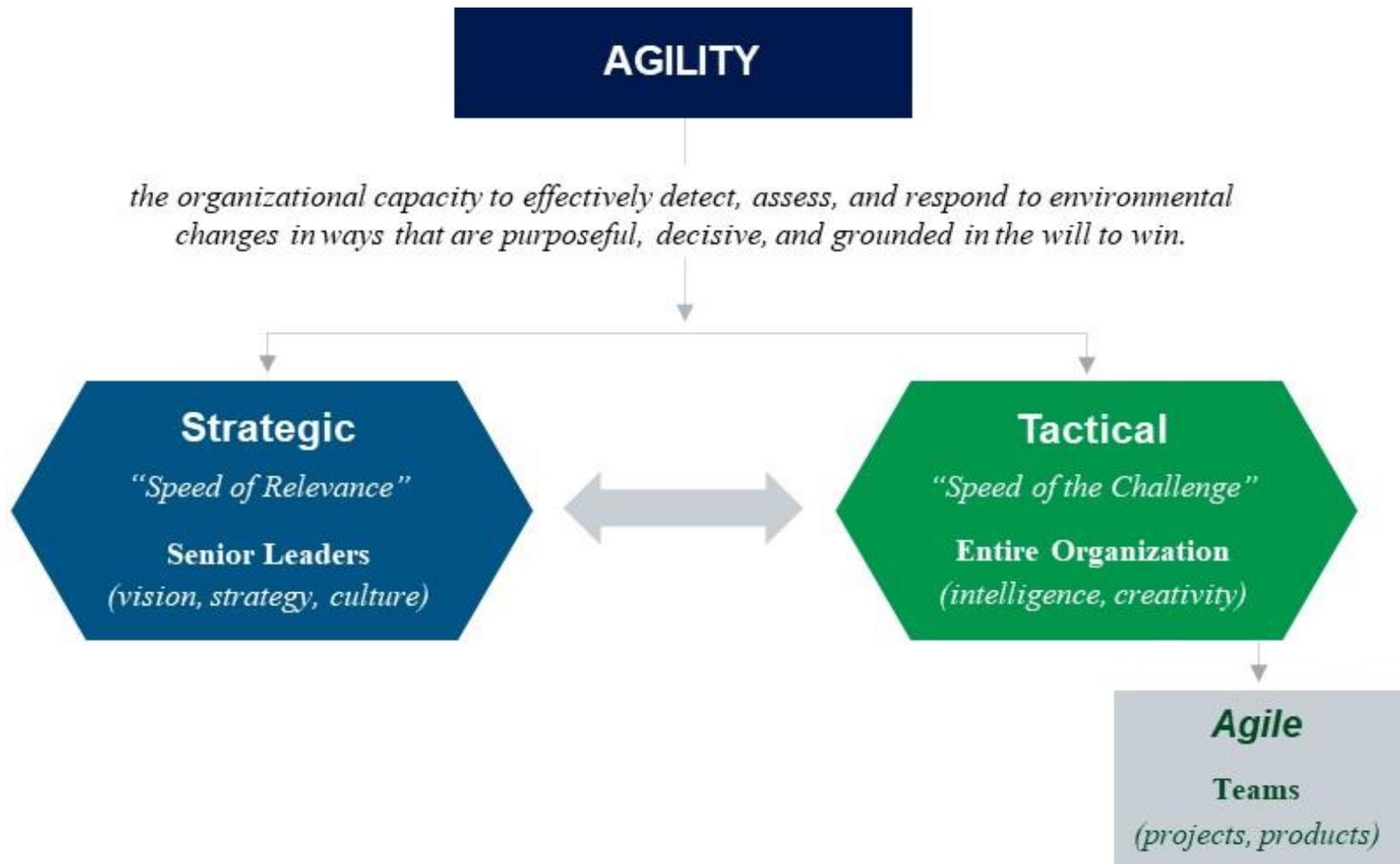


# The New Paradigm for Organizational Agility

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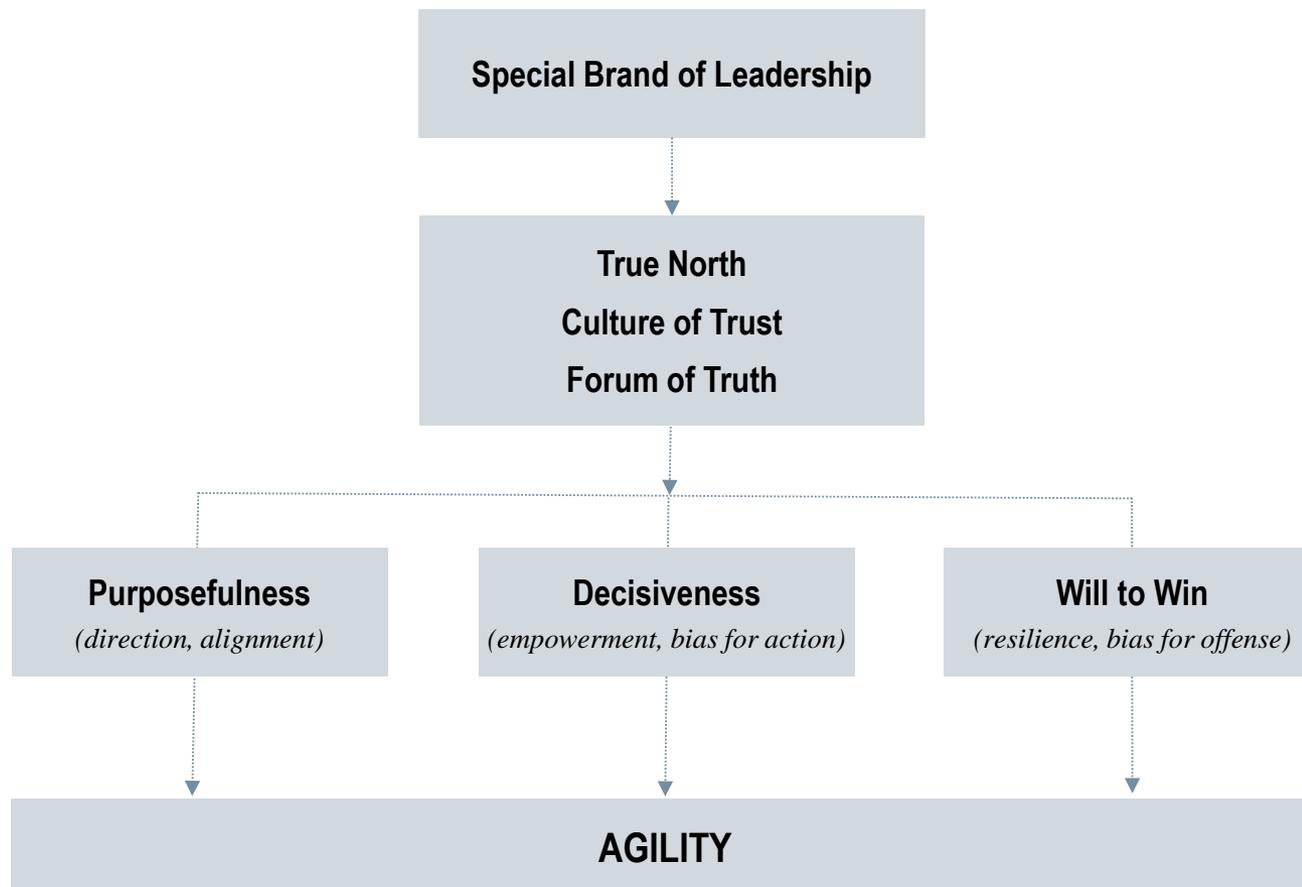


# The Agility Setting

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Stepping into the unknown requires clarity, conviction, and tolerance for setbacks and mistakes.

Agility rests on a special brand of leadership and a culture of trust, accountability, and empowerment deliberately created and continually nurtured by senior leaders.



# Risk Intelligence

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The “organizational ability to think holistically about risk and uncertainty, speak a common language, and effectively use forward-looking concepts and tools in making better decisions, alleviating threats, capitalizing on opportunities, and creating lasting value.”



