

## 6 Principles For De-Risking In This Era Of Uncertainty

By **David McVeigh** (April 7, 2025, 11:21 AM EDT)

For many CEOs, the current magnitude and pervasiveness of uncertainty is uncharted territory.[1] Yes, the pandemic was extreme. But even though the shutdown happened overnight, the uncertainty that followed was slow-moving, almost glacial. Unless you were on the front lines of healthcare or had loved ones in danger, you likely didn't experience the intensity of change, but rather its opposite — a kind of paralyzing sameness day after day.

Consider a sampling of the chaos unfolding right now. It's multidirectional. Unpredictable. Flooding the zone:

- Tariffs and tariff threats, pausing Foreign Corrupt Practices Act enforcement, looming-then-averted federal funding shutdowns, and geopolitical turmoil upending trade, supply chains, alliances, financial markets and currency values;
- Disruption across federal government departments, agencies and institutions, including the Federal Aviation Administration, the U.S. Department of Education, U.S. Environmental Protection Agency, U.S. Department of Justice, U.S. Department of Education, Federal Bureau of Investigations, U.S. Department of Health and Human Services and the Consumer Financial Protection Bureau;
- Dramatic reversals in federal policies regarding diversity, equity and inclusion programs; environmental, social, and governance efforts; affirmative action; and immigration that potentially require the rewriting of organizational policies and practices; and
- Advances in AI capabilities, capacity and market entrants that are affecting the workforce, business processes and so on.



David McVeigh

Not all of this disruption will be bad. Numerous positive outcomes likely will emerge. But for businesses, risk levels have spiked and are blinking red across many vectors at once, affecting business confidence, operating costs, supply chains, prices, interest rates, demand, human resources and workforce policies, capital deployment, mergers and acquisitions activity ... and on and on.

CEOs, CFOs and general counsel are having urgent conversations about how to respond to this cascade of uncertainties that goes well beyond normal scenario planning. Management consultant Peter Drucker once said: "The greatest danger in times of turbulence is not the turbulence itself, but to act with

yesterday's logic." [2]

There are different ways we tend to respond to uncertainty — both organizationally and as executives, leaders or managers — and it is important to challenge the assumptions behind those impulses today.

The following six principles offer a model for de-risking an organization, while also positioning it to capitalize on the opportunities this era of uncharted uncertainty might bring.

**Principle 1: Be curious, not cautious.**

When the future is this uncertain, fear levels rise, and caution becomes the default mode. This can lead an organization to assume a defensive posture in many or all aspects of the business — such as delaying launches, reducing investments, pulling back on new initiatives, shrinking its workforce and adopting wait-and-see approaches.

Such decisions seem sound. But there's a countervailing risk of rigid thinking, fixed mindsets and impeded responsiveness that can result in missed opportunities. [3]

Instead of adopting a defensive, inward-focused approach where teams resist external input or change — a bunker mentality — there's real value in encouraging curiosity and innovation, and exploring the opportunities that uncertainty makes possible.

For example, a company facing market uncertainty might discover new customer segments by experimenting with flexible pricing models, or develop valuable strategic partnerships that may not have been considered during more predictable times.

This stance can improve a business's odds of survival and might even return outsized dividends — especially when the competition might be — and probably is — stuck in place, like a corporate deer in the headlights. As Reid Hoffman, co-founder of LinkedIn, once said, "Ironically, in a changing world, playing it safe is one of the riskiest things you can do." [4]

**Principle 2: Break risk into actionable components.**

Suddenly every function, market, decision and strategy can seem fraught with peril. Conducting an uncertainty audit can bring clarity and data around the actual level of risk in any given area, and those insights can be used to develop more effective responses, free from emotional influences or gut reactions.

Some areas of the business will be more vulnerable to shifts in costs, prices, interest rates, consumer sentiment and demand, political instability, legal liabilities, and so on. How should the likelihood of those risks be assessed against the size of their potential impact? How can that risk be managed? How will the rest of the business be affected?

It's important to shift from general uncertainty to specific, manageable risks that can be prioritized and addressed. This can be done by creating a risk matrix that plots probability of occurrence against estimated financial impact, developing early warning systems for the most important vulnerabilities and establishing contingency plans for the highest-priority risks.

By breaking uncertainty down into discrete, actionable components, a business can maintain its forward

momentum while managing its exposure. As President Dwight D. Eisenhower — who was also a general during World War II — said, "In preparing for battle I have always found that plans are useless, but planning is indispensable." [5]

### **Principle 3: Be flexible.**

Some of the world's best-run companies drive their performance and success by relying on robust operational processes, hierarchical controls, risk management protocols, rigorous resource allocation systems and so on. But these strengths can become liabilities in the face of rapid and uncertain change. A rigid structure and processes built for stability can buckle or break under unexpected pressure.

In volatile environments, agility becomes more important than ever. Take workforce management, for instance. Traditional organizational models that rely primarily on full-time employees almost always lead to over-staffing or under-staffing due to the natural ebb and flow of work. These swings become even more pronounced in uncertain times, putting extra pressure on lean teams across all business functions — from marketing and sales to operations and legal.

To this end, many companies are reevaluating their reliance on traditional full-time-only models and adopting more dynamic approaches. According to research from Harvard Business School and Boston Consulting Group, organizations are increasingly using digital talent platforms to create elastic capacity that can expand, or contract, based on business needs.

