2017

Global Risk Leadership and Resilience: A US/India Information Technology Start-up Case Study

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A DISSERTATION SUBMITTED TO THE FACULTY OF THE

COLLEGE OF EDUCATON, LEADERSHIP AND COUSLEING OF THE UNIVERSITY OF ST. THOMAS

ST. PAUL, MINNESOTA

By

Patricia. M. Connolly Stephan

IN PARTIAL FULFILLMENT OF THE REQUIREMENTS

FOR THE DEGREE OF

DOCTOR OF EDUCATION

2017

Abstract

Globalization can take many forms. In the case of a technology start-up firm operating across cultures, it could be said that its world is fundamentally global. More properly stated, E-commerce Start-up (ECS) operates within a global high-tech network and thus finds itself to be competing within (and outside of) a highly interconnected system of data, commerce, and emerging economies as a service provider to some of the United States' most recognized brands. This interconnectivity serves as a central fact for the IT firms and its risk management efforts. Beyond the obvious exposure to global risks, how does operating across cultures affect risk management and risk leadership practices within ECS? The evolutionary story of ECS, from launch to acquisition, and the analysis of four scenarios presented in this case provide insights into the challenges facing operating organizations and the risk leadership capabilities needed to recover from internal and external threats.

Key Terms: Enterprise Risk Management, Risk Leaders/Leadership, Contagion Risk, Technology, E-Commerce, Digital Disruption, SAAS, India, Start-up.

Dedication

This study is dedicated to the employees and executives at ECS in appreciation for granting me the privilege of listening to their individual stories. And with great personal significance, I dedicate to this study to my children, Aaron (J.D.) and Samantha (B.A.), for their inspiration as we complete milestones in our educational journey together this year. Congratulations to you on your accomplishments, I am very proud of you.

Acknowledgements

I would like to acknowledge the number of important individuals who contributed to the formation, development, and completion of this study. I wish to first express my sincere professional gratitude to my chair, Dr. Kate Boyle, who inspired me to pursue this topic and valued my own voice in the research. I owe special thanks to Dr. Peter Young, for his outstanding support and mentorship during my work with him at the University of St. Thomas. Dr. Young has significantly informed my professional and academic learning. And, many thanks to Dr. Sarah Noonan, who as my first advisor in my doctoral studies, supported sometimes novel observations and provided inspiration to create a unique dissertation study.

Also, I extend the sincerest appreciation to the members of Cohort 25. The bond of their friendship and support during the earliest ideas for this study supported me during times of musings and critical review.

And finally, this entire study would never have been possible without the tremendous support, patience, and insight of my husband, Steven. Throughout the course of my doctoral studies and this research, many blessings have enlightened our life together. I am indebted to you for the time and space you supported over the years of study and writing.

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CHAPTER ONE

Introduction

This research extends qualitative research across boundaries that traverse leadership, social, cultural, and business theories. The approach departs from a strict view of leadership from a single lens and considers the impact of multiple disciplines with in a complex, global setting. In Chapter Two, I review the content and analytical literature I explored to inform and analyze my research question. Chapter Three describes the method used to gather data. Chapter Four introduces E-Commerce Start-up (ECS) and provides the setting for the case study. In Chapter Five, I unveil ECS's complicated story, unraveling the visible and shadow stories through nine phases of the organization's development. Chapter Six analyzes the case multi-disciplinary theoretical lenses to unpack four risk scenarios. And finally, in Chapter Seven, I present a summary, conclusions, implications and recommendations for future research.

Statement of the Problem

Start-up organizations offer a unique opportunity to explore what might constitute risk leadership capabilities and the ethical execution of these capabilities in a new business environment. The construction of risk leadership, a theory in its infancy in professional and academic circles (Andersen & Young, 2015), remains largely undefined. In its initial form, the term risk leadership refers to actions and capabilities, rather than a position or role in an organization. Top individuals in organizations demonstrate a view of risk and create an environment that manages risks, coordinates across departments, and incorporates a scope of responsibilities many times outside of the leader's responsibilities (Andersen & Young, 2015). Within this study, I turned to ECS, a globally operated, technology organization, to examine and actualize the risk leadership phenomenon and gain further understanding of the leadership

actions and capabilities utilized in a modern firm to manage risk. I sought to gain knowledge on risks and uncertainties faced by the firm, many of which reflect the ethical, cultural, and social constructs present in the environments studies. Further, I found technology organizations face an escalating trend of change as e-commerce, cyber security and global human resource availability present complex risks, ethical challenges, and leadership dilemmas.

In my study, I utilized a phenomenological case scenario to inform my research. I explored experiences and perspectives of ECS's leaders and workers, seeking understanding of specific chapters in the organization's development. This examination informed an understanding of risk leadership through the lived experience of research participants. I explored chapters in ECS's saga, from start-up, growth stages, near failure, executive fallout, re-strategizing and eventual acquisition by a publicly held firm.

Research questions that framed my study included:

- Within the context of ECS, what are the risk leadership capabilities used in a global information technology firm?
- How did ethical, cultural, and social dilemmas shape leaders' decisions and ultimately the trajectory of the firm?
- Given the joint operating and ownership model of ECS, how did their leaders navigate ethical issues and influence a cross-cultural team?

Significance of the Problem

Executive leaders of U.S. corporations fundamentally seek to escalate profits and mitigate risk. Leaders utilize formalized knowledge assets, including Masters of Business Administration (MBA) education, to evaluate strategies critically and produce outcomes desired. In a quest to achieve wealth, decision makers select alternatives with high reward potential; however, many times inadequately evaluate risks (Chandra, Fealey, & Rau, 2006; Haider, 2010;

Hall, Mikes, & Millo, 2015; Johanek, 2015; Nair, & Prasad, 2004; Todd, & Javalgi, 2007). One alternative, offshore software production, has become a modern strategy for U.S and India businesses since the 1970s; a strategy which persists now in various forms (Chandra, Fealey, & Rau, 2006; Johanek, 2015; Lee, Park, & Krishnan, 2014; G. Michel, personal communication, 2015; Nair, & Prasad, 2004).

When Indian firms entered the IT market offering comparably low cost software development services, U.S. firms quickly embraced this new alternative in an effort to control human resource budgets. Under time pressure to produce results, firms under prepared U.S. executive leaders to deal with the risky conditions and uncertainties of a different cultural context (Wong-MingJi, Kessler, Khilji, & Gopalakrishnan, 2014). Many U.S.-India ventures failed as both sides sought to capitalize on the supply and demand appetite for India technology workers. With Indian offshore hourly rates often one quarter of U.S counterparts, the India IT engine ignited an explosive new model in the global workforce (Chandra Balodi & Prabhu, 2014).

Two significant problems arose from these conditions. First, IT work performed under various U.S.-India outsource models experienced significant failures costing U.S. firms billions of dollars. Secondly, U.S and India IT leaders found they were underprepared to address risk in their global technology assignments. Both of these problems contributed to ongoing questions about whether or not leaders considered what risks were present; these questions persist even after twenty years of U.S-India technology relationship (Hall, Mikes, & Millo, 2015).

Business leaders from India and U.S. increasingly recognized various challenges with the technology partnership (Upadhya, 2009). As an example, a global banking giant, Royal Bank of Scotland (RBS) identified key controls errors that contributed to a $3 billion loss as reported

("Royal Bank of Scotland," 2015; Preston, 2012). RBS later trimmed back-office operations in India. Ditmore (2013) reported 25-60% failures in India outsourcing models even with reputable vendors. Current examples of firms in the consumer goods and supply chain industries reported significant tactical questions; however, they choose to continue with India IT partnerships (G, Michael, personal communication, October, 15, 2015; M. Willoughby, personal communication, December, 12, 2015). Additionally, Johanek (2015) described in his dissertation a failed outsourcing program in a Fortune 1000 retail firm due culture, power, and leadership issues.

U.S firms continue to deploy leaders with insufficient training to manage the U.S India technology alliances. Ditmore (2013) questioned ineffectual leadership, which accounts for process failure. He described outsourcing trends to India as difficult to navigate discussing mismanagement as a contributor to failures and suggested cultural differences as problematic. Janakiraman (2013) described the ongoing need to train U.S leaders who continue to have misunderstandings and utilize ineffectual U.S-based leadership practices in India.

Research is limited on the phenomenon of risk leadership and the capabilities and actions demonstrated in the IT industry as it relates to entrepreneurial endeavors and cultural contexts. Few specific studies allow academics and professionals to understand scenarios of success and failure in these contexts. As observed in the literature review, no studies addressed the central question or provide detailed research into a case scenario of a global IT e-commerce firm.

CHAPTER TWO

Review of Literature

The United States and India information technology (IT) relationship is debated widely in popular, government, and scholarly writings (Gutierrez, Spencer, & Zhu, 2012; Janakiraman, 2013; Thibodeau, 2012). This debate is unresolved due to the large number of workers, positive and negative economic outcomes, and unique cultural dynamics the alliance creates (Friedberg, 2007; Lucas & Mithas, 2010). U.S organizations sought to leverage innovative tactics by continuing to forge relationships with Indian firms and experience ongoing risks and uncertainties while working under various partnership models (Chandra, Fealey, & Rau, 2006; Chandra Balodi & Prabhu, 2014; Johanek, 2015; G. Michel, personal communication, 2015). U.S leaders are still under prepared for the cultural differences they face with India, after two decades of business engagement with Indian firms (Wong-MingJi, Kessler, Khilji, Gopalakrishnan, 2014; Ghosh, Bhowmick, & Guin, 2014; Janakiraman, 2013). How IT leaders demonstrated risk leadership capabilities while under technical, cultural, and economic pressures remains an open question, unexplored with sufficient levels of detail to inform professionals. Current organizational failures are proof of this dilemma inspiring additional studies on risk leadership capabilities to inform academic research. However, historical perspectives of analyzing risk and leadership in global IT settings provided additional considerations.

Historical perspectives

Multiple scholars identified the importance of analyzing risk and leadership in global IT settings, in addition to authors of popular literature, international media agencies, and governmental sources (Embassy of the United States, 2015; Friedberg, 2007; Lucas & Mithas, 2010, Gutierrez, Spencer, & Zhu, 2012; Janakiraman, 2013; Ng & Mitter, 2005; Preston, 2012; Thibodeau, 2012). Historical statements on this topic demonstrated tension and sensitivity, as global industry technology layoffs affect the U.S. workforce (Brown & IDG News Service staff, 2015; Kumar, 2015). In this section, I provide historical context on risk management and global information technology as it relates to risk.

Historical context of risk management. History has linked innovation, investment, and business with risk management, as enterprising individuals and organized groups seek to reduce known issues and advance profit-seeking objectives. Risk management professionals assessed the risk-reward equation, while scholars (Kimbrough & Companation, 2009; Hall, Mikes, & Millo, 2015; Leitch, 2010, Mikes, 2011) considered risk as variation from expected outcomes over time. Researchers studied the nature of historical risk management concepts and apply theories enlighten current risk contexts (Dionne, 2013). In the following sections, I describe early forms of risk management relating to global trade, twentieth-century U.S. development of risk practices, and finally current conditions and regulations.

Early risk management and global trade. The intellectual elite of the mid-1400s dismissed the flat earth theory and speculated the earth was around, opening the possibilities for innovation and wealth while encountering new risk propositions ("Fact Sheet 2," 2015). Maritime adventurers and enterprising profit seekers sought to open new trade routes to the "Far East" by sailing west. Investors of that era assessed risk, quantified it and determined their

appetite for investment. Internationally notable risk managers, Lloyds of London, assessed voyages to the "new world" risk as early as 1688 ("Fact Sheet 2," 2015). Brokers negotiated terms between reward-seeking merchants, captains, ship owners, and investors who underwrote risks related to the voyage. Later, a society of underwriters began to form during the 1700s and eventually assumed a more cohesive, professional identity (Dionne, 2013; "Fact Sheet 2," 2015). Risk management continued as largely a European construct. At the turn of the nineteenth century, the British introduced insurance and risk management to South East Asia, including India. Again, expanding global trade (Borscheid, & Haueter, 2015) propelled these emerging risk practices.

Twentieth century United States risk management. In modern times, organizations of the twentieth century assessed internal and external factors that influence company objectives. In her history, definition, and critique of risk management, Dionne (2013) described how risk management, as a professional practice, began in the United States after World War II. Modern risk management (between 1955-1964) included market, corporate financial and engineering technical applications (Crockford, 1982; Hall, Mikes, & Milo, 2015; Hedges, 1963; Heins, 1964). Risk practices continued to expand during the 1950s as contingency planning and risk prevention activities started to address work related illness and accidents. Banks and insurance companies, representing highly regulated industries developed risk management programs in the 1960s (Dione, 2013). The use of derivatives and measures to manage both insurable and uninsurable risks began in the 1970s. By the 1980s, corporations representing most industries began to consider portfolio-level risk management techniques (Dione, 2013). International regulating forums began to recognize risk management challenges and introduced governance and the new role of senior risk officer (Booth, 2009; "International Risk," 2009, Mikes, 2011).

Risk management became a corporate affair in the 1980s as investment banks formalized risk management departments. Media covered organizational losses and propelled further public scrutiny into corporate accountability and organizational contingency planning. As an example, the 1982 Norwest Bank fire, notably gained attention and spurred regional businesses to action (Katz, 1990). Large technology firms such as IBM, Cisco, and SunGard responded by offering disaster recovery professional services and alternative site hosting if a disaster occurred impacting an organizational computer centers (Brown, 993). Risk management crossed boundaries into information technology (IT) and other operational business units, moving beyond its financial roots (Hall, Mikes & Milo, 2015; Janakiraman, 2013; Rao & Marie, 2007).

Current conditions and regulations. In the twenty-first century, Sarbanes-Oxley regulation introduced in the United States in 2002, marked a historic government intervention in business dealings (Hall, Mikes, & Millo, 2015; Hart, 2009; Marchetti, 2012). Various scandals and bankruptcies contributed to widespread mistrust of corporate leadership in managing risk and the public interest in market stability (Hart, 2009; Weitzner & Darroch, 2010; Wu & Olson, 2009). Blanchard and Dione (2004) discussed the New York Stock Exchange's 2002 added governance practices for publicly traded firms. However, federal legislation and the entourage of consultants, actuaries, and accountants did not prevent the financial crisis that began in 2007.

The concept of different business units managing their own operational risks began in 1982 (Crockford, 1982; Hofmann, 2009; O'Hara, Dickety, & Weyman, 2005). Board-level audit committees directly addressed risk and uncertainty facing firms. The practice of risk management crossed industries, public and private sectors, and international boundaries as multinational corporations faced challenging dilemmas such as natural disasters, financial crisis, merger and acquisition activity, and cases of leadership improprieties (Baughn & Finzel, 2009;

G. Michel, personal communication, October 15, 2014; Mikes, 2011; Ōmae, 2005). Scholars, consultants, and technical experts supported a more holistic and integrated approach with Enterprise Risk Management (ERM) beginning in the 1990s (COSO, 2004; Coccia, 2010; ISO, 2009). ERM began to emphasize the industry perspective of the organization, such as financial risk management in banks and health and safety risk management in a healthcare organization (Mikes, 2011; Hall, Mikes, & Millo, 2015; Rao, & Marie, 2007; Wu, & Olson, 2009). In addition to industry focus, ERM embraced an integrated view of all risks pressing an organization (Coccia, 2010).

