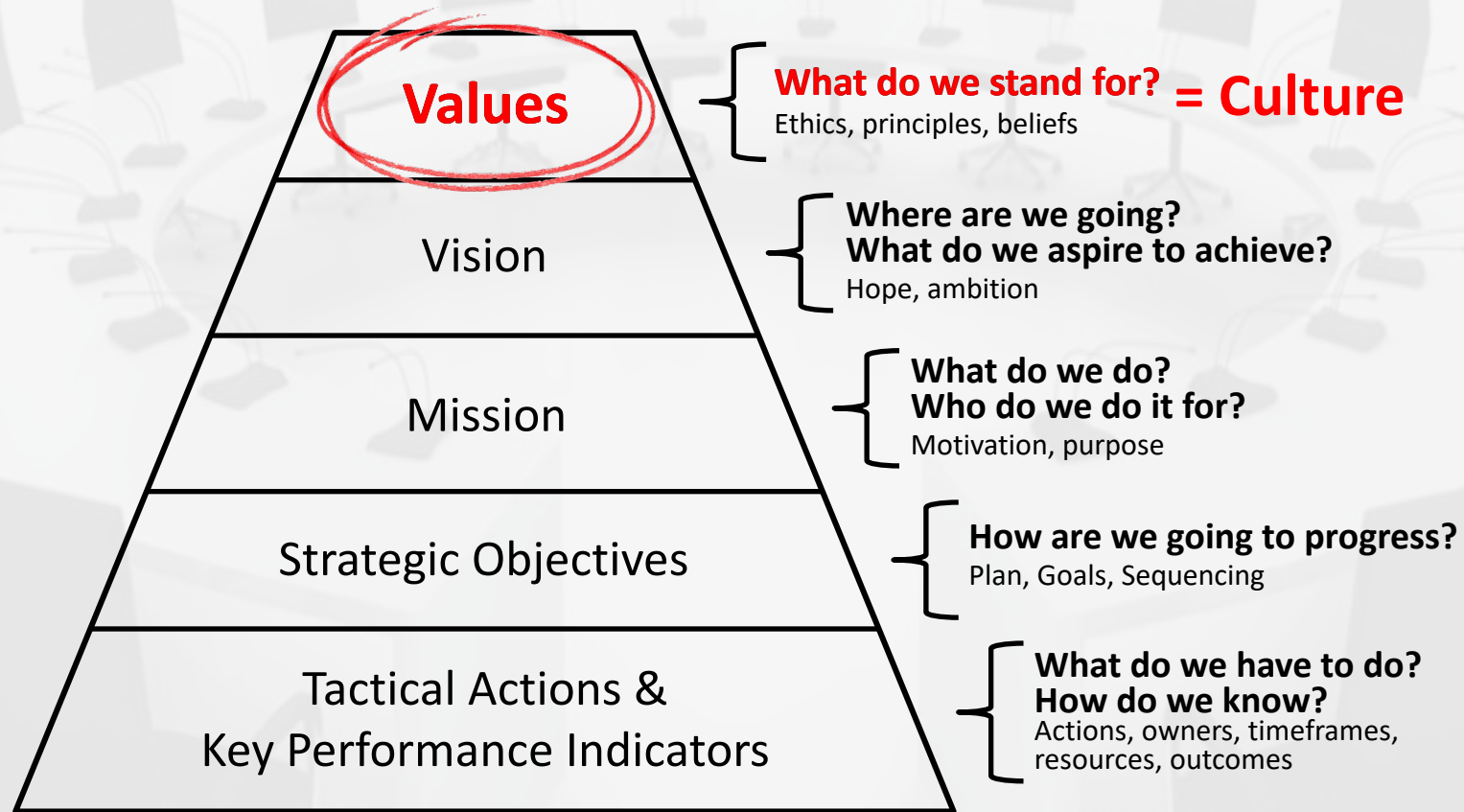
The  
Strategy/Risk/  
Governance  
Alliance