# Agility: Purposeful, Deliberate, Achievable

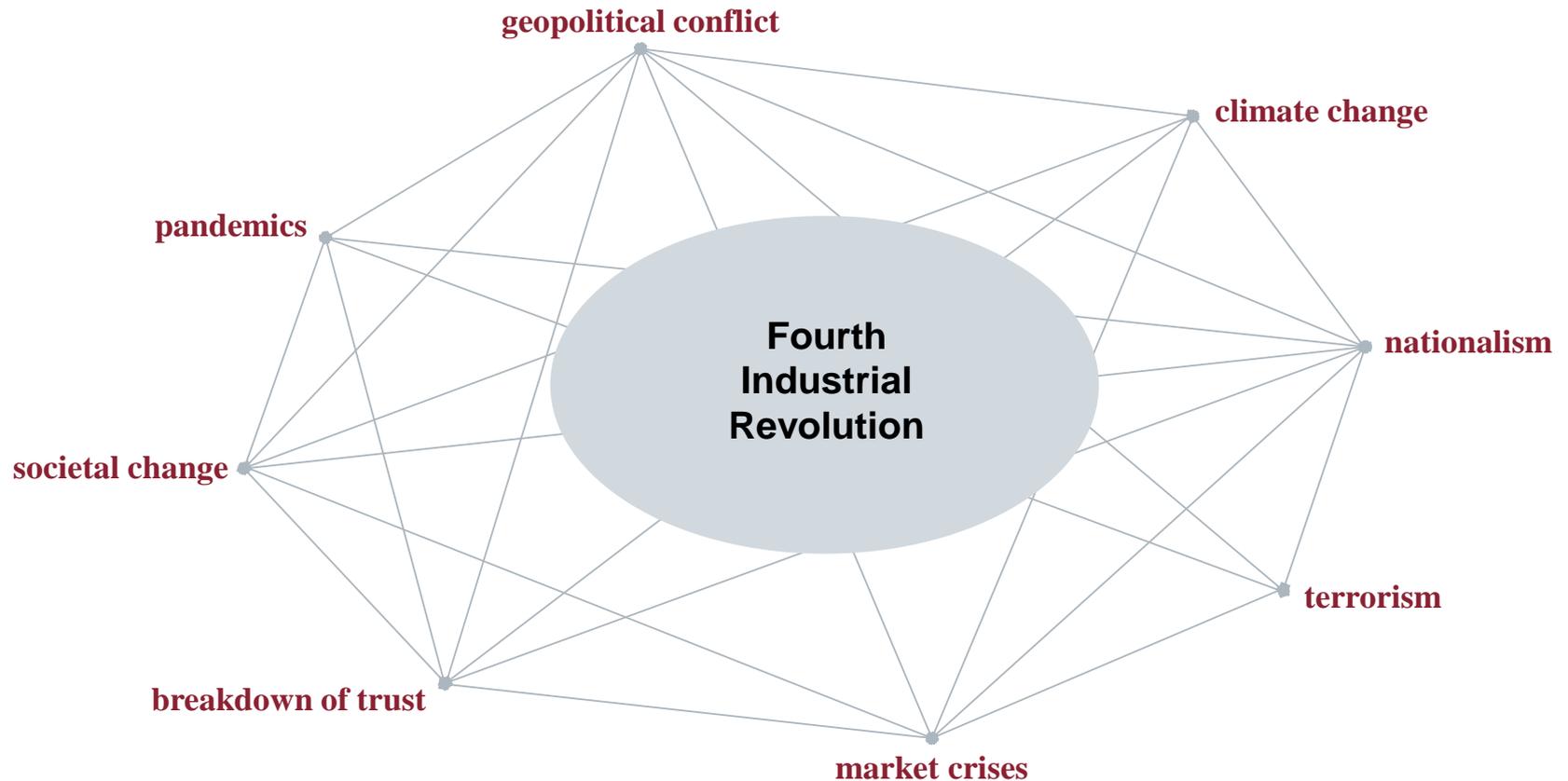
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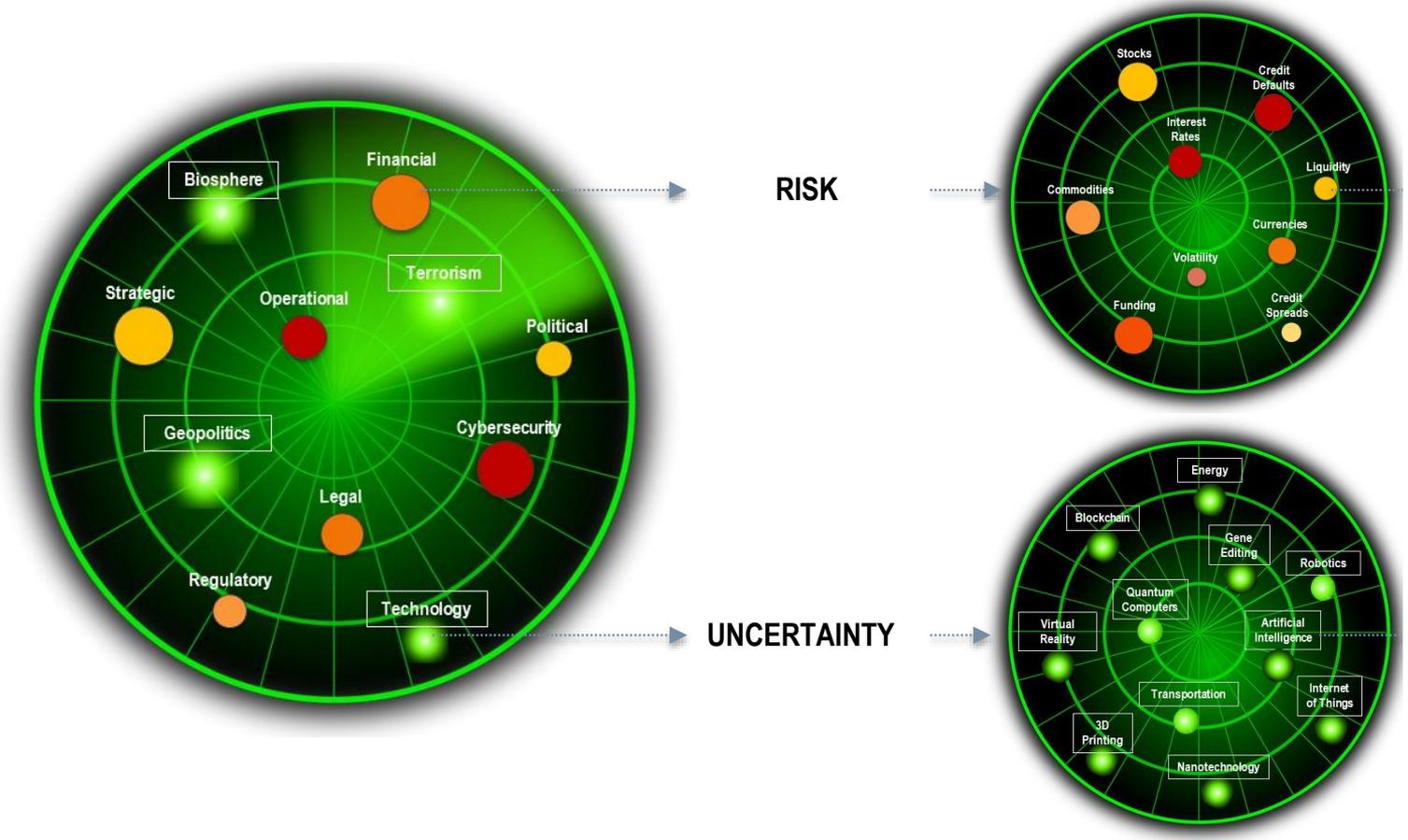
# Accelerating Disruption, Radical Uncertainty