Further giving rise to this integrated nature, International Organization for Standardization (ISO) 31000 endorsed the role of Chief Risk Officer (CRO) advising a senior level executive should be named to the post of what scholars and practitioners refer to as the organization's risk leader (Coccia, 2010; Hart, 2009; ISO, 2009; Mikes, 2011). However, as demonstrated in the review of literature significant tensions existed surrounding both the evolutionary nature of risk management and the outstanding question of necessary risk leadership capabilities (Gutierrez, Spencer, Zhu, 2012; Hall, Mikes, & Millo, 2015). Regulations, international standards, and ERM frameworks remained at the forefront of scholarly debate, professional dialogue, and media interest. Broadening the lens, in the next section I discuss a brief history of information technology e-commerce and the connection of IT trends and modern risk challenges.

Historical context of information technology e-commerce. Commerce innovations in modern times leverage technology advancements, supported consumerization, and reduce brick and mortar traditional retail methods. Electronic commerce, or e-commerce trends began with the dot-com irruption in the mid-1990s and early 2000s (Watts, 2001). During the same period,

U.S. corporations struggled to keep pace with international IT entrepreneurs and sought cost advantages proposed by emerging nations (Johanek, 2015; Lee, Park, & Krishnan, 2014; Nirankush & Bhat, 2014; Ōmae, 2005). Countries such as India, long known for its closed unfriendly foreign investment stance, not only opened its commercial interest but trained an unparalleled workforce to fuel the global demand for IT workers (Chandra, Fealey, & Rau, 2006; Lee, Park, & Krishnan, 2014). The marriage of the business-to-business (BTB) and business-to-consumer (BTC) business models with the Indian dominance in the technology worker marketplace launched both Indian and U.S. entrepreneurship in the twenty-first century (Ghosh, Bhowmick, & Guin, 2014; Nirankush & Bhat, 2014). In the next sections, I discuss technology developments, offshoring, and other partnership models, and current risk leadership challenges.

Technology developments and risk. Anticipated risks and current issues came into view as U.S. and Indian organizations ventured into uncharted technology partnerships. Technical challenges including network connectivity, redundancy, and response time pressured workers for faster productivity (Chandra, Fealey, & Rau, 2006; Daim, Ha, Reutiman, Hughes, Pathak, Bynum, & Bhatla, 2012; Todd & Javalgi, 2007). Cultural, historical, and social differences fueled organizational challenges including communication, collaboration, and trust issues (G. Michel, personal communication, October 15, 2015; Janakiraman, 2013; P. Dadhich, personal communication, August, 1, 2016). Leaders, largely underprepared by their firms, needed to employ new capabilities to manage risks and be resilient while facing new facets of working globally (Chandra Balodi & Prabhu, 2014; G. Michel, personal communication, 2015; Wong-MingJi, Kessler, Khilji, & Gopalakrishnan, 2014).

Offshoring and partnership models. Offshoring and global teaming became commonplace in the 2000s, yet few corporations trained leaders for these new endeavors (G.

Michel, personal communication, October 14, 2015; Janakiraman, 2013, 2015; Todd & Javalgi, 2007). Expatriates, executives who moved to India for short-term assignments, considered these experiences important to upward advancement (Gutierrez, Spencer, Zhu, 2012). During these assignments, both U.S. and India executives encountered ethical dilemmas as they navigated different legal and traditional practices that challenged which complicated technology alliance. The complexities of technical, organizational, and ethical risks later drove many firms to reduce offshore partnerships or realize failure (Kotnour & Mallak, 2009; Johanek, 2015; Nair, & Prasad, 2004).

Current challenges in defining and describing risk leadership. As U.S. IT leaders faced uncertainties and undefined risks, they relied on historically standard leadership capabilities, textbook business strategies, and generally advised cultural awareness (G. Michel, personal communication, October 15, 2015; Gutierrez, Spencer, Zhu, 2012). However, known risks and uncertainties collide when new ventures in the IT industry increased complexity and challenge these limited capabilities (Ghosh, Bhowmick, & Guin, 2014; Kimbrough & Componation, 2009; Nair, & Prasad, 2004; Smith & Fischbacher, 2009). Leaders in entrepreneurial partnerships and innovative working models practiced inadequate or untried risk theories, relying more on individual capabilities and trust (G. Michel, personal communication, October 15, 2014; Janakiraman, 2013; Johanek, 2015; Nirankush & Bhat, 2014).

Relevant Literature

The multi-layered approach to the content literature review revealed themes, tensions, and gaps in the scholarly dialogue on risk leadership capabilities in global information technology (IT) start-up firms. Using an electronic tool to sort, search and filter key words, the following themes emerged from my review including risk management, culture, ethics and

values, and power and governance. Considerable crossover and tension existed in the literature themes and sub-themes suggesting the breadth and complexity of the topic. From the 90 items found in the literature review, 51 directly addressed risk topics, 69 addressed leadership topics, 56 addressed cultural topics, 29 addressed ethics and values, and 30 addressed power and governance. Scholarly dialogue existed between themes and illuminated complexities and tensions of the literature review question. Figure 2.1 presents these themes and identified sub-themes representing the body of literature found in these areas.

Figure 2.1. Themes and sub-themes revealed in the review of literature on risk leadership.

Literature themes. My review found robust scholarly works on risk related topics that included practical and theoretical perspectives, leadership role and responsibility studies, and analysis of frameworks and standards. However, studies are limited related to risk leadership in IT firms, particularly global IT start-ups with emphasis on the United States and India techno-alliance. In this review, I describe the methods utilized to conduct the review of literature. I also summarize the current scholarly knowledge organized by themes, including regional

differentiators, historical context, and definitions of terms that illuminate the subject. Finally, I identify tensions and gaps found in the literature.

Methods. During the literature review, I gathered a foundational understanding from existing scholarly works on risk management and the field's historical development. Key words used in this search included: risk management, enterprise risk, chief risk officer (CRO), risk leadership, risk frameworks, and risk standards. I utilized St. Thomas University's online library broadly and then narrowed the search to Management, Science and Technology databases including ProQuest, Science Direct, and EBSO Host. University librarians enabled access to Harvard Business Review case studies and directed me to Emerald, a Management Database containing peer reviewed and popular articles on management, finance, information technology, and international business. I also sought literature from Masters of Business Administration (MBA) course syllabi including Risk Management and Strategic Management. I found 90 peer-reviewed articles, books, case studies, and popular literature, which represented robust research on these subjects. This review led me to understand the literature on contemporary risk topics, including enterprise risk management (ERM), internationally recognized standards, and risk leadership capabilities (Choo & Goh, 2015; Mikes & Kaplan, 2013).

The current scholarly literature on risk provided additional layer of terms related to leadership; however, the term "risk leadership" did not appear in the literature presenting a potential gap. I pursued literature on related topics including decision making, strategy, international business, start-up business, problem solving, board of directors, executive leader, and risk champion (Gutierrez, Spencer, Zhu, 2012; McWhorter, Matherly, & Frizzell, 2006; Zand, 2009). The focus on leadership in risk provided many peer-reviewed articles, as well as popular dialogues in professional publications (Daim, Ha, Reutiman, Hughes, Pathak, Bynum, &

Bhatla, 2012; Malhotra & Temponi, 2010). This enhanced method provided deeper insight into the themes in the literature such as, culture, ethics, power, and the risk field.

Within the literature review, I found another layer of cultural themes identified by common key words such as corporate culture, organic and technical organizations, and trust. I found popular articles and books that clarified historical contexts and well as current cultural issues, tensions related to the United States-India high-tech and business interactions (Ghosh, Bhowmick & Guin, 2014; Gutierrez, Spencer, Zhu, 2012; Janakiraman, 2013). Additionally, I investigated ethics and power themes using key words such as communication, standards, policies, individual capital, social capital, economic capital, and knowledge.

Finally, I reviewed all literature gathered with a specific lens for technology related scholarly writing. I searched using key words including technology, high-tech, digital, offshoring, and ecommerce in conjunction with risk and leadership key words. Finding the search results somewhat limited, I broadened my literature type selections and reviewed contemporary case studies, recent dissertations, and information technology literature.

Risk management. Global organizations today face a daunting array of risks that evolve over time and challenge their mission, vision, and leadership (Booth, 2009; Kimbrough & Componation, 2009). Themes within the review of literature on risk management included its roots as a quantitative practice in the financial industry, the formalizing of Enterprise Risk Management (ERM) practice across industries, as well as risk managements' varying regional focus areas. Within these sub-themes, scholars studied the complexity of modern risks and recognized the tensions amplified by global, technological advancements (Weitzner & Darroch, 2010).

Risk management as a quantitative practice. Scholarly research since the 1980s reflected quantitative risk management practices inspired by the Foreign Corrupt Practices Act of 1977 and furthered by the Sarbanes-Oxley Act of 2002 requiring focus in banking, insurance and related financial industries (Blum & Cohen, 2013; Mikes, 2009; Power, 2009; Mikes, Hall, & Millo, 2013; Wu & Olson, 2008). According to Boyle (2001), this emphasis fueled compliance regulators' and market participants' manifestation of the quantificational spirit of our modern age. Boyle (2001) suggested that this tyranny of numbers positively bolstered critical data analysis yet incited complexity and introduced blind spots that ultimately led to human-made disasters. In addition to Boyle's points, developments in financial economics and global tax regulations, pressured market uncertainties into recognizable and quantifiable risk categories (Rao & Marie, 2007; Bernstein, 1996; Millo & MacKenzie, 2009). Overtime these complexities brought risk management practices into question as professional and regulatory tensions rose. The need to address risk across industries became evident as global financial tensions garnered international attention and called for a standard in risk management (Alston & Tippett, 2009; Kovacevic, Pflug & Vespucci, 2013; O'Hara, Dickety, & Weyman 2005).

Enterprise risk management across industries. The review of literature revealed evolution in risk management practices while specific industry risk research in scholarly and popular literature described a broadened focus in fields such as engineering, energy, and healthcare (Bradford, 2010; Malhora & Temponi, 2010; O'Hare, Dickety & Weyman, 2005; Zand, 2009). Scholars (Choo & Goh, 2015; Coccia, 2010; Leitch, 2010; Scannell, Curkovic & Wagner, 2013; Sepp Neves, Pinardi, Martins, Janeiro, Samaras, Zodiatis & De Dominicis, 2015) referenced the International Risk Management Standard approved in 2009 by the International Organization for Standardization (ISO) as a foundational document. The standard, ISO 31000,

written as an internationally collaborative work, defined a standard risk management vocabulary (ISO Guide 73:2009) and risk assessment guidelines (IEC 31010), called professionals across industries to utilize this set of best practices to assess and manage risks. Coccia (2010) proposed ISO 31000 be the reference point for Enterprise Risk Management (ERM) programs. His report recapped the claims of the French annual conference (2010) where integrated risk management was an emerging focus for risk professionals. The conference called for a "real culture of risk management that supports a common point of reference to be reviewed continuously within a firm" (Coccia, 2010, p. 2). Tensions found in literature suggested opportunities for further advancement of ERM practices and standards. In my review of literature, I found regional distinguishing factors related to risk management.

Regional risk management focuses. The review of literature highlighted regional-level perspectives from Scandinavian, Asia/Pacific, and United States/United Kingdom researchers. Andersen (2014), a scholar from the Copenhagen School of Business, commented extensively on risk topics and Scandinavian perspectives of risk management (Andersen, 2005; Andersen, 2008; Andersen, Denrell & Bettis, 2007; Andersen & Schroder, 2010). This regional approach suggested a holistic perspective compared to an industry lens and pressed firms to understand practical implications and chains of decision making across firms, industries, and regions (Andersen, 2014 Bower & Gilbert, 2005; Mintxberg &Waters, 1985). Andersen (2014) asserted international business practices imposed long-term risk as well as long-term positive externalities, taking up a unique view of risk management that highlights social responsibility, goodwill, and long-term benefits. Strand & Freeman (2015) argued the stakeholder theory, broadly demonstrated by Scandinavian firms, allowed value creation when focused on common interests. Scandinavian risk management scholars focused on environmental sustainability and

held global issues such as water sustainability, energy, climate change, and global security at the center of regional dialogue concerned with world economics and issues impacting the emerging countries (Glaas, Neset, Kjellström & Almås, 2015; Strand, Freeman & Hockerts, 2015). Researchers (Andersen, 2005; Andersen, 2008; Andersen, Denrell & Bettis, 2007; Andersen & Schrḍoer, 2010) demonstrated a regional culture on risk issues, posing questions that reflect historical roots and common characteristics. In contrast, scholars writing from the Unites States perspective reflected a fiscal and regulatory tone (Weitzner & Darroch, 2010).

United States risk scholars focused on the actual as well as perceived requirements of risk management and regulatory compliance to the Sarbanes–Oxley Act of 2002 (Pub.L. 107–204, 116 Stat. 745, enacted July 30, 2002) also known as SOX (Hart, 2009; Linsley, 2003; Marchetti, 2012). Scholars reflected on the impact of the SOX legislation, formally the "Public Company Accounting Reform and Investor Protection Act" (in the Senate) and "Corporate and Auditing Accountability and Responsibility Act" (in the House). The legal precedent came after a number of major corporate and accounting scandals, included those affecting Enron, Lehmann Brothers, and WorldCom (Andersen & Schrḍoer, 2010; Wu & Olson, 2009). Researchers claimed these scandals cost investors billions of dollars when share prices collapsed.

As public confidence plummeted in the securities markets, company boards, management, and public accounting firms reacted to sharp criticism. Hart (2009) drew from her professional experiences with Harvard Business School, Kraft Foods, and Home Depot, when she addressed corporate challenges and the expectations of SOX. She asserted corporate boards are ill prepared and forced to invent new standards for risk management, fiduciary oversight, and short and long-term planning. Mikes, Hall, and Milo's (2013) paralleled this regulatory-driven approach to risk management citing Anglo's (pseudonym) corporate risk management strategy as

irrelevant to effectively running the business. Additionally, Mazur (2006), called attention to media influence on risk and risk perception. His Quantitative Coverage Theory suggested media coverage influenced tensions, swayed public and organizational attention, influenced leaderships' priorities and implicated economic instability. In my review of literature, I also found additional regional perspectives from Asia/Pacific scholars.

Asia/Pacific researchers (Biloxi & Prabhu, 2014; Ganesh, 2014; Janakiraman, 2013; Mehta & Mehta, 2010; Rao & Marie, 2007) described a regional focus on global technology risks. Rao and Marie (2007) cited changes in technology as one of the barriers to effective risk management. Mehta and Mehta (2010) identified risk tension related to multinational partners and outsourcing in the high-tech industry. They identified 78% of client-vendor partnerships fail in the long-term inflicting high costs on stakeholders, including the global workforce. Information security and regulatory requirements added complexity to the global business landscape (Mehta & Mehta, 2010).

Ganesh (2014) provided parallel concern with his insights in a case study of a professional services firm's risk and scandal during merger and acquisition activity. Janakiraman (2013) described the US/India techno-bond and considered various aspects of the combined enterprise to reduce risk and work effectively across borders. Biloxi and Prabhu (2014) studied 79 India and 12 United Kingdom technology firms. Their findings addressed causal factors influencing performance in information technology start-ups. My review of literature found primarily Asia/Pacific scholars focused on global technology risks. The lack of United States scholarly research, particularly case studies on global information technology firms and risk, presented a gap in the literature.

Leadership capabilities and corporate culture. A growing number of countries, motivated by social expectations, fiduciary responsibilities, and legal regulations required effective organizational leadership capabilities (Hart, 2009, Weitzner, & Darroch, 2010). In this section, I describe researchers' commentary on the rising Chief Risk Officer role, traditional business leadership capabilities, as well as non-technical skills, important to leading in modern, risk management contexts.