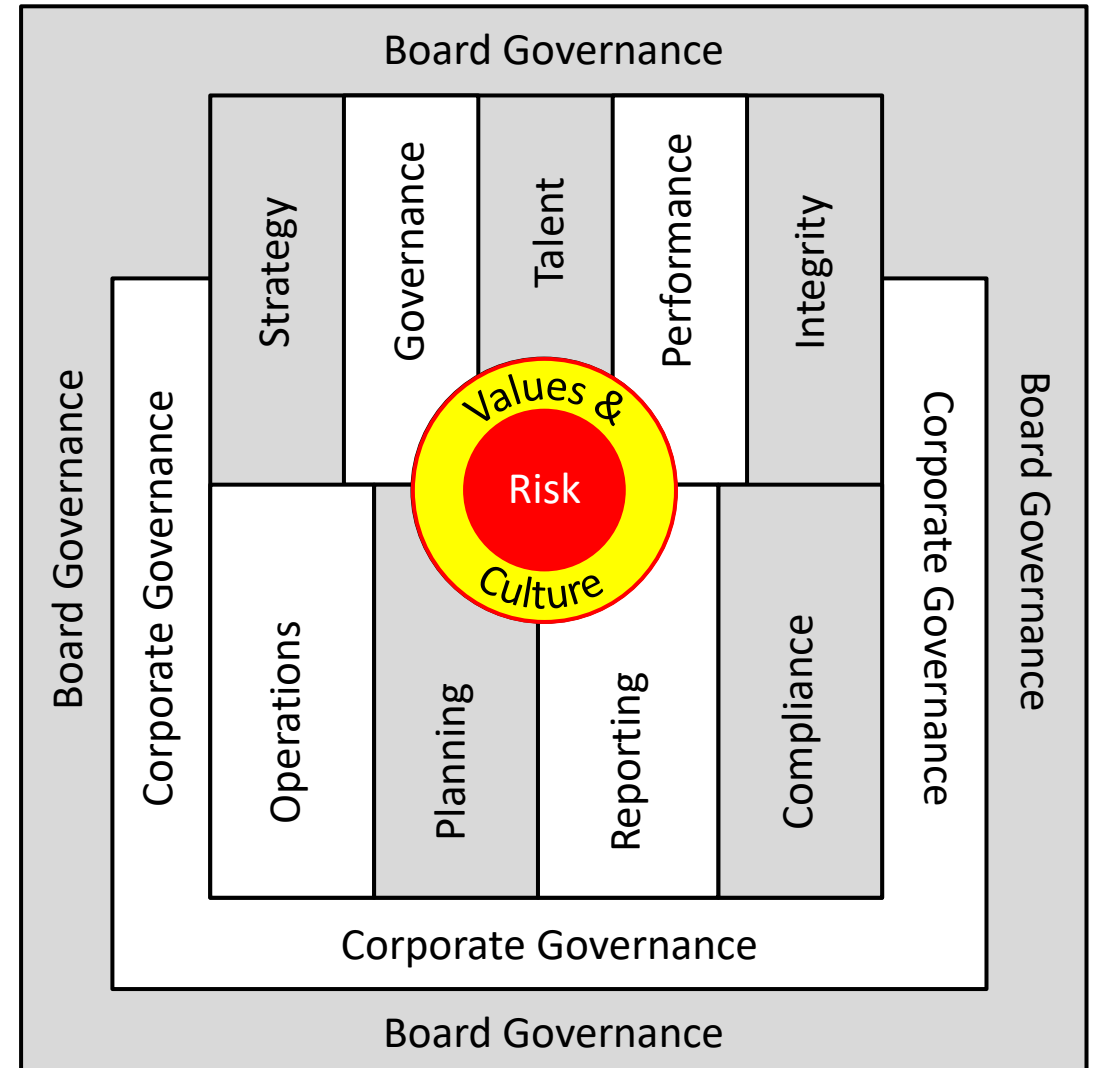