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Companies and investors face radical disruption and uncertainty across economics, biosphere, geopolitics, business, and technology.



# Enterprise Risk Radar



## Range of Responses (Internal Crisis)

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1. **Do nothing since “most of such incidents die down naturally”**
2. **Identify and punish the employee(s) who disseminated information that they knew was confidential**
3. **Issue a brief internal memo from the CEO that provides cursory information. The chief goal is to quell employee concerns**
4. **Take several days to craft a carefully-worded, comprehensive memo – coordinated with the counterparty and PR – that creates transparency and ensures SEC compliance**

## Range of Responses (External Crisis)

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- 1. Hire a crisis communication firm since it's a PR and IR matter**
- 2. Move forward with the transaction. Initiate an internal campaign "You Are Our #1 Asset" that highlights how employees affected by the divestiture will be retrained and moved to other jobs**
- 3. Abandon the deal, pay transaction break-up fees, mitigate internal and external PR fallout**
- 4. Reshape the deal, turning adversity into opportunity**
  - Spin out the division and make the foreign entity a stakeholder/partner
  - As the condition of the deal, ensure that not only all the jobs are safe, but the foreign entity will build a new production plant in the area
  - Embark on a proactive internal and external communication campaign that highlights how "We Do What's Right" for all employees, client, shareholders, communities and society at large