Modern risk role and capabilities. Researchers studied leadership capabilities in organizations where tensions presented complex risk factors. These capabilities highlighted tactical themes of resiliency, strategic thinking, flexibility as well as effective communication from recognized leaders within a firm. Booth (2009) discussed the rising role of the Chief Risk Officer (CRO), a modern leadership position established with the United States' Sarbanes-Oxley legislation. This new senior executive role, now found in many organizations, specifically advocated for a "risk aware" culture and called for leadership capabilities including resiliency with focus on long-term stability (Booth, 2009, p.4). Bradford (2009) studied a Brussels-based chemical and pharmaceutical firm and found leaders concerned about risk tensions leveraged strategic management capabilities when responding to emerging business issues and opportunities. Hart (2009) questioned board level leadership and cited unintended consequences of drastic short- term actions. She called for flexibility while "adapting to a sea change in the external environment in which we operate" (Hart, 2009, p. 1). Researchers (Alston & Tippett, 2009; De Larossa, 2006; Hall, Mikes, & Millo, 2015; Goleman, 1998) extended their findings on tactical leadership capabilities to qualitative skills needed to influence in an organization's culture.

Qualitative capabilities and organizational culture. De LaRossa (2006) researched the Treadway Commission's integrated ERM model and suggested leadership capabilities extend beyond traditional and quantitative skills. He studied internal management environment that lever qualitative leadership capabilities, and consider organizational culture. Researchers theorized that emotional quotient (EQ), an emotional intelligence scale that measures a person's ability to perceive, identify, understand, and work with emotion while performing tasks, is essential to leaders managing risk (De la Rossa 2006; Goleman, 1998). Citing prominent U.S. companies such as Southwest Airlines, Starbucks, and McDonalds, Kotnour & Mallak (2009) implicated organizational culture in corporations' rise and fall. In their review of the literature, collectively authors and theorists proposed non-technical leadership capabilities are necessary to risk leadership. Alston and Tippett (2009) reported qualitative and quantitative findings on culture from 608 technical organizations surveyed. Their study found as culture became more organic, the level of trust employees had in their organization increased.

The review of literature found several researchers identified building trust, as a leadership capability (Alston, & Tippett, 2009; Cameron & Quinn, 1999; Daim, Ha, Reutiman, Hughes, Pathak, Bynum & Bhatla, 2012; Daley & Vasu, 1998; Huskonen, 2004; Shaw). Additionally, Mikes, who traditionally wrote about technical risk topics, asserted that the internal corporate culture influences how the risk managers operate (Hall, Mikes, & Millo, 2015). Tensions exist across studies when researchers considered quantitative and qualitative leadership capabilities, especially under high-risk, start-up, and global scenarios. My review of literature also revealed global, cultural contexts influenced leadership capabilities.

Global cultural contexts and leadership capabilities. Researchers (Chandra, Fealey & Rau, 2006; Janakiraman, 2013, Johanek, 2015) studied global, cultural perspectives on

leadership, developed from regional, historical, and social influences. Janakiraman (2013) asserted global leaders should be fully aware of national, historical, and social contexts to manage risk in cross-cultural environments. She studied the technical alliance between the United States and India and emphasized the richness that diversity offers to critical problem solving and thought leadership. Chandra, Fealey, & Rau (2006) studied India leadership capabilities as this nation provides the world's second largest pool of skilled software talent in the emerging information technology and knowledge industry. Johanek (2015) analyzed a U.S. headquartered U.S. Fortune 500 firm and their partnership with a prominent India firm as they engaged an information technology outsourcing model. He asserted the U.S. firm's culture, including social practices, mental models, and organizational rules for accumulating power, impacted leadership capabilities and interaction with an Indian partner firm contributing to tensions and ultimate failure of the offshore worker utilization scheme. My review of literature found tension in researchers' analysis of thriving business opportunism and technical innovation when faced with cultural dilemmas. Research also presented political, social, and historical perspectives that influenced business practices and leadership capabilities.

Rao and Marie (2007) examined the United Arab Emirate's national position on tax laws that support business expansion in the Middle East region. Their findings reflected guidelines designed to aid Dubai businesses to manage, not eliminate, risk protecting potential rewards. Chandra Balodi & Prabhu (2014) found emerging countries with lower rates of schooling and practical business experience sought new ways to achieve high performance in their comparative study of Indian and United Kingdom firms and entrepreneurial behavior. Indian firms reflected conflicting social and historical contexts as this nation "operated for decades as a closed private investment unfriendly economy" and was known internationally for its poverty rather than its

achievements in science and technology (Chandra, Fealey, & Rau, 2006, p. 12). Although researchers found innovation and risk-taking as strong Indian leadership attributes, tensions found in the literature reflected private investor's view of India as a difficult environment to do business, citing a World Bank 2001 report on Indian technological sophistication and international perceptions. Researchers reported fifty percent annual growth in the India technology industry since 1991, with significant IT exports going to the U.S (Chandra, Fealey, & Rau, 2006). In the next section, the review of literature found ethics and values as further considerations on risk leadership capabilities.

Ethics and values influence risk leadership. Ōmae's (2005) study asserted the new global stage demands a new script requiring leaders to change how they act and think. He contended emergent corporations will be homeless if they do not become more adaptive, focused on innovation, and unencumbered by needless hierarchy or psychological baggage of the past (Ōmae, 2005). This view challenged Andersen's (2014) view that good behavior, based on cultural values and ethics, is good business. Supporting Anderson's findings, Schein (2004) identified factors that can create divergent ethical subcultures, including multinational moral dilemmas, mergers, and acquisitions that exacerbate cultural integration complexities and changing socio-economic environments. Anderson (2014) and Schein (2010) agreed that international complexities pressured risk leaders' decision-making on global social responsibility. These ethical leadership dilemmas challenged risk leadership capabilities to consider personal and corporate values. Haider (2011) recognized the impact of values and local ethics in his dissertation research, which evaluated the transformational leadership exhibited in a failed multinational-owned firm. Haider's research elaborated on the firm's transition to a successful locally owned enterprise. Further demonstrating global, ethical, and value-based

dilemmas, researchers addressed child labor, leveraging low cost markets for production and profitability (Bartlett, Dessain & Sjoman (2006). The next section describes how scholars revealed corporate governance practices and power constructs as organizations dealt with ethical and values-based tensions (Bartlett, Dessain, & Sjöman, 2006; Booth, 2009; Coccia, 2010; 2006; Friedberg, 2007).

Governance, power, and context. Governance, power, and regulations were interconnected topics in the research, as multiple scholars commented on these themes (Blum & Cohan, 2013; Embassy of the United States, 2015; Nair & Prasad, 2004; Thibodeau, 2012; Weitzner & Darroch, 2010; Wu & Olson, 2009). Booth (2009) connected the increasing cost of Enterprise Risk Management (ERM) practices due to regulatory requirements and the mandated role of a risk leader in publicly held U.S. firms. While practitioners considered the implications of ISO 31000, the international standard for ERM practices, Coccia (2010) reaffirmed European Union and United States laws, requiring full public disclosure of risk management systems and internal controls.

Hart (2009) reflected on her board experiences and cited the need for increased in the precision of board oversight, better internal controls, and greater transparency in shareholder communications. Yet with new standards and laws governing risk management industry, trends and the ISO 31000 standard called for effective leadership to further evolve, address practitioners' issues, and demonstrate how world-class enterprises should manage risk (Coccia, 2010; Mikes, 2011). The International Standard for Organization also recognized that context, including social, cultural, environmental, and national power interests influenced effective risk leadership.

In their review of literature, Kimbrough & Componation (2009) found historical and traditional context influenced leaders and employee's behavior. Wong-MingJi, Kessler, Khilji, and Gopalakrishnan's (2014) asserted that leadership is a product of the history and education of a country and described a balancing act between evolving mythological saga of nations and the increasing, interdependent network of interlaced stakeholders. Todd and Javalgi (2007) conducted a study that found entrepreneurship and risk-seeking behavior as elements of power constructs of social, cultural, and economic capital. Researchers found that cultural relevance in the power domains influenced leaders' perceptions when overcoming challenges within India (Kotnour, & Mallak, 2009). Given the abundance of research on risk leadership capabilities, the next section addresses the major tensions found in the literature.

Tensions in the literature. The review of literature on risk leadership capabilities found three significant and current tensions. The first tension acknowledges the scholarly debate on risk management evolutionary standards and processes. The second tension encompasses the outstanding question of necessary risk leadership capabilities. The third tension highlights in the cultural considerations of United States and India high-tech partnerships. In the following sections, I define these tensions with consideration to the ramifications on current research and global leadership.

Risk management evolutionary tension. Turbulence within the environment in which firms operate poses definable risks, however, as literature revealed, turbulence within the field of risk management challenged thought leadership and practical approaches utilized by organizations and their global leaders (Mikes, 009). Zand (2009) highlighted this issue in his case study of a large energy company utilizing internationally recognized ERM practices. He asserted that management opportunism and unfounded optimism erode rational risk analysis

where humans should consider internal and external environments to evaluate risk. Mikes (2009) described risk managers historically focus on separate technical functions within a firm. Organizations accepted ERM theories and later implemented this integrated model to address a broad array of risks and issues pressing on the board of directors and management (Booth, 2009). Emerging in the early 2000s, ERM promoted a holistic approach to risk management, which included the integration and aggregation of all risks facing a firm (Bradford, 2009; Weitzner & Darroch, 2010).

However, scholars debated the practical aspects of the ERM approach (McWhorter, Matherly & Frizzel, 2006; Mikes, 2009; Mikes, 2011; Mikes & Kaplan, 2013). Mikes (2009), a Harvard Business School scholar wrote extensively on risk management practice and theory, identified an evolution in risk practices over a decade of analysis. Following a ten-year study encompassing 250 interviews with Chief Risk Officers, her research suggested tension as ERM practitioners struggled with unproven and ambiguous concepts and tools (Mikes & Kaplan, 2013). While scholars debated the current practice of ERM, they considered the next evolutionary dialogue and extended questions on leadership capabilities.

Leadership capabilities tension. In entrepreneurial ventures, uncertainty and risk challenge decision-making. Tension in the literature existed as researchers studied what leadership capabilities are required under emergent, high-risk high-reward conditions. Mikes (2011) challenged modern leaders on their long-held dream of taming uncertainty. In their review of literature, Ghosh, Bhowmick and Guin (2014) identified business conditions in emerging countries, such as India, where uncertainties are more predominant and complex. Todd and Javalgi (2007) analyzed these conditions in emerging countries characterized by high population density, low per capital Gross Domestic Product (GDP), and high rates of

unemployment. Researchers asserted leaders using traditional and quantitative capabilities missed definable risks while utilizing traditional ERM methods (Kimbrough & Componation, 2009). Uncertainties posed new threats and remain undetected, complicating global leaders need to react and reassess. These factors influenced questions on the risk leadership capabilities required.

Without definable risks, other skills and abilities were required of global risk leaders (Ghosh et al., 2014). Researchers identified partnerships and entrepreneurial ventures with emerging countries tested traditional leadership approaches. Complexities such as volatile inflation rates, intermittent financial crisis, and import dependency presented unique variables which posed practical debate on what skills are required (Alston & Tippett, 2009; Janakiraman, 2013). Ōmae (2005) countered the leadership dialogue challenging that qualitative capabilities including foresight and vision are imperatives in a world where cross border alliances are the only way for a company to survive. Ōmae (2005) asserted the technology field is fraught with uncertainty as the rate of change and the sea of global competitors rapidly increases. Researchers cited leadership failures and considered additional capabilities expand to include transparency, vision, bravery and courage, and resiliency (Kimbrough & Componation, 2009). In addition, the review of literature revealed cultural tensions related to leadership capabilities.

Cultural tension. Tension occurred in the literature when scholars considered cultural context, risk leadership expectations, and modes of risk management (Chandra, Fealey & Rau, 2006; Janakiraman, 2013, Johanek, 2015; Wong-MingJi, Kessler, Khilji, & Gopalakrishnan, 2014). The literature review found scholarly dialogue on United States and India tradition and history present in risk-related research. However, researchers offered various views when addressing risk in the growing high-tech U.S./India partnerships. Researchers studied effective

management when cultural distinctions created leadership dilemmas (Janakiraman, 2013). Wong-MingJi, Kessler, Khilji, and Gopalakrishnan (2014) highlighted the two countries' contrasting cultural values citing Indian's respect for hierarchical obedience and pragmatic idealism. Indian leadership styles reflected internal tension with the emerging global economic society while they valued diplomacy, yet demonstrate cleverness, cunning, and innovative assertiveness. Their study also found United States culture brought rugged individualism to bear with confident, result-oriented, captain-of-industry-rooted beliefs. The review of literature found no consistent scholarly view on management risk practices in global IT firms (Chandra, Balodi & Prabhu, 2014; Mikes, 2009).

Gaps in literature. My review of literature revealed three gaps critical to examining risk leadership capabilities in global IT start-up firms. First, specific examples of high-tech, global leadership scenarios were missing within the scholarly debate. Second, the term "risk leadership" is itself was missing from the literature reviewed suggesting a need for further study. Third, case studies, which illuminate conditions present under specific risk, cultural, and leadership scenarios, were found minimal in the literature.

High-tech, global gap. Modern leaders were compelled to handle global conditions exploding with variability. Additionally, digital disruptors from a highly technical world infiltrated personal and organizational domains. Gaps in the literature exist pressed the need for study of leadership capabilities in global firms, emerging risks in technology fields, and the ongoing cost-arbitrage challenges facing multi-national organizations. Leadership challenges abounded in researchers' dialogue, however little in-depth study existed within scholarly or popular writings on high-tech leadership challenges in global start-up firms. The terrain in which executives operate changed rapidly in high-tech start-up settings where all phases of idea

development challenge the very existence of the firm. Further complicating the matter were the abundance of global alliances and partnerships that exist today due to the availability and technical accessibility of global talent, particularly in the IT field. The continued expansion of the global firm presented risk questions that escalated in complicated, internationally co-dependent economies.

Within these co-dependent economies, IT innovations provided disruptors that change how teams work together. Social, cultural, and ethical challenges provided another layer of complexity that emerges whether specifically addressed by leaders or bypassed given their focus on capitalistic motivations. Digital disruptors changed the way people collaborate, delegate, communicate, and trade globally. Technology changes affected social media and consumer patterns. The review of literature found limited dialogue on leadership in firms responding to digital disruption, global work environments, and e-commerce trends.

Risk leadership gap. While present in current academic and popular dialogue, the term "risk leadership" was found missing from the literature. Of the 90 scholarly works reviewed, 27 addressed both risk management and leadership topics. However, none directly investigated the capabilities of highest-ranking risk leader in a firm, the definition of such a leadership role in a global context, or the specific capabilities utilized in industry contexts. The term "risk leadership", present in modern risk dialogue, potentially pointed to an emerging trend on a critical topic. Professional roundtable groups, civic leaders, global activists, media, and academics discussed risk leader roles and expectations hinting at the need for scholarly study. The abundance of the researcher dialogue on the evolution of risk practices as well as the global impact of risks supported further questions on the capabilities demonstrated by modern risk leaders.