This approach helps companies address chronic skills shortages while increasing labor force flexibility, speeding time to market and facilitating business model innovation. [6]

Beyond simply lowering fixed costs, these blended workforce models enable organizations to access specialized expertise precisely when needed without the long-term commitment of full-time hires.

This need for flexibility and adaptive capacity extends to in-house legal departments during periods of uncertainty and change.

For example, legal teams' traditional response to increased demand and complexity is to send work out to law firms as a release valve for the in-house team, but that practice often results in cost overruns. Forward-thinking general counsel are adopting hybrid strategies, integrating alternative legal service providers to bolster their in-house teams during peak periods and reduce reliance on costly external firms.

Bruce Lee's observation that "the stiffest tree is most easily cracked, while the bamboo or willow survives by bending with the wind" perfectly captures this principle. [7] Businesses that cultivate flexibility can weather market, policy, and geopolitical storms and transform disruption into opportunity, while pulling ahead of inflexible competitors.

### **Principle 4: Make customer value job #1.**

Every company's business model, policies, processes, products and services were developed with market forces in mind.

Over time, though, they can become fixed assumptions about reality, sacred cows that impede innovation, flexibility and responsiveness — precisely when adaptability matters most. What once

served as a competitive advantage can devolve into organizational inertia.

The late Harvard Business School professor Theodore Levitt's insight that "people don't want to buy a quarter-inch drill; they want a quarter-inch hole" cuts to the heart of value creation for clients.

His observation challenges us to focus on customer outcomes rather than becoming wedded to existing products, processes or services. The drill is merely one solution to the customer's true need. Generating customer value is really about creating high-quality outcomes for clients.[8]

Ask which practices genuinely create customer value and which persist merely from habit. Consider how cost centers might be reimagined as sources of value, how workflows could be rebuilt around customer outcomes and whether the leadership team has the diverse perspectives they need to spot value-creating opportunities.

The answers will reveal gaps between what the company provides and what its clients want. Periods of profound uncertainty should trigger an examination of every aspect of the business through the lens of client value creation. This will strengthen your ability to adapt how you deliver value while remaining focused on why that value matters.

#### **Principle 5: Keep things in perspective.**

New technology is always a potential game-changer. But today there's extra urgency as everyone is scrambling to understand how AI will affect their business. Perspective helps.

Even those of us old enough to remember the arrival of the World Wide Web in the late 1990s might not remember what it felt like in real time. Suddenly venerable brick-and-mortar businesses seemed obsolete and startups with little more than a domain name skyrocketed in value. We also believed everything about the way we did business was going to fundamentally change overnight.

Did all that come to pass? Yes, but with caveats. The majority of dot-com darlings crashed and burned in the 2000-2001 dot-com meltdown, but some became industry titans.

Business did fundamentally change, but much more slowly than pundits predicted, and in a way that gave most companies room to adapt and grow.

"We always overestimate the change that will occur in the next two years and underestimate the change that will occur in the next 10. Don't let yourself be lulled into inaction," Bill Gates said.[9]

AI shows every sign of following that trajectory. The journey will be more effective and less costly for companies that don't lose their heads over the hype or burn their capital, but instead prepare for the transformation that's happening now.

Keep the powder dry with a try-before-you-buy approach to solutions, and think about the areas of the business that need to be shored up or redesigned for the change that's coming.

#### **Principle 6: Elevate legal from risk manager to value creator.**

For in-house legal teams, the unprecedented uncertainty requires a fresh approach to the legal function itself. While organizations broadly need the principles outlined above, legal departments face unique

pressures when policies shift with each news cycle. The legal team that remains purely reactive — focused solely on compliance and risk mitigation — misses a critical opportunity to create organizational value.

In an era of uncertainty, the most effective general counsel are becoming architects of change rather than guardians of the status quo. This means actively engaging in scenario planning and designing adaptive governance frameworks that can flex with changing requirements.

For example, forward-thinking general counsel now regularly model different regulatory scenarios, assess their business impact and develop contingency plans that allow quick pivots when needed.

This combination of foresight and flexibility positions legal as a competitive advantage driver, not just a risk manager. By establishing early-warning systems, legal departments empower stakeholders to seize opportunities competitors miss and address risks before they materialize.

Their proactive approach includes identifying new business opportunities within evolving regulatory frameworks, advising on risk-balanced innovation strategies and translating complex legal developments into actionable business insights. Ultimately, the legal department shifts from a cost center to a strategic function that drives competitive advantage amid uncertainty.

#### **Harness uncertainty for strategic advantage.**

With uncertainty sweeping across technology, governance, regulation and individual institutions, there are no easy answers and no one-size-fits-all formula for responding to all the unknowns. But excessive worry can be a drain on energy and imagination. Use your team's creativity and determination to focus on the abundance of levers you can control.

In this era of uncertainty, business success demands more than survival instincts. It requires the curiosity to explore opportunities while other companies retreat, the discipline to evaluate risks methodically, the flexibility to adapt without losing purpose, an unwavering focus on customer value and a steady hand to masterfully navigate disruptive transformation.

Companies that embrace these six principles won't simply endure uncertainty. They'll harness it to create their next competitive advantage and emerge stronger and more resilient than ever.

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*David McVeigh is chief executive officer at Axiom Law.*

**[Click here to view the full whitepaper, “Mobilizing for Uncertainty: How In-House Legal Leaders Are Responding to 2025’s Policy, Economic, and Business Shock-waves.”](#)**

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