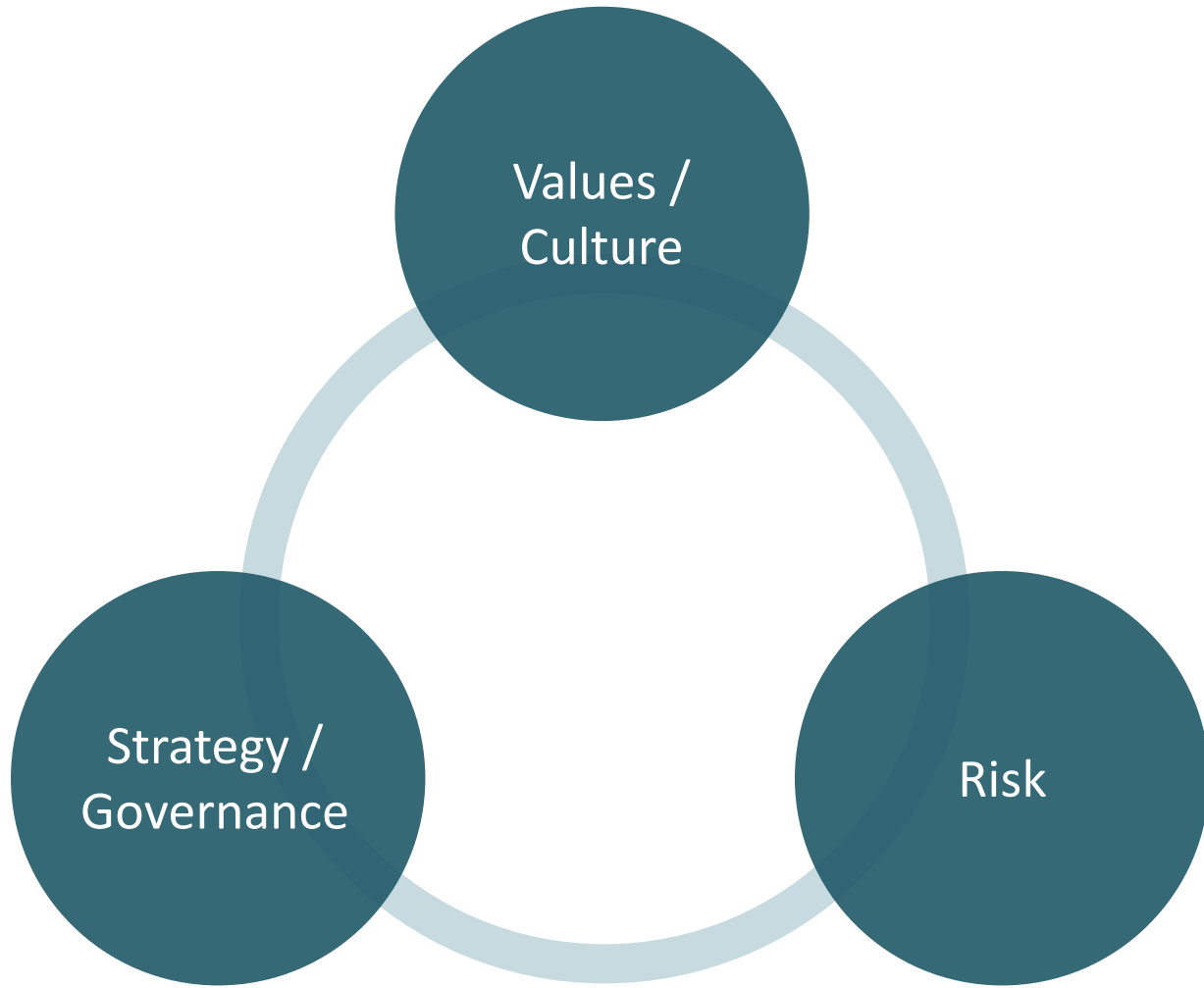