Case studies in the literature. Finally, scholarly case studies written on risk leadership in global IT contexts were minimal. Of the 90 scholarly works reviewed, 12 were case studies. None addressed scenarios with an information technology and risk management lens. Scholars (Berg & Lune, 2012; Creswell, 2013; Marshall & Rossman, 2016; Merriam, 2009) sited the importance of qualitative case studies to learn from the successes, mistakes, and challenges of past leaders, the review of literature identified only ten case analysis reports. Creswell (2013) emphasized the setting, which allows the researcher to directly interpret the instance studied and draw meaning. She examined the value to establishing patterns between categories to inform knowledge and develop new theoretical frameworks. Merriam (2009) proposed that scholars gain new insights and knowledge through case studies when researchers study unique scenarios. Researchers studied participant observations, interviews, and documents to reveal details about the phenomenon. Sense making, as described by Berg and Lune (2012), enlightened understanding of the processes used and decisions made by people and groups to develop thick descriptions of the case story. Considering technology and risk topics are continually evolving, Marshall and Rossman (2016) suggested action research may be a useful method to facilitate questions that lead to lessons learned, understand changes occurring in a field of study, and transform knowledge.

Theoretical Frameworks

In this section, I review analytical theories that informed my research on risk leadership capabilities and suggest additional theories that innovatively inform new knowledge. I describe three theories reflected in current academic studies including Foucault's (1980, 1995) theories on power, subjugated knowledge, and surveillance, Kearns Goodwin's (2005) leadership theory as described in *Team of Rivals*, and Mikes (2009, 2011, 2013, 2014) applied enterprise risk

management theory. Within the innovative approaches section, I suggest three additional theories that may provide a pioneering approach to research, address gaps and tensions in current literature, and blend with other theories that may help generate new knowledge. These include Bourdieu's (1977, 1984, 1986, 1993) theories on capital, Rigoni's (2002) theory on teaching what cannot be taught, and Boldman and Deal's (2013) theory on framing organizations and leadership.

Power. Dynamics of power are found significant within individual, group, and organizational assemblies. Foucault identified and analyzed power dynamics within networks, which triangulate across all social levels. Of particular importance in his theories, Foucault (1980, 1995) asserted roles played by actors of power and the actions used enforced power. Foucault's power theory, the concepts of surveillance and subjugated knowledge, were evident in scholarly studies in the roles and actions of participants.

Foucault (1980, 1995) addressed several unique perspectives on *power* and developed his theories using historical context to provide poignant examples. He drew from societal judgment, punishment, and penal systems cases and suggested power is a force of humanistic prohibition and control (Foucault, 1995). Foucault (1995) wrote of specific scenarios where punishment and corruption. Yet, Foucault suggested power could be used to support society's advances. He cited individualizing and continuous improvement processes to support technological and economical solutions (Foucault, 1980).

Foucault (1980) analyzed *subjugated knowledge* across phases of time, minor adjustments, and major transformations in *Power/Knowledge: Selected Interviews and Other Writings, 1972-1977*. Foucault (1980) contended that power is active and a relation of force. He asserted that under the constraints of subjugated knowledge, the person accepts insufficient or

disqualified truths that assign the person to a delinquent, lowered status. Further, Foucault (1980) suggested subjugated knowledge within the power construct wielded meaning and value within the greater context of society, change, and knowledge, regardless of source or timing. This framework further drew attention to the issues of rights, privacy, and surveillance.

Foucault (1995) described *surveillance* in *Discipline and Punish: The Birth of the Prison* as a disciplinary technique systematically applied to control rights and enforce punishment. Foucault referred to Bentham's (1843) Panopticon and described an architectural figure that achieves de-individualizing and captive effects on a disciplined society. Foucault (1995) described this ingenious cage as a tool used by organizations to modulate behavior and advocate for a standard state of normality. The Panopticon effect was extended due to economic influences and wields control against individuals, groups, and organizations. Foucault (1995) asserted normalizing behaviors was the desired goal of both surveillance and subjugated knowledge in order to create the desired result that supports a power regime's objectives.

Examples of power theory in the literature. When seen in modern contexts, research questions enlightened ethical dilemmas, disguised forms of power, and functional and systematic manifestations. Upadhya (2009) studied the panoptical managerial techniques and subjective means of control as she described the organizational controls leveraged in the Indian IT outsourcing industry. She questioned knowledge work, in the new white-collar workforce, as a global phenomenon that includes managerial control exercised by technology. Upadhya (2009) found surveillance and subjugated knowledge practices influenced labor relations with global knowledge workers.

Researchers implied Foucault's (1995) construct of subjugated knowledge in studies that examined power paradigms, culturally embraced patrimony, and issues caused by transformative

practices. Chandra Balodi and Prabhu (2014) questioned strategies that devise partnerships and exert control in competitive environments. The researchers concluded that Indian high-tech firms employed alternate means to access information and find causal recipes for success. Hall, Mikes, and Millo (2013) identified the desire to garner and control knowledge where risk leaders sought to influence. Their studies explained gaps and tensions in calculative cultures suggesting weaknesses in contemporary risk management and ethical practices.

Describing an unsuccessful IT outsourcing practice, Johanek (2015) explained knowledge transfer and coding as IT processes transformed. He concluded that the strategic global staffing model employed a collective reality and faked consensus building as leaders' brokered control and regulated communication to employees and stakeholders. Haider (2010) examined a transformative business model and questioned the circumstances of a failed multinational corporate business, later transformed to a locally owned Pakistani business. He implied power theory when identifying leadership conspiracies and secrets, culture, risk taking, and strategy of the evolving organization. These studies implied Foucault's subjugated knowledge and surveillance theories as demonstrated in maturing and modern organizations and related tensions found when managing global teams, monitoring risk, and understanding trust dynamics. Researchers also identified gaps in knowledge and called for continued exposure to these questions, leaving potential for new studies on these dilemmas (Chandra Balodi & Prabhu, 2014; Haider, 2010; Janakiraman, 2013; Johanek, 2015).

Team of rivals. Historian Kearns Goodwin (2005) illuminated the personal and political story of President Abraham Lincoln, identifying the leadership capabilities that enabled him to lead a *team of rivals* successfully, and ultimately a nation. With limited means, his mother raised Lincoln and inspired ambition and an appetite for learning. Her guidance suggested honesty,

respect, and work ethic, all prudent wisdom that he employed as he matured and ultimately sought the Oval Office. Kearns Goodwin (2005) described Lincoln's unique leadership capability, which allowed him to assess and understand not only the political landscape, but also the cultural and intensely human landscape that persisted.

Kearns Goodwin (2005) described the surprising Republican National Convention victory as Lincoln won the 1860 party nomination and the dismayed scrutiny of three rivals: Seward, Chase, and Bates. The presidential term began on the advent of turbulent times, the United States Civil War (1861-1865), and the conflict over slavery what included threats of the South's secession. Kearns Goodwin (2005) demonstrated that Lincoln's character and experiences distinguished him among his rivals and provided him with the leadership capabilities necessary to lead in extraordinary, unstable conditions. At the core of these capabilities was the ability to experience what others were feeling, understanding their power-seeking motives as well as their human needs.

Kearns Goodwin (2005) unfolded a theory in the *Team of Rivals: The Political Genius of Abraham Lincoln* that highlighted a leader's capacity to understand the cultural content of his day. She identified Lincoln's capability to overcome obstacles with resolve and resilience, drawing disgruntled opponents together. Kearns Goodwin affirmed that these unique skills were necessary to negotiate the end of the Civil War and abolish slavery.

Examples of leadership theory in the literature. Kearns Goodwin's theory aided current research questions that examine global leaders' approach to ethical, complex, and volatile dilemmas. Possibly, more so in post-modern times with the thrust of technical advancement and global economics, researchers pursued guideposts and relevant lenses to view current day dilemmas. Researchers (Malhotra & Temponi, 2010; Mintzberg & Waters, 1985, Nirankush &

Bhat, 2014) examined leadership capabilities, motivations, and outcomes. Additional studies implied Kearns Goodwin's (2005) theory where collaboration, strategy, and risk mitigation inform leadership capabilities.

Malhotra and Temponi (2010) questioned the critical decisions in large-scale technology integrations as performed by small business teams. Their study addressed six scenarios and concluded that collaborative critical decision-making and adoption of best practices enhanced project success. Examining how strategies form in organizations, Mintzberg and Waters (1985) considered deliberate and emergent approaches at two ends of the planning continuum within 11 studies. While they seek additional research, the researchers found strategies bend and sequence within an organization due to the leadership influences and contexts present. The emphasis strategic learning, or learning what works, as a successful pattern, was similar to Kearns Goodwin's assertions on capabilities of listening and adapting. In addition, in a case describing ecommerce start-up, Flipcart, known as the Amazon of India, Nirankush and Bhat (2014) investigated the journey of two computer science classmates who lead the young firm through exponential growth, fueled by venture capitalist investment as well as high-stakes market pressure. The researchers found that the entrepreneurial team leveraged hard work, dedication, and perseverance amidst controversy and criticism to achieve their strategic goals.

Making risk count. Mikes (2009, 2011, 2013, 2014) wrote on the evolution of risk management as a global, professional practice. Her theories represented modern business and risk management observations in capitalistic environments that are currently under scrutiny due to the recent global financial crises. Mikes described three aspects of risk management evolution. First, Mikes (2009, 2011) challenged the effectiveness of the calculative culture and the quantitative enthusiasm utilized by modern firms. Next, Hall, Mikes, and Millo (2013)

described toolmaking theory embedded both structural influencers and interpersonal connections when explaining how risk leaders seek to influence their organization's risk agenda. Finally, Mikes and Kaplan (2014) introduced contingency theory, which challenged widely adopted enterprise risk management (ERM) practices and offered an alternative view on the professional in practice. These theories informed current qualitative and quantitative studies on risk management practices and risk leadership capabilities, yet do not directly utilize social theory and historical frameworks in the analysis.

Mikes' (2009, 2011) two-decade review of risk management within banking proposed that risk leaders work within *calculative cultures* that drive dysfunction and speculative behavior. With a dedication to quantitative analysis, Mikes' asserted that business enterprises miss necessary expert observation on emerging risks. She suggested a qualitative alternative where risk leaders envision alternative future scenarios. Aligning conceptually to Dewey's notions on democratic practices, Fesmire's application of moral imagination, and Enomoto and Kramer's inquiry method, Mikes supported finding relevant solutions and increasing the alternative approaches to addressing risk (Boydston, 1991; Enomoto & Kramer, 2007; Fesmire, 2003). She suggested that risk experts, faced with expanding and complex scenarios, place limits around their activities to address the scope of work, legitimacy, authority, and responsibility.

Continuing risk research, Hall, Mikes, and Millo's (2013) longitudinal research examined how risk managers seek influence. They found that *toolmaking* practices adopt, deploy, and reconfigure instruments within an organization to assess financial and operational variables that lead to risk. Toolmaking provides innovative and relevant practices to drive critical reviews of tensions and mitigating actions. The researchers also studied the interpersonal connections

important to influencing activities. The toolmaking theory described experts operating within three defined levels based on their effectiveness.

First, risk compliance experts utilized tools that describe their own functional work yet regulate communication with business stakeholders, thus limiting their sphere of influence. Next, more mature, engaged toolmakers effectively communicated their knowledge and develop tools interactively with stakeholders, ensuring advanced decision-making engagement and influence. Finally, technical champions developed tools that are easily understandable and relevant to their organization, enabling others to use the tools independently. Throughout these levels, Hall, Mikes, and Millo (2013) emphasized that establishing interpersonal connections, in addition to toolmaking, establishes credibility and increases the quality of decision-making capability. The researchers exposed gaps and explained tensions in calculative cultures suggesting that tools and interpersonal connections may explain trends in contemporary risk management practices. Hall, Mikes, and Millo (2013) called for extended studies to address the dysfunctional nature of applied risk practices within organizations.

Based on a ten-year field project, Mikes and Kaplan's (2014) research suggested a *contingency theory* in enterprise risk management (ERM). Researching the human-made disasters produced by inadequate risk practices, they analyzed organization's failures to anticipate risks. Their evaluations of the effectiveness of regulations and prescriptive frameworks suggest ERM practices are inadequate. The variety of ways that firms exercise ERM presented an opportunity for grounded, qualitative study. Furthering the investigation of the roles of ERM function, Mikes and Kaplan considered the ERM mix employed by organizations. This mix consisted of three factors: processes to identify, assess, and prioritize risks; communication and negotiation; and tools that quantify risks along likelihood, impact, and

controllability dimensions. They suggested that the processes and tools utilized remain too unclear to present a common and compelling body of knowledge sufficient to guide risk professionals. Mikes and Kaplan (2014) analyzed this gap and described their emerging contingency theory, which considers a broader host of variables, outcomes, and leadership skills. Opportunities for additional research may address situational politics, organizational dilemmas, and tensions identified in current research. Continued research may also help address a widening gap of scholarly knowledge, which exists in part due to the evolving nature of business and ongoing economic crises.

Examples of evolutionary risk management theory in the literature. Several researchers employed evolutionary frames when questioning the current state of risks in modern business environments (Rao & Marie, 2007; Zand, 2009; O'Hara, Dickety & Weyman. 2005). Specifically, researchers (Booth, 2009; Hart, 2009; Wu & Olson, 2010) assessed the calculative nature of enterprise risk management (ERM) and study leaders' decisions, motivations, and responses to crisis. Hart (2009) agreed with Mikes, as increased precision may result in better controls; however, other examinations and strategic guidance are required to manage risk. Quantitative practices alone were found insufficient, as marked by Booth (2009) in his study of the banking industry collapse and chief risk officer role. Findings from his research reflected Mikes' framework that required a careful balance of process, communication, and tools to advocate a risk aware culture. Wu and Olson (2010) described the quantitative approach to ERM questioning scorecard analysis. They cited contingency management, noting the various perspectives of individual leaders may complicate analysis yet contribute to a meaningful understanding of opportunities to manage risk.

Innovative Approaches

In addition to the theoretical frameworks that have been directly used or implied by scholars to analyze this topic, three theories could illuminate future studies on risk leadership in a global business context: Bourdieu's (1977, 1984, 1986, 1993) theories on capital, Rigoni's (2002) theory on unconventional, shaman-like learning, and Bolman and Deal's four organizational frames. The triangulation of these additional theories with those presented in the literature review suggested an innovative approach to unpack and further comprehend the nature of the research question. Following the description of Bourdieu's, Rigoni's, and Bolman and Deal's theories, this proposal identifies possible comparative alignment and linkages of theories for future research.

Capital. Bourdieu's (1977, 1984, 1986, 1993) theory on capital exposed connections between power, culture, and social networks. In his twentieth-century work, the French sociologist identified three forms of capital, economic, social, and cultural capital, highlighting mechanisms of conversion and accumulation. Bourdieu (1986) theorized that structure and types of capital represent the social world, its constraints, governances, and successes. In accumulated history, Bourdieu suggested that agents are not interchangeable nor are structures discontinuous. He asserted forces of capital demonstrate subjective and influential by dynamics of power. Bourdieu (1986) proposed capital reinforces class control and fractionalization.

Economic capital is identifiable in its convertible forms, money and property rights. Bourdieu (1986) argued that as a narrow definition of capital, economic capital reduces the definition of exchanges to an economic, mercantile state where maximization of wealth is the objective focus. He asserted noneconomic forms of capital, such as social and cultural capital, pose alternative forms of power.

Bourdieu (1986) considered *social capital* as the access to resources within a network of relationships. He asserted as personal assets are leveraged from high-status social networks, social capital provided tangible advantages and be converted into economic capital. Social interactions within bureaucracies and defined social institutions mobilize actual or potential resources. Bourdieu's (1986) research observed persons lacking social connections sought or exchanged favors to bolster individual status. Unlike some social theories that direct assets as community interests, Bourdieu (1986) focused on unequal distributions of power and the role of social capital in reproducing inequalities.