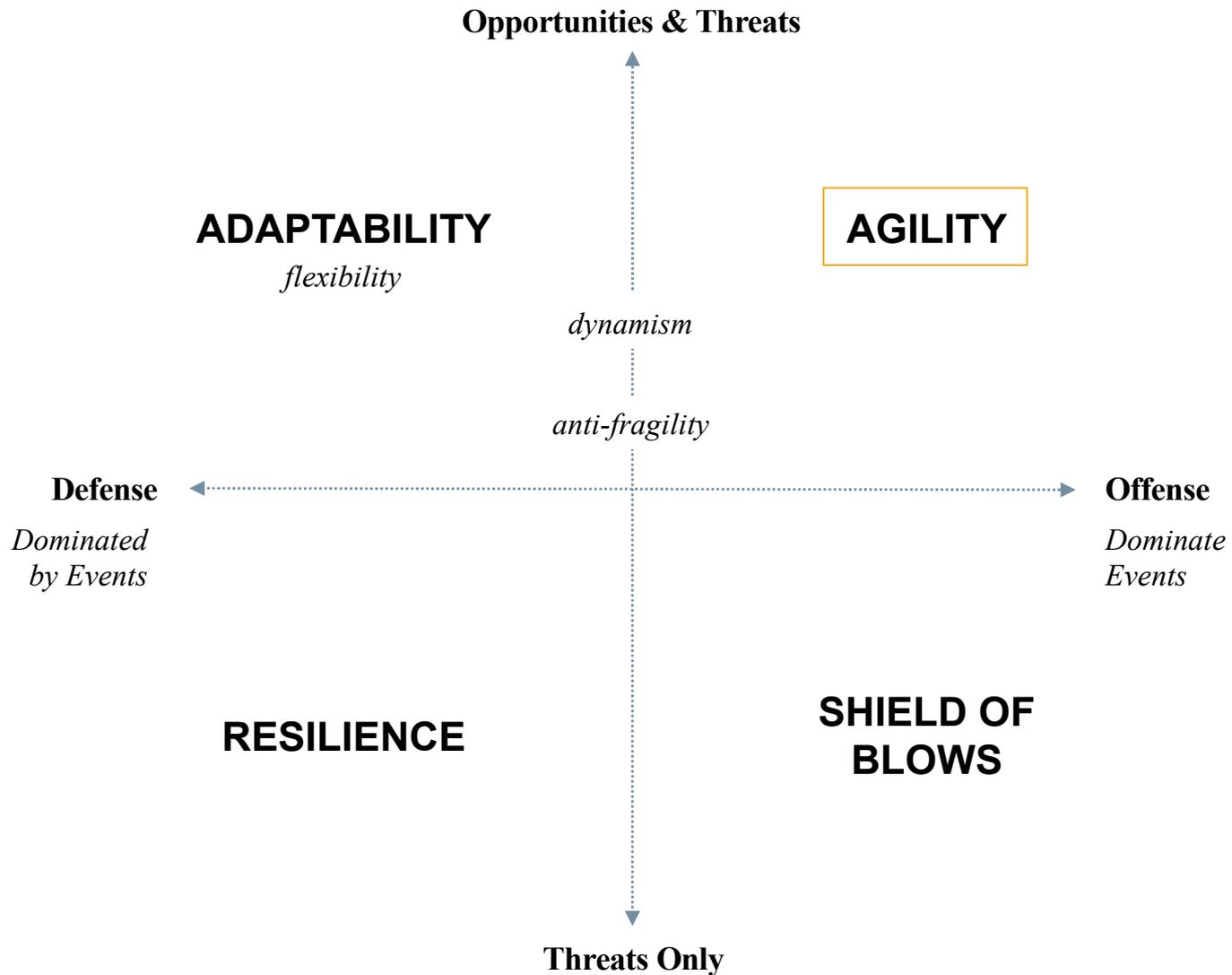
## Option #4: The Fallout

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- 1. The company's brand has strengthened thanks to the "The Backbone of Cleveland" ad campaign**
- 2. Additional shareholder value was created via**
  - Higher revenue and net income growth achieved via foreign partner's capabilities and cost-efficiencies
  - Higher stock market valuation of the spun-off company (tech sector multiples and growth investors)
  - Higher brand equity valuation
  - All of this enabled the new entity to create innovative compensation structures that attract and retain top talent
- 3. Employee engagement, innovation and productivity are up significantly, with culture surveys indicating much greater excitement and trust**
- 4. Strategic infrastructure (intelligence, strategy development, planning, ERM, and crisis management) have been fortified, creating a cohesive organization prepared for the disruption and uncertainty ahead**

# Agility: An Overarching Quality

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Tilman & Company, Inc., 555 Madison Avenue, 5<sup>th</sup> Floor, New York, NY 10022, 646-828-7262; [info@lmtilman.com](mailto:info@lmtilman.com)