Values = Culture = Lower Organization Risk

this is an integral part of any worthwhile Strategy!





# Board Decisioning Flow

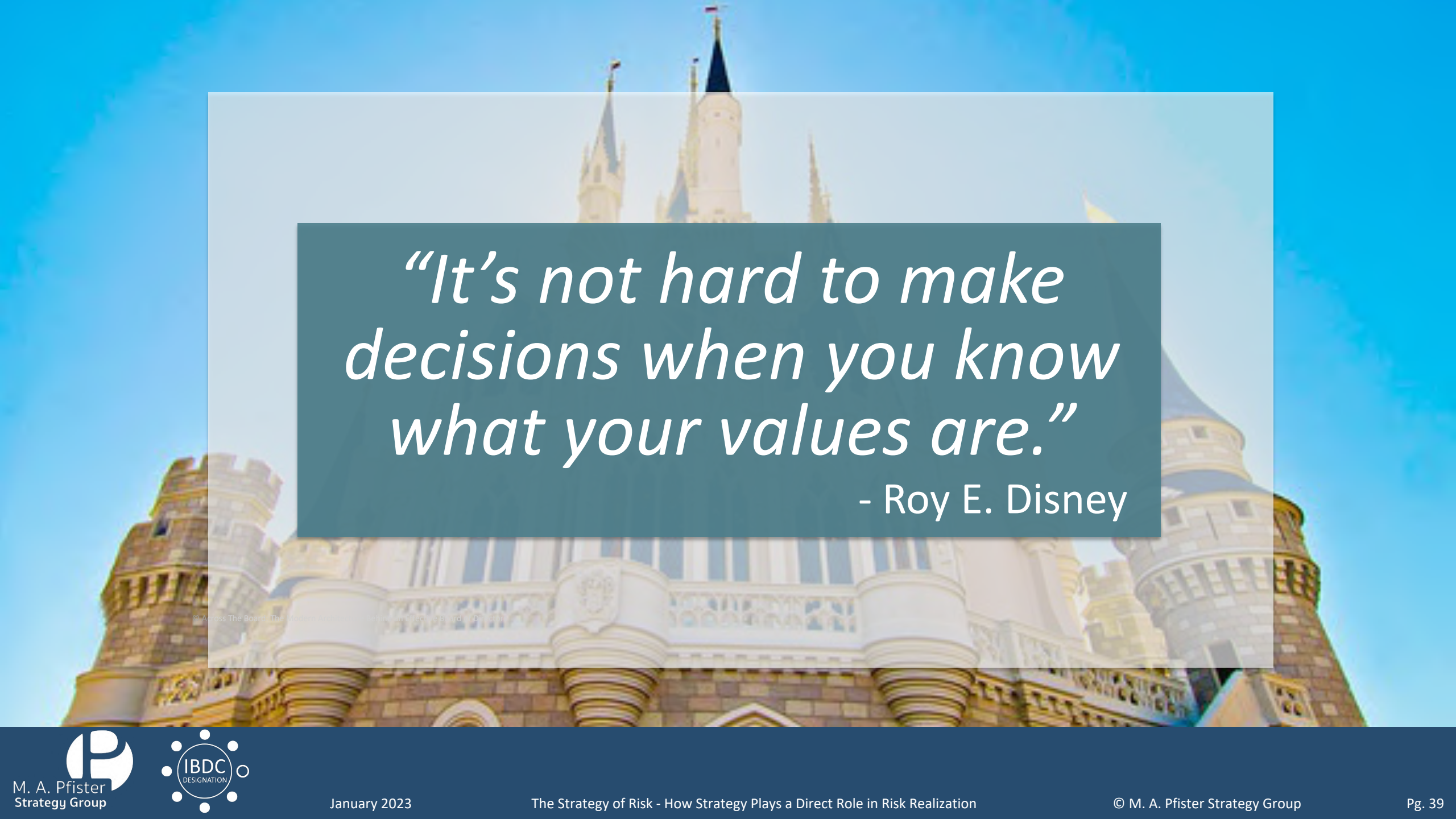


+ Consideration Overlays

Budget

Scope

Time



*“It’s not hard to make  
decisions when you know  
what your values are.”*

- Roy E. Disney

© Across The Board, The Modern Board, The Effective Board, Disney



# *Redefined modern definition of strategy for leaders...*

*A strategy is a set of **guiding principles** that, when communicated and adopted, generates a desired **pattern of integrated decision making**.*

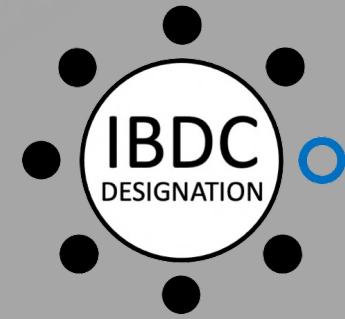


*Old Definition: A strategy is a careful plan or method, usually over a period of time, to achieve a specific goal.*



With strategy, I am willing to take the risk...  
Are you?





# Becoming an Exceptional Board Director Candidate

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## International Board Director Competency Designation (IBDC.D)

Get modern Board Director Candidate packaging **AND** modern Board operations knowledge all in one shot while **ALSO** earning your globally recognized *International Board Director Competency Designation (IBDC.D)* certification.