Bourdieu's (1986) framework included c*ultural capital*, which exists in three forms. He identified cultural capital as largely symbolic, yet convertible to noneconomic forms of power. Bourdieu asserted that the cultivation of cultural capital, a non-transferable asset, which may overtly demonstrate value as cultural goods and outcomes. These examples included books, art, innovations, and instruments. Given their physical nature, and though difficult to consume, these forms of cultural capital may be transferred to economic capital. Finally, Bourdieu identified institutionalized cultural capital as credentials, qualifications and degrees. Bourdieu (1986) saw this form of cultural capital as legitimizing the middle and upper classes.

Teaching what cannot be taught. Rigoni (2002) provided insight into learning theory that emphasized the worldview and changes a student's perspective to see the "big picture" developing around them. Rigoni offered examples throughout history where the teacher employed the s*haman strategy*. Within this unique learning framework, the student became something versus just doing something, shifting from traditional methods of learning under a culture of steps, standards, and testing to an apprentice-learning model. Rigoni described the student as a novice, hooked by a shaman-like teacher to reevaluate established views and see the

world from a new, reconstructed angle. Formal curriculum yielded to informal, between the lines, learning requires time and patience. This process hinged on learned experiences, observation of self, and worldview. Critical thinking and problem-solving skills were important to Rigoni's theory, as teaching what cannot be taught unpacked forms of ritual and myth awareness within a culture that may be puzzling to the student/learner (Rigoni, 2002).

Organizational frameworks. Bolman and Deal's (2013) theory addressed ongoing and perplexing questions about organizations and management. Bolman and Deal presented four frames that identify and explore how managers may think about complex issues. By using these frames, Bolman and Deal asserted that organizational leaders may influence more effective approaches to diagnosis dilemmas and inspire action (Bolman & Deal, 2013).

The structural frame. Bolman and Deal (2013) defined the structural frame rooted in industrial analysis and efficiency theory. This frame provided organizational leaders a rational, scientific approach to understanding organizations. Bolman and Deal (2013) combined this thinking with a recognition of patriarchy which holds unlimited authority and power, influencing workplace conditions. They assumed organizations establish goals, increase efficiencies, coordinate and control activities, utilize rational decision making, organize to fit current circumstances, seek to problem solve, and restructure as needed. Leaders who approach change using this frame focus on structural elements within the organization as well as strategy, implementation, and adaptation. Bolman and Deal (2013) asserted organizations benefit from modified organizational structures when goals are clear, processes and causal relationships are well understood, and there is little uncertainty in the working environment.

The human resource frame. Bolman and Deal (2013) emphasized the value of people as an important organizational asset within the human resource frame. They asserted that

organizations need to find a balance between human needs and organizational requirements. Smart and progressive organizations find better ways to build and maintain a talented and motivated workforce (Bolman & Deal, 2013). Organizations utilizing a human resource frame value interpersonal relationships to cultivate high-commitment work environments. Bolman and Deal (2013) assumed these organizations exist to serve human needs, carry a symbiotic relationships with their workforce, and seek a balance between people and systems. They found Maslow's hierarchy of needs theory influential in conceiving the human resource frame, finding physiological, safety, belonging, esteem, and self-actualization needs apply to workplace motivations. Leaders who approach change from a human resource frame emphasize the needs of people. Bolman and Deal (2013) emphasized support, empowerment, workforce development, and respectfulness to employee needs within this frame. Organizations benefit when employee morale is important and conflict is low.

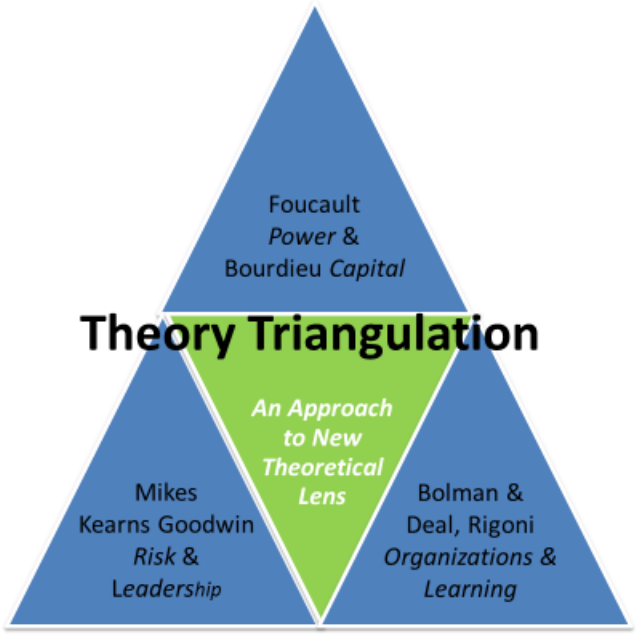
The political frame. Within the political frame, Bolman and Deal (2013) recognized the concept of power and politics within organizations. They presented the political frame recognizing internal human forces and alignments pose serious threats to organizational effectiveness and decision making processes. They recognized political assumptions exist as coalitions with differing individuals, motivations, and special interests. Bolman and Deal (2013) identified political environments are pressured by resource scarcity, conflict and day-to-day dynamics, and power dynamics as individuals position self-interests. Leaders who approach change and recognize political dynamics face realities that exist within and outside organizations. Bolman and Deal's (2013) political frame emphasized dealing with interest groups, specialized agendas, power bases, and coalitions. The frame emphasized negotiating

conflicts and creating compromises and is appropriate when resources are scarce or diminishing and when goals or values are in conflict.

The symbolic frame. Bolman and Deal (2013) recognized symbols, in our society as well as our workplaces. They state that symbols "carry powerful intellectual and emotional messages" (Bolman & Deal, 2013, p. 243). Bolman and Deal (2013) formed the symbolic frame respecting several disciplines including organizational theory and sociology. Organizations who find value in the symbolic frame assume meaning and action are loosely coupled, emphasizing individual interpretations. Bolman and Deal (2013) asserted symbols assist organizations to resolve conflict and confusion. They suggested stories, rituals, and heroes cultivate purpose and passion. Underlying the symbolic frame, they suggested culture "forms the superglue that bonds an organization, unites people, and helps an enterprise to accomplish desired goals" (Bolman & Deal, 2013, p. 248). Leaders who utilize a symbolic approach emphasize vision and inspiration. Bolman and Deal (2013) asserted that people need to believe that their personal work provides important and meaningful work contributions. They reaffirmed traditions, ceremonies, and rituals unifiers that are most effective within organizations when goals, organizational change, and relationships are unclear.

Triangulation of theories. Future research, employing multiple lenses to study risk leadership capabilities in global information technology firms, supported new insights and knowledge. By triangulating theories (See Figure 2.2) such as leadership and risk, power and capital, and alternative organizational frames and learning approaches, researchers may gain innovative insights, unpack tensions, address gaps, and define new theoretical constructs to inform scholarly knowledge.

Figure 2.2. Theory triangulation - approach to new Theoretical lens.



Looking deeper at leadership and risk, Kearns Goodwin (2005) examined Lincoln's leadership and personal values that informed his approach, helped build and honorably utilize a team of rivals, as well as advance a complicated, political agenda. This theory, applied uniquely in a modern business context, could inform research and frame questions on competing values and capitalistic motivations. Leadership theory can be used in conjunction with risk theories, especially in analysis of dysfunctional nature of calculative, modern leadership practices (Hall, Mikes, & Millo, 2013; Kearns Goodwin, 2005; Mikes, 2009; Mikes, 2011). Mikes and Kaplan's (2014) contingency theory applied to new research supports the linkage between risks and leadership and questions cultural, capitalistic, and political opportunities and demands. Together, these theories promoted a different lens to examine risk leadership within modern, risk-laden contexts.

Joining Foucault (1980, 1995) and Bourdieu's (1986) concepts of power and capital offered the opportunity for collaboration and knowledge building. Foucault's theory on subjugated knowledge brought insights to power dynamics and negotiated agreements employed by international leaders in the digital-age. Questions that apply surveillance and power theories to diverse historical and economic contexts illuminated tensions within profit-seeking formulas, cultural dynamics, and control tactics. Foucault's theories may inform knowledge on globally empowered, technical surveillance practices as contemporary methods of control. Bourdieu's frameworks on capital coupled with power theory enhance new research on modern elements of economic, cultural, and social capital. Power and capital theory together may bring advanced insights as new studies examine activities, decisions, and dilemmas where one capital form may be withheld, leveraged, or converted to aid in a firm's profit seeking mission, or control a singular position.

Finally, Rigoni's (2002) theory on apprenticeship learning combined with Bolman and Deal's (2013) organizational frames inform new research and employ theories discussed in this paper to investigate how leaders view their organizations, respond to challenges, and develop leadership capabilities. Modern leadership capabilities influenced by power, capital, rivalries, and risk may be examined under Rigoni's teaching theory to examine motivations, maturing skills, selective styles, and resiliency. Rigoni's theory may promote new questions that enable new knowledge and identify shaman roles in apprentice-style learning methods. Further complicating the context of a modern business scenario, leaders attempt to grasp a new worldview by crossing cultural borders. Economic tensions found in emerging nations, regulatory constraints, and tax and environmental legalities coupled with cultural richness, ritual, and religious traditions may be cumulatively viewed under Bolman and Deal's (2013)

organizational frames as well as Rigoni's (2002) theory as lived and learned experiential education. Questions influenced by these theories may reveal multi-directional learning and inspire new concepts on global leadership capabilities.

New theoretical angles explore the conjunctive approach to blend social, historical, and practical theories. The triangulation of frameworks allows development of resiliency constructs, cultural intelligence, human motivations, and risk leadership. Anfara and Mertz (2006) contend multiple disciplines advance new knowledge and inform, interact, and enrich each other.

CHAPTER THREE

Methodology

Research is limited on the risk leadership capabilities applied in the IT industry as it relates to entrepreneurial endeavors and cultural contexts. Few specific studies allowed academics and professionals to understand scenarios of success and failure in these contexts. From this review, I proposed a case study to describe the risk leadership capabilities demonstrated in a U.S and India start-up firm, examining the firm's conditions from 2007-2014. As a phenomenological study, I sought to describe and interpret the values, behaviors and beliefs of the U.S. and Indian leaders, employee contributors and the informed industry experts engaging in this entrepreneurial endeavor. I considered possible sub-questions to inform this study which included: What risk conditions influenced the decision to form the U.S-India partnership? How were leaders prepared to manage operations and risks in a diverse cultural context? What unexpected ethical issues or uncertainties arose that challenged leaders? How did leaders identify risk events, developments and trends in the firm? How did employees interpret leadership's capabilities (or lack of) to manage uncertain conditions? What did external industry experts observe? How did leaders react to ethical dilemmas? How did cultural awareness influence risk management? As observed in the literature review, no studies address the central question or provide detailed research into a case scenario of an IT e-commerce entrepreneurial firm.

This research encompassed a case study of an Information Technology (I.T.) start-up organization and focuses on the risk leadership capabilities and ethical constructs of the firm. "ECS", a pseudonym meaning "Ecommerce Start-up" was the primary subject of the study. The analysis of this U.S. and Indian owned firm was holistic, looking at the business concept, start-

up, build, implementation and acquisition by a multi-billion dollar, publicly-traded U.S. entity. The study spanned over seven years and considers the perspectives of multiple interview participants directly involved in the case as well as independent observers. Understanding each of the participant's experiences allowed me to validate the case and probe the leadership skills that contributed to the development of ECS. The study offered a unique blend of a business case study and sociological theory to explore the trajectory of the firm, its challenges, successes, and unique leadership model. See Box 3.1 for Key Terms and Definitions.

A Qualitative Study. This research examined topics related to leadership, power and information technology issues following a qualitative, case study methodology. This research approach benefited my examination of the underlying skills and capabilities utilized in the "ECS" firm that directed their start-up, developed their unique business and leadership model and eventually led to a successful acquisition. According to Creswell (2013), a qualitative study "brings understanding (to) the beliefs and theories that inform our research" (p. 15). This type of research allowed for unveiling of preexisting social frameworks and assumptions that have an impact on the dilemmas of the case. I recognized qualitative studies also illuminated the changing power structures and leadership capabilities utilized by subjects within the case or those seeking to influence outcomes. The case presented a limited amount of quantitative date, used to describe economic patterns and the development of the start-up firm. Bogdan and Biklin (2007) asserted qualitative research encompasses participant observation, in-depth interviewing and fieldwork, allowing for unstructured knowledge building. Their view of a qualitative research approach inspired my research to be naturalistic, going directly to the people and setting where the "ECS" story took place. They also highlighted the descriptive nature of the research work itself and the process for gathering data points. Finally, they addressed the inductive nature

of qualitative study, which informs my awareness to the interconnected nature of the data collected within my case study.

Box 3.1. **Key Terms and Definitions**

BigBox	Pseudonym for the publicly held firm and Jack's employer prior to ECS.
Digital Disruption	Digital disruption refers to changes enabled by digital technologies that occur at a pace and magnitude that disrupt established ways of value creation, social interactions, and doing business.
Dot-com	A company that relies largely or exclusively on Internet commerce.
E-Commerce	The buying and selling of goods and services over an electronic network, primarily the Internet. These business transactions occur either business-to-business, business-to-consumer, consumer-to-consumer or consumer-to-business.
ECS	Pseudonym for the privately held firm where I will conduct my research. The acronym identifies the firm "E-Commerce Start-up".
Enterprise Risk Management	A comprehensive view of risk management practices where organizations manage risks across operating units or silos. The framework emphasizes integrating the widest ranging view of risks with a comprehensive effort in assessing and addressing those risks.
IT Outsourcing	A business strategy that leverages external services providers and lower cost human resources to perform assigned information technology activities.
Leo Corp	Pseudonym for the publicly held firm that purchased ECS.
Risk Leader	The highest-ranking individual within an organization that has express responsibilities for assessing and addressing the widest range of risks.
Risk Leadership	An emerging term that refers to actions and capabilities, rather than a position or role in an organization. Top individuals in organizations demonstrate a view of risk and create an environment that manages risks, coordinates across departments, and incorporates a scope of responsibilities many times outside of the leader's responsibilities. Risk leadership actions may be demonstrated by skills or capabilities that include technical knowledge, general management acumen, personal skills and attributes, and other intangible qualities.
Risk Management	Traditional organizational tasks such as the management of financial risks, insurance buying, and health, safety and security, typically administered through centralized operating units.

Research approach. As I developed the story line of this study, I utilized a case study research approach. Creswell (2013) suggested an overall structure to develop qualitative, case study research. Following this research approach, I investigated topics to form the case study and included an opening vignette to provide the reader time and place context in Chapter Four. I developed an extensive description of the case in Chapter Five: The Story. In Chapter Six: Analysis, I analyzed selected and important issues (Risk Scenarios), my own assertions based on my research and analysis. Finally, I provided conclusions and implications in Chapter Seven. I followed a chronological structure in telling the story of ECS to allow readers to understand the progression of events, presenting this in written and visual form. My research therefore generated a historical account to the issues, actions and capabilities as shared by ECS leaders, employees and other associated subjects. (See Box 3.2 for a listing of Principle Actors in the case study.) I additionally developed a recommendation for the qualitative research that provides insight into the study's question and potential for ongoing academic and business use in real contexts.

Box 3.2. Principle Actors (Pseudonyms)		
1	Jack Lawrence	Owning Partner and President, ECS
2	Dev Mehta	Owning Partner at ECS
3	Michelle Healy	CEO, LeoCorp
4	Mark Lystad	CFO, LeoCorp
5	Greg Fisher	Director of Demandware Practice, ECS
6	Sri Hari	Group Manager, ECS India
7	Venkat Balaji	2nd Managing Director, ECS India
8	Ganesh Krishnan	Managing Director, BigBox India. Entrepreneur, executive-level consultant, and mentor to Jack Lawrence
9	Praveen Vasu	1st Director of Technology, ECS India
10	Chandra Kali	Project Manager, ECS India
11	Devi Lakshmi	Human Resources Director, ECS India
12	Mahesh Raj	3rdst Managing Director, ECS India
13	Hari Padma	Technical Architect, ECS India
14	Elizabeth Hartley	External, Chief Financial Officer
15	Lalita Brahman	External, IT Executive
16	Lakshmi Krishna	External, IT Executive
17	Vamana Jagan	Owning Partner, ECS
18	Shanti Durga	2nd Director of Technolgoy, ECS India
19	Kali Devas	1st Managing Director, ECS India
20	Sharan Ganapati	Finance Manager, India
21	Clay Cooley	Sales Director, US
22	Mohandas Devas	Office Administrator
23	Samantha Guindon	CIO, ECS's first client
24	Aaron St. Marie	CEO, BigBox

IRB requirements and informed consent. While performing this research, I followed specific and approved procedures to abide by Institutional Review Board (IRB) guidelines. I participated in an online National Institute of Health (NIH) tutorial on the IRB process and gained knowledge on how these guidelines relate to goal of designing and conducting my study. I successfully completed the course and received a certificate that verifies my passing test result. My committee chair supervised my dissertation research procedures. I provided information to all interview subjects to support these IRB guidelines, including the following directions and statements:

If you agree to be in this study, I will ask you to do the following things:

- You will be interviewed for a 30-60 time period, at a time convenient to you.
- The interview may be live or via Skype or by phone, depending on your location.
- Live interviews will be done in a neutral, mutually agreeable setting. (Settings may be a coffee shop, library, and other location.)
- Skype interviews will be done from my home or work office, where privacy of the conversation will be ensured.
- All interviews will be audio recorded and transcribed.
- You will be asked open-ended questions and you may be encouraged to elaborate on responses, providing additional detail, stories or examples.
- You may be requested to participate in follow-up interviews.

I recognized the existence of several risks to my study. First, the data provided by interview subjects may be sensitive in nature. Exposing this information to me may pose concerns about confidentiality. Second, interview subjects or readers may be able to ascertain participants in this research study. Regarding both points, I treated all interview data, analysis,

written summaries, and the participant list as highly confidential. To mitigate these risks, no one other than me was aware of who is participated in the study. I identified all participants and business entities directly involved in the study as pseudonyms. All data collected, notes, recordings will be stored in a password locked laptop computer or secured storage cabinet at my home office. I would be the only person to know passwords and keys.

Interview subjects received benefits from participating in this study. First, participants derived an increased awareness of case studies such as this and their professional, industry and academic value. Second, they contributed to a new body of knowledge that may benefit themselves and others. Third, drew and shared insights into their own professional development and leadership skills. There was no compensation for the participants.

After reviewing the study's purpose, participant expectations, potential risks, benefits, and confidentiality agreement I sought each participant's informed consent. I utilized a standard document and request participant signatures prior to any interview. I stored copies of all signed consent forms and provide a copy to the interview participant.

Participants. I requested individuals to participate in my study if they have either direct knowledge of the case study or have an external perspective on the issues of the case derived from professional and personal experiences. I prepared a potential full list of interview participants and considered each individual's role, tenure, background, and accessibility. I sought to assemble a diverse group of perspectives, considering age, gender, socio-economic, power, cultural and educational backgrounds. I grouped my interview participant list, considering the multiple alternatives organizational groupings. I found this grouping exercise beneficial as it provided form and structure to my interview approach. I identified seventeen potential interview candidates, placing them into three categories.

Group A: Direct participants in the "ECS" start-up story. Participates included original leaders, partners, and employees of ECS in the U.S. and India.

1. ECS President and Partner, U. S.
2. ECS Managing Director, India
3. ECS Director of Technology, India
4. ECS HR manager, India
5. ECS Executive Assistant, U.S.
6. ECS Software Engineer, India
7. ECS Software Engineer, U.S.
8. ECS Founding Partner, India
9. ECS Founding Partner, India

Group B: Closely related participants, working for ECS or new parent company post acquisition. This group provided insights and observations as well as compare experiences spanning multiple offshore/global leaders and their teams.

1. ECS Technical Director, U.S.
2. LEOCORP CEO acquiring company
3. LEOCORP CFO acquiring company
4. LEOCORP HR VP acquiring company

Group C: Observers of ECS. This group included advisors or external subjects.

1. Indian IT consultant
2. Indian IT consultant to several U.S. firms doing business in India
3. Indian military veteran, business entrepreneur, retired
4. Indian I.T. executive level leader, India and U.S. experience

Data collection. I collected data for this study by interviewing study participants. While I identified seventeen potential participants, I sought to collect data from these or other interview subjects to sufficiently inform the questions and topics of research. I requested multiple interviews of selected "ECS" employees and build the case timeline of events. I requested additional records to support interview content or highlight facts that are important to the research questions. The types of records I created include audio recordings, transcripts, master list of participants, computer records, and manually written notes. The majority of these requested or created records were stored on my personal computer. After the study, I removed all indicators of name and retain all records for future study.

I requested interview subjects to participate in this voluntary study. A decision whether or not to participate will not affect current or future relations with "ECS", the acquiring firm "LEOCORP" or the University of St. Thomas. If a participant decided to engage in this study, they are free to withdraw at any time. None have decided to withdraw. However, should they decide to withdraw, I will withdraw data collected from the study at their request. Interview participants could have declined to answer any questions I may ask during the course of the interview(s). I provided full contact information for myself to all study participants. Participants could ask questions prior to, during or after any data collection or interviews. They may also contact my dissertation chair at any time. Additionally, the University of St. Thomas Institutional Review Board could be reached at 651-962-5341 with any questions or concerns.

Data analysis. I began my research with an expansive review of literature on these topics and assess the research and outcomes of case studies analyzing global IT partnerships and specifically start-up organizations. I leveraged interviewing and coding practices discussed by Charmaz (2014). Initial coding, encompassing line-by-line review will assist me in assessing fit

and relevance on interview content to my research question. As I captured my interview subjects' experience, I sought to code the content and illuminate insights into actions and meanings. I utilized focused coding to build comparisons and build conceptual strength to my analysis. Grounded Theory (Charmaz, 2014) provided a framework for my qualitative research and case study development. Bazeley (2013) informed my thought on ways to dissect the data points gathered within preliminary interviews. I will utilize common questions or "keys" to organizing themes collected during individual interviews, including:

- Summary sentence
- Key words
- Turning point
- Emotional point
- Photo/video/email/document
- Surprises
- Power
- Capital
- Ethics
- Culture

During preliminary research, I tested this approach and found it helpful to summarize interview outcomes immediately following the dialogue. I utilized this approach throughout the research. Working from summary points and focused codes, I derived themes to integrate and relate statements derived from the interview data (Bazeley, 2013). Bazeley asserted that the "description of "thematic" codes identified in the data provides a useful starting point in developing a report of findings" (Bazeley, 2013, p. 191). Thinking in terms of themes assisted

me in my research and data analysis making me aware of patterns or trends, considering exemplar quotes, and ultimately to develop my own assertions and see linkages in conditions or consequences. I developed these themes and considered the timeline of events within the case to note patterns and changes within leadership's behavior and capabilities.

As I develop the story line of the case study, I generated a historical account to the issues, actions and capabilities leveraged by "ECS" leaders, employees and other associated subjects. Creswell (2013) provided an overall structure to develop qualitative, case study research. Following this research approach, I identified topics to form the case study. I included an opening vignette to provide the reader a time and place experience, a definition of issues and purpose of the study, an extensive description of the case, an in depth description and analysis of selected and important risk and ethical dilemmas, evidence of my own assertions based on my research and analysis and a closing vignette. I followed a chronological structure to allow readers to understand the progression of events. I developed an outcome for the qualitative research that provides insight into the study's question and potential for academic and use in real business contexts.

Limitations. I defined a limited scope for my study that included location, culture and firms assessed. The locations considered relevant to my case are the U.S. and India, as this is where ECS originated and performed their business activities. I explored only the cultural dynamics related to these two nations and how participants interact, power struggles, historical influences and communication patterns to inform risk and ethical scenarios. The firms primarily included in the study are ECS and LEOCORP. For these firms, I use pseudonyms, to respect the confidentiality of the organizations and the study participants. However, for other organizations

where publically available information is available, I use actual company names to give greater context and information on the industry described in the case study.

CHAPTER FOUR

Case Study: Introduction

This study represents a phenomenological case study of an information technology (IT) start-up firm. E-commerce Startup (ECS), the pseudonym used for this study, operated in the United States and India between 2007-2014 riding the market and financial highs and lows of this period. Part of the uniqueness of this study stems from my opportunity to observe the firm throughout its existence and then research the firm's post-acquisition state with full access to leaders and internal documents which informed this study. The data collected for this research concluded after the acquisitions earn-out phase had been completed and included interviews with executives from the acquiring firm, LeoCorp (pseudonym). The study informs a modern definition of risk leadership summarizing key capabilities, roles, and practice that I offer the field of scholars and professionals for consideration and ongoing review.

Operating within the IT service provider retail segment, ECS experienced the changes in commerce and responded to the significant digital risks and opportunities. The ecosystem of smart devices, internet access, and tech-savvy consumers put pressure on retailers to respond to market demands thus making ECS's capabilities valuable in the marketplace. ECS observed retail investment in brick-and-mortar stores waning due to the effects of the 2007-2009 financial crisis, yet these same retailers scrambled to differentiate themselves as they competed with e-commerce giants like Amazon and new drop-ship retail models that purposely invested in the digital consumer experience with no storefront. The underlying question for most US retailers was how to remain relevant in an increasingly digital commerce world and reduce their corporate IT costs. This study reflects the launch, growth, and dilemmas faced by ECS during a period where competition and globalization challenged the retail market sector.

ECS also observed global economic instability which pressured organizations to reduce their IT expenses as well as seek new strategies in response to social media usage, mobile buying trends, and growing internet access. Many organizations, ECS potential clients, already utilized India for outsourcing contracts which allowed their United States headquarters to manage labor costs using lower-priced labor. These contracts offered expense relief, but introduced new challenges as the United States employees worked with Indian IT workers. United States firms and their India counterparts faced common time-zone and cultural challenges that proved difficult to manage and many times disrupted operations and the business outcomes they sought. Leaders needed new and extended skills to manage their global teams (Janakiraman, 2013; G. Michel, personal communication, 2015; Todd & Javalgi, 2007). Businesses sought innovative solutions to continue to address cost and digital challenges.

As the India IT model progressed, United States firms began investing in captive centers, wholly owned IT organizations positioned in India (Chandra, Fealey, & Rau, 2006; Chandra Balodi & Prabhu, 2014; Johanek, 2015; G. Michel, personal communication, 2015; P. Dadhich, personal communication, August 1, 2016). The national and local governments in India attracted US firms with tax and building incentives, making the adoption of the new model financially attractive. However, firms recognized that risk management and leadership capabilities were critical to the expanded IT captive model. Leaders now owned the operations fully, making them responsible for outcomes. They faced pressing communications, ethics and cultural challenges that encircled the market, financial, technical, and operational risks (Chandra, Fealey, & Rau, 2006; Chandra Balodi & Prabhu, 2014; Johanek, 2015).

Today, technological changes in an evolving international marketplace highlight organization's strategic motivations to operate and innovate globally. Experts currently refer to

this organizing model as a Global In-house Center (GIC) reflecting the world-wide presence and operation sought by many large multi-national companies (NASSCOM, 2016). Therefore, there continues to be an outstanding a need to understand the sociological factors that influence how organizations operate across cultures. Also, as start-up firms many times lead innovation, there is value in analyzing the specifics of a firm to understand the quantitative and qualitative nature of managing opportunities and risks. The scarcity of IT case studies suggests that opportunities exist to address both the gap in literature identified by and also extend qualitative-based case studies.

In gathering research for this study, I utilized my nearly thirty years of experience in the technology field. During my career, I held IT roles including developer, engineer, business analyst, project and program manager, resource manager, director, partner and IT executive in public and private firms. I have also held consulting roles that exposed me to external perspectives on how an IT function operates. Most of these experiences have been in the US retail, manufacturing, and e-commerce sectors. Additionally, my academic pursuits have exposed me to risk management and cultural studies that have influenced my leadership skills. These cumulative personal experiences enhanced the context of this research and my ability to understand the technology dilemmas faced by ECS.

While collecting substantial interview data from ECS insiders and external observers, I observed significant common themes as well as a silent agenda known only to a select few. The organizational sub-story at ECS unfolded in detail during this research. Dynamics within the firm, including culture, power, and economic influences influenced ECS leaders and ultimately redirected the strategy of the firm. Leaders grappled with known dilemmas and unknown pressuring conditions, sometimes introduced by trusted insiders. Throughout the study, I wove

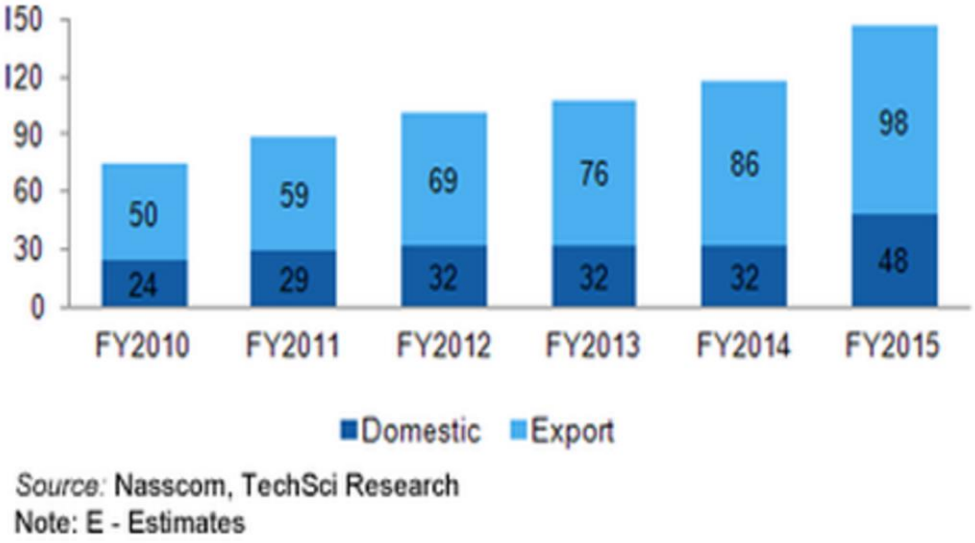
the storyline of ECS as understood from owner, executive leader, manager, and employee perspectives. I also included the perspectives of external observers and experts in the field studied. Their voices are represented in the storyline of the study and risk analysis chapters.

This research allowed me to listen, observe, reflect, and connect disparate conditions. My commitment to stay outside the story reflects my resolve to reflect the perspectives heard respectfully and accurately. The most difficult part of the research involved understanding and unpacking the unethical and illegal practices existing within the firm. As the researcher, I was allowed access to rich data, significant corroborating accounts, and other evidence of corruption. The research informed my own risk leadership perspectives and supported my objective to inform organizational leaders on risk leadership capabilities required in globally-operated enterprises.