1:1

Group

On-Demand

<https://www.pfisterstrategy.com/exceptionalboarddirector>

*are you prepared?*

Fully understand the interrelationship between **Strategy & Risk**

Remember there are both positive and negative **Risks**

Remember your **Values**



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Connect with me on LinkedIn at <https://www.linkedin.com/in/markapfister/>

Board education + certification details <https://www.pfisterstrategy.com/exceptionalboarddirector>



# MARK A. PFISTER

Non-Executive Director, CEO, & Chief Board Consultant

Biography

Mark@PfisterStrategy.com



With a strong focus in Strategy, Governance, & Technology / Cybersecurity, Mark A. Pfister is CEO & Chief Board Consultant of M. A. Pfister Strategy Group, an executive advisory firm that serves as a strategic advisory council for executives and Boards in the public, private, and nonprofit sectors. He is also Chairman & CEO of Integral Board Group, a specialized Board services and consulting company, as well as Founder & CEO of the *International Board Director Competency Designation* (IBDC.D) education and certification program, a Board Director certification course recognized globally. Mr. Pfister is a *'Board Macro-Influencer'* and his success has been repeated across a wide range of business situations and environments. He prides himself on being a coach and mentor to senior executives and directors. In Board Director circles, Mr. Pfister has earned the nickname *'The Board Architect.'*

The overarching theme throughout his career has been his aptitude in leadership positions, passionate focus on people, unique governance models, and ability to create value for stakeholders through innovative business strategies and operational excellence. Michael Lorelli, Executive Chairman of Rita's Franchise Company, has said, *"Mark's unusual combination of excelling at a macro and micro grasp of business, genuine interest in Governance, and ability to coach and mentor a Management Team make him a terrific Independent Director."*

Mr. Pfister is a certified project management professional and frequently serves as an expert Project Executive, consulting on global programs/ projects in their initiation and operational phases, as well as programs requiring remedial focus to bring them back on track. He has deep knowledge and experience in Board design & operations, strategic planning, business transformation, technology implementations, decisioning processes, certification & continuing education programs, executive coaching, and governance models.

Mr. Pfister was CEO of Pro4ia, Inc., an international consulting and professional services company specializing in a wide range of technology solutions utilizing formal Project Management as a proven and repeatable delivery method. With a Fortune 50 client list, Pro4ia was Citibank's Nominee for Crain's Magazine *'Entrepreneurship of the Year'* Award in 2005. He simultaneously served as CEO of Onit, Inc., a national sourcing company specializing in placements for all levels of technology skill sets. Mr. Pfister was also the National Program Office Leader for American Express leading some of the largest technology transformation initiatives in the company's history. He served as a Licensed Engineering Officer in the U.S. Merchant Marine, holds a B.S. from the State University of New York Maritime College in Facilities Engineering, and completed Harvard Business School's Executive Education Program for Board Directors.

Mr. Pfister is the creator of the *'Board as a Service'* (BaaS) engagement model, an industry he is credited with inventing. He is a Master Speaker and conducts international speaking tours, lectures, and seminars focused on effective leadership, strategy, Board architecture, becoming an exceptional Board Director candidate, professional project/program management, and entrepreneurship.

His popular book, *'Across The Board: The Modern Architecture Behind an Effective Board of Directors,'* an Amazon best-seller with circulation in over 70 countries, has influenced an entire new generation of Board Directors.

Mr. Pfister is a proficient Board Director and CEO with experience across multiple industry verticals. He is typically the Chair or a member of the Strategic Planning Committee, Governance Committee, Technology & Cybersecurity Committee, and has deep Nominating Committee experience. Mr. Pfister's experience as an internationally renowned Board Consultant, having guided and coached hundreds of Boards, Board Committees, and Board Members across public, private, and nonprofit verticals, additionally offers up unique and informed viewpoints to the companies he serves.

He holds an *International Board Director Competency Designation* (IBDC.D) through M. A. Pfister Strategy Group, is a certified *Project Management Professional* (PMP) through the Project Management Institute, earned a *Global ESG Certification* (GCB.D) through Competent Boards, holds a *Certified Cyber Intelligence Professional Board Certification* (CCIP) through the McAfee Institute, and previously held an *Executive Masters Professional Board Certification* through the American College of Corporate Directors (ACCD).