India's IT Powerhouse

Since the 1980s, India's government, educators, and technology leaders purposefully and tenaciously grew the nation's IT capabilities (Chandra, Fealey, & Rau, 2006; Chandra Balodi & Prabhu, 2014; Embassy of the United States, 2015; G. Michel, personal communication, 2015). Capitalizing on their richest asset, people, and the country's value of education, Indian leaders literally put the country on the international IT map. Government leaders, business executives, and educators promoted India's high growth and expansion to meet the demand, as software entrepreneurs began providing IT services and products worldwide. At the time of ECS's 2014 acquisition, the firm's India operations contributed to the estimated $86 billion in national export revenue. See Figure 4.1 representing the India's growing global market in the IT industry (India Brand Equity Foundation, 2016).

Figure 4.1. Market Size of IT Industry in India (US$ billion). India's growth in the IT industry has risen significantly between 2010 and 2015. Export of software products primarily to firms in the United States has contributed to this trend (Adapted from India Brand Equity Foundation, 2016).



Bangalore, India's third largest city with a population over eight million people, holds a very unique position in Indian society due to its unique role in India's IT framework (Non Resident Indians Online, 2016). Bangalore functions more like a super-city, supporting a multi-billion-dollar IT services segment consisting of large, medium, and small enterprises (L. Ahuja, personal communication, 2016). Large, home-grown companies like Tata, Wipro and Infosys, employ hundreds of thousands of people. The firms operate on a global scale and compete with American professional service providers such as IBM, Accenture, and CapGemini, reporting a market cap of tens of billions of dollars annually. The Indian firms' scale, sophistication and complexity allow them to compete in the world IT marketplace (L. Ahuja, personal communication, 2016)

> I think some of it is just the critical mass. It's a safe city. It's a world city. It's a cosmopolitan city. It's easy for expats to come in. Nothing like it anyplace else in the world. There is traction and hundreds of such companies engaged in Bangalore IT. (Ganesh Krishnan (pseudonym), Managing Director)

Large United States Fortune 500 companies migrated operations to India and set up service delivery capabilities known as captives, typically in areas that were considered non-core, like technology (L. Ahuja, personal communication, 2016). In the retail segment as of 2016, Bangalore hosts 350 US companies, including Walmart, Amazon, Sears, JC Penney, and Lowes. Among the earliest adopters of the captive model, Big Box (pseudonym) implemented a technology development center in Bangalore starting in 2005. Common retail sector competitors operate high tech centers in the same city, sometimes in the same building. For example, Victoria's Secret, a company not generally thought of for technology, innovation, and analytics, runs possibly one of the most sophisticated IT centers in Bangalore (L. Ahuja, personal communication, July 16, 2016).

> Captive IT centers started in Bangalore in 2004. BigBox and a few other leading United States companies started this trend that now accounts for an estimated 20% of the entire IT industry. Today, India captive centers together represent about $20 billion in United States annual expenses, about 800 of such companies. It's become a very mature model. (Ganesh Krishnan, Managing Director)

Technology employees travel Bangalore's Outer Ring Road via bus taking them to their destination each day (L. Ahuja, personal communication, July 16, 2016). The bus stops are named after their United States business campuses-- Intel, Cisco, JPMorgan Chase, Accenture, and Anheuser-Busch. Bangalore society now identifies as a world city with globally recognized, iconic brands. Bangalore also hosts White Field, a campus area designed and built as a technology zone (India Property, 2016, V. Krishnaswamy, personal communication, July 5, 2016). India supports ongoing American investment, building these areas, such as White Field, to offer self-contained facilities for living, training, working and entertainment. The facilities offer tax advantages for organizations employing Indian workers. See Figure 4.2 to visualize the modern White Field IT Park in Bangalore, south India's primary IT hub city.

Figure 4.2. White Field IT Park, Bangalore, India. This artist rendering of the White Field park highlights the architectural appeal to United States firms seeking to enhance global growth while extending a common corporate culture (Adapted from India Property, 2016).

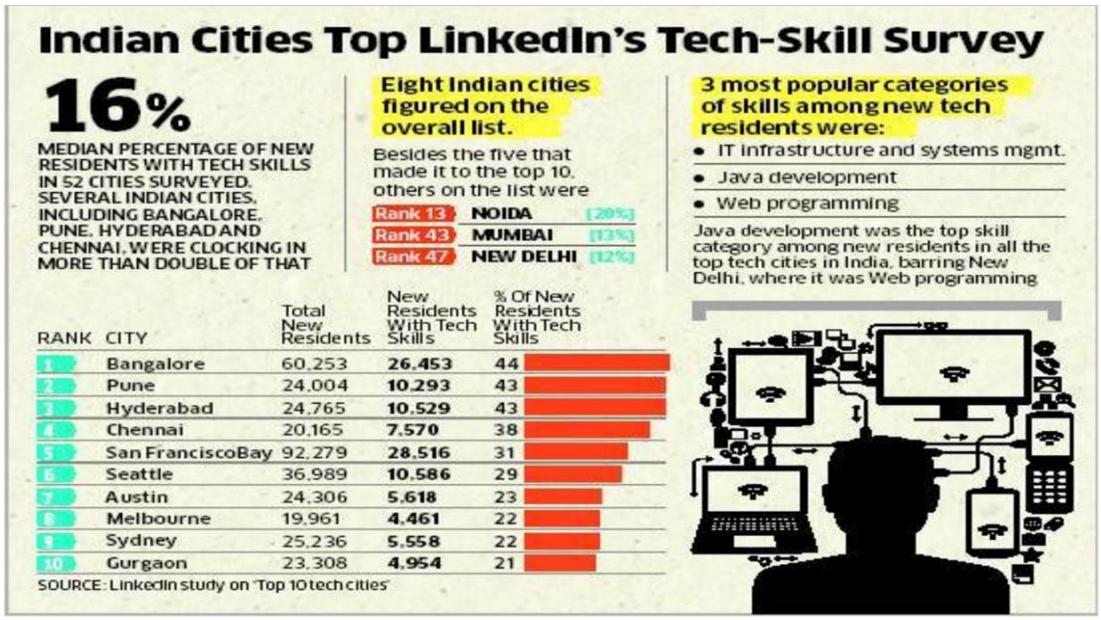
> The captives offer United States organizations a unique operating model, unique to India. You don't have a captive in Minneapolis, as an example. Or for that matter, a captive in any other country. India's powerhouse lies in its people and commitment to educating mass numbers of engineers. Firms are initially attracted to the cost advantages and quickly find India's talent a corporate asset. (Jack Lawrence)

Companies come to India seeking technology advantages as a core capability (Chandra Balodi & Prabhu, 2014; Janakiraman, 2013; Kapur, 2006). They expand into the digital, cutting edge technologies to go where the customer is, on mobile devices powered by the web. Digital savvy organizations eagerly seek socially-driven marketing schemes and innovative technology platforms breaking even recently developed paradigms. In this quest, organizations look for talent not readily available in the United States. India's engineering colleges specialize in leading edge training, with many graduates taking additional tech courses post-graduation. (Embassy of the United States, 2015; T. Mujir, personal communication, 2016)

Bangalore is home to almost 100 engineering colleges. These educational institutions graduate thousands of engineering students every year creating an IT "food chain" designed to meet the demands of global retailers, financial institutions, and manufacturing companies. In 2016, of the 3.6 million software developers worldwide, 2.75 million are Indian. Of this number,

an estimated 25% residing in Bangalore (Thirugnanam, 2016). Senior vice president of IT industry body Nasscom, Sangeeta Gupta, commented on Bangalore's growth, stating, "The startup wave and increasing focus of tech entrepreneurship has also contributed to this" (Thibodeau, 2016, p. 1). See Figure 4.3 for LinkedIn's 2016 Tech-Skill Survey which presented Bangalore as India's leading IT skills city.

Figure 4.3. LinkedIn 2016 Tech-Skill Survey. LinkedIn, a prominent social media platform, highlights IT skills by city in India. Summaries of information on foreign cities provide useful information to United States businesses seeking to leverage global resources (Adapted from Basu, 2014).

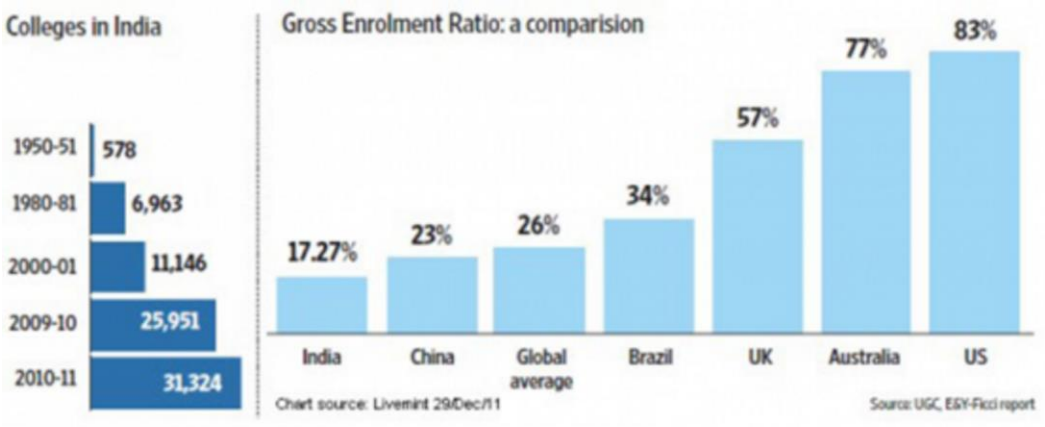


Entrepreneurs fuel another IT segment, the opportunistic start-ups (L. Ahuja, personal communication, July 16, 2016; Todd, & Javalgi, 2007). Agile start-up firms locate in Bangalore due to the exposure to large firms and a thriving, innovative ecosystem. See Figure 4.4 for data on India's emphasis on college growth and gross enrollment rates which fuels the IT industry. Many ventures are spinoffs from larger firms where employees seek to capitalize on business opportunities, technology trends, and expanding customer needs. Start-ups, however, require major capital to attract talented resources and access global markets (Chandra Balodi & Prabhu,

2014; L. Ahuja, personal communication, July 16, 2016). United States, European, and Asian firms such a Softbank and Alibaba Ventures provide liquidity, propelling the expansion of this ecosystem. Additionally, the startups found interesting opportunities to cross-pollinate with the captive centers. Start-ups, working with United States giants like Walmart, Amazon, and Lowes, experiment collaboratively on the products, analytics, and new social media designs (L. Ahuja, personal communication, 2016). Venture money worldwide fuels this innovation and positions global organizations to be competitive in the ongoing fourth industrial revolution.

> Bangalore has become a melting pot of sorts, lots of smart people working in different kinds of dispensations, whether a company like Google or Victoria's Secret, or maybe a ECS or IBM's innovation lab. People don't usually talk about what's happening in this world in this way. (Ganesh Krishnan, BigBox, Managing Director)

Figure 4.4. India College Growth, Gross Enrollment Rates. Imperative to India's IT industry prominence, growth in colleges as well as comparative global enrollment rates demonstrate to United States businesses the capability of India to offer technically skilled resources to the international marketplace (Adapted from Hardar, 2014).



Digital Dilemma

The fourth industrial revolution is here, driven by the rapid introduction of diverse and disruptive technologies, creating enormous risk and opportunity for both start-ups and existing businesses (Snyder & Heneghan, 2016). World leaders assessing global risks, in addition to businesses, identify the fourth industrial revolution marked by its sweeping digitalization, rising

cyber connectivity, innovations on commerce, changes to socio-economic equality, and global security (World Economic Forum, 2016). As implications of the revolution create a climate of rapid change on a scale never seen before, new global risks and opportunities develop.

Within the landscape of evolving risks, technological risks are imminent for governments, business, and individuals (Snyder & Heneghan, 2016; World Economic Forum, 2016). Consumers perceive growing interconnectedness creating short and long-term trends produce global impacts. For example, digitalization of transactions opens commercial activity to broad economic groups worldwide, yet it also exposes them to cybercrime and potential financial loss. Business leaders recognize consumer opportunity comes with expanded risk and the cost of risk mitigation, as the digital dilemma presses many firms to respond or be left behind technologically (Snyder & Heneghan, 2016; World Economic Forum, 2016; Young, Raffel & Connolly Stephan, 2016). Emerging technologies, many times driven by start-up companies, may disrupt industry sectors such as retail.

Although shifts in the 18th century moved agrarian society toward a mechanical world, the second industrial revolution was marked by the invention of electricity and birth of mass production. The fourth industrial revolution, see Figure 4.5, builds on the third revolution's industrial innovation enabled by computer and information technology. Researchers argue today's advancements are marked by three distinguishing factors: velocity of change, breadth and depth of disruption, and transformative systematic impacts (Nicol, 2015; Snyder & Heneghan, 2016; World Economic Forum, 2016). The disruption of the digital dilemma is marked by the connection of almost everything, now known as the Internet of Things, allowing data to be shared across a growing number of devices (Chui, Löffler, & Roberts, 2010).

Figure 4.5. Navigating the Next Industrial Revolution. Recognizing the shift in industry and impact of technology advancements, the fourth industrial revolution continues to be evaluated. (Adapted from Nicol, 2015).

Revolution	Year	Information
1	1784	Steam, water, mechanical production equipment
2	1870	Division of labour, electricity, mass production
3	1969	Electronics, IT, automated production
4	?	Cyber-physical systems

Business leaders capitalize on computer technology to create value for customers. The fourth revolution also shifted the balance of power to the consumer (Nicol, 2015). Consumers interact with brands across multiple channels of commerce. They use devices to inform purchases taking place in traditional brick-and-mortar stores or online, via a smartphone, tablet, or laptop. Businesses seek to remain relevant to consumers as well as competitors, and drive digital innovation and technology advancements. The digital dilemma, created by the fourth industrial revolution, poses new success factors answered by changes to data and analytics, innovations in supply chain, and seamless connections with consumers and vendors, all enabled by technology advancements (Snyder & Heneghan, 2016; World Economic Forum, 2016; Young, Raffel & Connolly Stephan, 2016). Interconnectivity further stresses the risks experienced by global organizations and presses leaders to develop new capabilities to effectively manage risks. See Figure 4.6 which introduces risk leadership and the global landscape.

Figure 4.6. Interconnectivity: Everything is Connected: Risk Leadership at ECS
Global organizations seek to effectively handle diverse, complex, and interacting risks. Risk leadership requires an informed set of capabilities that includes resilience, adaptability, and cultural competence to manage strategic, operational, and economic risks. This case study connects risk management and IT and corporate strategy to highlight the importance of learning from past events, as well as looking forward into a highly interconnected global landscape. (Adapted from Young, Raffel, & Connolly Stephan, 2016).

CHAPTER FIVE

The Story: Risk Leadership and Resilience at ECS

During the organization's seven-year existence (2007-2014), ECS owners launched an IT start-up capitalizing on global conditions and business opportunities with digital e-commerce. Balancing risk and reward, the firm cultivated a fast growing technology niche that propelled them to early success, followed by external threats and crippling internal corruption that amplified the firm's weaknesses. Culture, competition, and greed circumvented the rise of ECS, as leaders employed skills and learned to cope with mounting risks and uncertainties. Organization leaders and onlookers found a newly cultivated understanding of the leadership capabilities required in a technology start-up which connected India and the United States.

Leadership Experience

Jack Lawrence (pseudonym) pursued corporate ranks at BigBox through a mix of leadership traits that included confidence, decision-making capabilities, and sheer willpower. The young man from a state university navigated internal corporate politics and found his place within the corporate brand by balancing ambition and skill with a competitive spirit and a flair for the dramatic. Over his tenure in technical and managerial roles, Jack attained increasingly visible and challenging opportunities. His responsibilities included leading the BigBox.com project in the early 2000, the organizations first launch of an e-commerce website. Working for this Fortune 50 retailer granted certain privileges and gave high demands when it came to personal performance in a large, multi-national corporation. Opportunities also brought risks, especially when it came to uncharted territory that crossed information technology, corporate culture, and international expansion scenarios. BigBox leadership selected Jack among a

competitive peer group to lead the launch and building of BigBox India, a new corporate location in 2005.

A chance meeting occurred between Deborah Wise, BigBox's CEO and a Fortune CEO of the Year award winner, Aaron St. Marie (pseudonym), a prominent U.S. banker, and Ganesh Krishnan, a new partner and India-based entrepreneur. Aaron, acting as an advisor to Deborah during a strong period in the company's performance, continued to provide advice on the opportunities of international IT expansion. Ganesh proposed an India captive center to Deborah as a means to support IT growth and business needs. The corporate board later approved the proposal and set well-directed goals which sought to leverage the offshore cost advantages as well as India's IT growing powerhouse of talent in Bangalore. (See Box 5.1 for additional definition of captive centers.)

Ganesh introduced this global captive model as a test. BigBox's CEO and the Board of Directors agreed to the concept and funded an internal start-up of an India-based organizational expansion launching at Ganesh's direction in late 2005. This idea drew concern and criticism internally and externally, as U.S. IT resources remained in high demand. Outsourcing across various industries continued to emerge as a corporate, personal, and political topic. The test questioned the viability, cost, quality and

Box 5.1. **Captive Centers Definition**

Captive centers are client-owned-and-operated service delivery **centers**, typically in a nondomestic, low-cost location, that provide service resources directly to their organization. The personnel in a **captive** facility are legal employees of the organization, not the vendor.

performance effectiveness of running a multi-location IT shop – one location at the corporate HQ in Minneapolis, the other a half a globe away in Bangalore, India.

BigBox sought leadership for their new Bangalore team and drew from Indian candidates who worked at the corporate headquarters on work visas. With credible technology experience, the selected team communicated they were eager to return home to India for the work assignment. However, after several months, the team could not bridge the internal cultural divide successfully. Ganesh reported back to Deborah that communication issues created a lack of trust with the United States BigBox team. The self-proclaimed test faced early difficulties. A change in leadership was required and Ganesh, along with BigBox's CIO, Michael Benedict, considered their options from a list of high potential American Directors and VPs. In addition to technical talent and internal leadership experience, a new capability was required.

> We needed someone from BigBox US who could play the role of being local and global. Being an Indian and being an American all at the same time. And bring in the expertise and the context, but at the same time, appreciate the fact that this as a new team. This was a ground up experiment. It was a start-up capability and therefore all those things had to come together. That was the context of this role. (Ganesh Krishnan, Managing Director)

In March of 2006, Michael and Ganesh offered Jack the position under the condition he move to India as a full-time expatriate leader. Jack, knowing the internal debate, felt intrigued by the challenges. His interest increased as he learned more about the specific, measurable goals the organization desired for the new India operation. As Ganesh began his dialogue with Jack, they both traveled to the fledgling Bangalore office to assess the current challenges and opportunities.

Parts of this experiment, setting up the capability in India, hiring people, and getting them comfortable with the BigBox brand and culture, proved more challenging than influencing the business outcomes. The work involved not only technology projects, but connecting the dots

culturally. Jack thought the solution needed was contained in the business context, the business culture. It was about working as one team in two locations. He needed to leverage the mothership and provide continuity with the larger organization. Ganesh coached Jack, as he considered the new assignment and emphasized the need for organizational glue. "We needed somebody who would help connect the dots from a business and cultural perspective. Relationships and networks, large companies like BigBox are all about this, that's how you get your work done." (Ganesh Krishnan, Managing Director)

The challenge begins. Jack's 18 months with BigBox India commenced in June 2006. After a celebratory send-off gathering, the newly minted VP of Technology Services India, established residence in Bangalore, adopting a team of 30. BigBox's CIO clearly defined Jack's objectives for this term in India. These included growing the India team to 500 employees, achieving Carnegie Mellon's CMMI level three process standardization, and delivering successful, globally executed software development projects. Jack believed he would demonstrate India's engineering expertise and value proposition to the business by completing these objectives.

Jack utilized the CEO's executive commitment and began the sometimes sleepless task of building the India team. Ganesh, the operation's managing director, a role required by Indian government in United States-operated partnerships, remained Jack's mentor and guide during all the steps toward the goal. However, multiple issues quickly surfaced.

First, the basics of living in an emerging country, grossly different from the mid-western lifestyle, proved to be a day-to-day challenge. Starting out in a plain apartment overlooking the 24/7 urban chaos challenged Jack's sleeping and living requirements. This, coupled with the rising needs of a dual-time zoned role, left little time for rest, something that would wear on Jack

over time. Food differences and an ongoing battle with local bacteria also posed basic health concerns. Antibiotics became a staple in Jack's diet. Ultimately, business trips back to United States on a rotating 90-day basis recharged Jack's personal sustainability during the 18-month assignment.

The BigBox India team faced communication concerns that affected the technology project's progress and problem-solving. With English widely used as the business language spoken in India, local accents and multiple native dialects complicated daily communications. Also, Indian employees' cultural preference to avoid conflict and please their new American leaders all contributed to misunderstandings and barriers to trust.

Unmet demand for technology talent in United States remained high. Leaders found Indian talent plentiful, especially in highly sought after skillsets. Bangalore's 100+ technology colleges fed the growing corporate appetite and soon competition for Indian talent grew. This caused competition in the local market for the best-skilled individuals. Leaders in the U.S. also found India IT labor costs generally one fourth that of United States counterparts.

BigBox also needed to support higher-value, complex development projects at BigBox India. The CEO's vision for the operation was not in low-cost, commoditized work, but rather a global model leveraging the engineering expertise of both countries' professional cultures. This again required the trust of U.S. managers to release, or at least share in the control of corporate critical software projects.

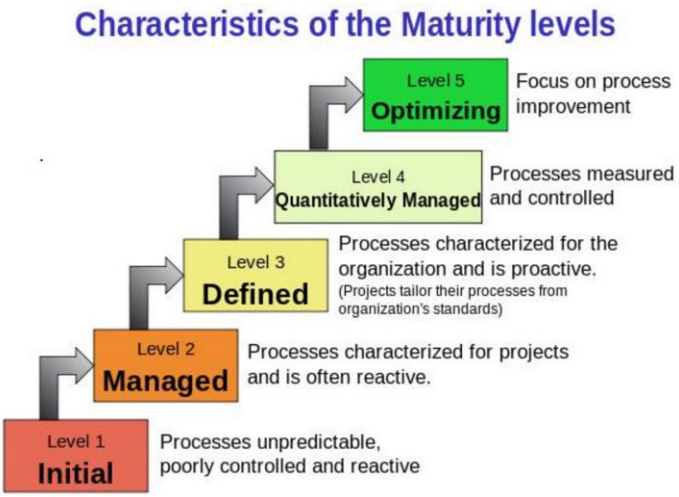
Jack and Ganesh closely managed team dynamics despite cultural differences. This proved complex and difficult, as cultural values and workplace expectations were unique and vastly different from United States practices. For example, team members in India openly shared personal compensation information with peers. Team members also expected more frequent pay

hikes and promotions, leaving BigBox Human Resource (HR) leaders with complicated challenge of bridging the cultural compensation divide. Indian employees expected a 15% salary increase, while their United States counterparts typically received 4-5% increases. Still, the mathematics of Indian HR costs benefited BigBox immensely.

Infrastructure, both within the burgeoning Bangalore city limits as well as within BigBox's new location, proved another pressing challenge. Power outages, traffic jams, city strikes, localized flooding, and internet scarcity all disrupted business as usual for Jack and the growing team. Getting work done leveraging an IT infrastructure physically located in United States also presented connectivity and throughput issues, slowing the work flow between locations. Conference and video calls which worked most of the time, supported daily communication between partners.

As Jack settled into his new role, he found that standardized processes adopted across the U.S. and India teams became the critical foundation for success. However, documentation of system development best practices and adoption of Carnegie Mellon's CMMI framework posed a significant challenge (What is Capability Maturity Model, 2016). See Figure 5.1 for a description of CMMI maturity level characteristics. To work effectively together, Jack and the India team passionately adopted the framework and created global operating standards. Without defined, repeatable processes fully used by the technology teams on each shore, the model would fail.

Figure 5.1. Characteristics of the CMMI Maturity Levels. The Carnegie Mellon Maturity Index (CMMI) is a widely recognized measurement tool in information technology industry. Organizations who seek to achieve even Level 3 certification, as a demonstration of maturing process definition and use. Global adoption of CMMI process maturity is challenging for globally interconnected IT teams (Adapted from ISTQB Exam Certification Board, 2016).



Facing these challenges, Jack and his growing team needed a strategy that addressed each issue simultaneously. Given the unique cultural and communication challenges, dual time-zoned work days, and required standardization of process, Jack learned that relationship building and inspiring the team to be their best under extremely challenging business circumstances required both technical aptitude and cultural capital. Jack's leadership capabilities formed in the new India climate.

Learning through experience. Jack grew to understand the value of credibility, connections, and trust. Jack and Ganesh engaged leaders and emphasized travel on both sides of the ocean. Team relationships slowly formed. Employees diligently defined processes which led to early and visible successes. Also the U.S. and India leadership team invested in onboarding and developmental interventions. U.S. employees developed training videos to inform Indian team members on U.S. retail, employee culture, and the internal brand context.

They also employed a simple but highly effective cultural weapon, one that ultimately informed Jack's leadership style and capability.

Jack found that defining a common culture and mission worked to both unite and inspire the team. The BigBox India employees embraced local rivalries and quickly came to embrace BigBox's competition with a known U.S. corporation. This capitalistic rivalry transcended culture when the BigBox brand became the one to fight for and win. Successful project outcomes, team recognitions, parties and playfulness in the office, and strong leadership demonstrating commitment to the mission brought the India team together and created the needed bond with their United States counterparts.

> The success of working in a foreign country is to genuinely embrace the culture. Indians have fond memories of school days. And, importantly, the Indian culture places extreme value on education. On November 14th, 2006, BigBox India celebrated Children's Day. The event went viral in social media! The big India firms took notice and we were on the map. (Jack Lawrence, VP, BigBox Technology Services India)

Jack immersed himself in the Indian culture. While many expats sought the shelter of gated Western-style communities, Jack later settled in the center of Bangalore in a house he shared with four other BigBox expats. This declared to the team that he was part of them, not an outsider staying to make his mark and leave. Jack began building a common culture and common brand with his India team, one that embraced the most valued aspects of everyday life and lore: family, traditions, symbols, and Hindu philosophy. These were merged with BigBox's trademark attitude of "fast, fun and friendly" and the corporate mascot. The BigBox brand was now replicated and extended across the ocean.

> BigBox is the brand. If you are to be successful, you have to be off the particular mold. Once you're there, it takes a lot of friction away. It makes operating very smooth. A lot of it is about reinforcing the message. From infrastructure to facilities, we went with the same furniture, same chairs, same carpet, same pay grades, job description, titles, and the same work expectations. We provided a brand experience for BigBox India. Jack accelerated that mission. Over engineering capabilities, this common mission, common

> brand orientation brought the two locations together. (Ganesh Krishnan, Managing Director)

Jack returned to a headquarters' role after all objectives were met during a fast-paced 14-month period. Corporate culture remained intact, enhanced by the "test", and BigBox India planned for growth in technology and business services expansion. The benefits of a developed India captive center transcended the cost arbitrage gained. Leveraging the clock became a strategic advantage which influenced the success of retail business analytics. Jack also gained valuable insights about the value of trust, resilience, and cultural competency.

> There aren't too many people who get it right. You have to be really resilient. You have to have a global mindset. You have to exist in a very diverse, extreme cultural environment. You are wearing two hats, and possibly two hearts, in the same day. During the day, you are working with the local population and getting the best out of them by understanding their culture and then operating a very conducive work environment. Then a few hours later you are talking to teams in the United States and you are speaking the language you are used to speaking. So you've got to have the ability to embrace different personalities. It's not easy. It's a very unique capability that you can live two different personalities in the same day. (Ganesh Krishnan, Managing Director)

Political turning point. Jack arrived home to United States in 2007 after an emotional sendoff from his India team. He valued the special relationships and trusted bond he built during his experiences in India. Upon his return to United States corporate life, the response from BigBox was far less appealing. After 14 months as an expatriate, personal sacrifice, and of course professional gain, Jack expected to come back to a commensurate level of recognition from his new CIO. However, the political battlefield changed and the expat experience placed Jack just far away enough from the corporate power structures to be considered no longer part of the "in" corporate crowd.

Much to Jack's surprise, another VP took credit for some of the BigBox India successes. Political divisiveness continued as others vied for position, including promotion to the C-suite. These factors shifted the dialogue between the CIO and other direct reports, who now held her

favor over Jack for upcoming coveted assignments. Jack's return expectations, while never a documented agreement, were based on years of experience with the company's culture and his own upward ascent. Now he found himself temporarily assigned to his peer, the VP who had taken illegitimate credit for some of Jack's BigBox India accomplishments.

> The company was still not prepared to reward key leaders who had written history and made a huge impact. It also had to do with the failure of BigBox to recognize and reward the exemplary work that was done. There was not a soft landing environment. You are used to moving fast and accomplishing a lot. Then suddenly you go to a job that looks smaller, and into a slow-moving world. (Ganesh Krishnan, Managing Director)

During the early leader experience building phase, leading up to ECS's formation, significant events and personal experiences informed leaders' capabilities. The following analysis, SWOT 5.1 analysis, recaps this phase addressing internal strengths and weaknesses, as well as opportunities and threats introduced by external market conditions. These considerations will later be used in the analysis chapters of this study.

SWOT 5.1. SWOT Analysis – Gaining Leadership Experience

Strengths	**Weaknesses**
Technical aptitude and leadership capabilities Fortune 50 experience with emerging India captive model Building cultural intelligence, ability to adapt and appreciate India Team growth goal attained CMMI Certification goal attained Learned financials of working with India, taxation, cost structures Leveraged the clock Mission and brand-developed	Personal impacts, sleep, bacteria, communication styles and language Business mistrust of high value work assignments Differences in compensation, HR practices Infrastructure, both in Bangalore and within office set-up Weak starting point on standard processes and IT standards United States failure to understand the expat role and reward/utilize valuable skills learned upon re-entry
Opportunities	**Threats**
India tax holiday and special economic growth zones spurring investment and international exports in tech industry Land grants provided to promote continued expansion of United States corps E-commerce strategy in retail gains momentum Recognition and visibility among United States firms as BigBox India gains notoriety in business circles, press, and social media	Competitive market for IT professionals Instability starting in global financial markets Brick and mortar store strategy decreases United States skeptical of India capabilities, failures and challenges noted at board and management levels Outsourcing models shift in IT industry Work ethic perceptions, both ways Time zone issues, work day communications

Partnership Formed

Although disappointment lingered, Jack considered his options and previous conversations with two Indian business colleagues, Dev Mehta (pseudonym) and Vamana Jagan (pseudonym). As experienced IT professionals, Dev and Vamana owned Professional Access (PA), a technology development firm headquartered in New York and operated in Bangalore, India. Jack enjoyed his previous experience with Dev and Vamana while working on the BigBox.com, the retailer's e-commerce launch in 2000. Jack realized that he had positive options to consider, ones which could change the trajectory of his career, and his life.

> They were always trying to recruit me when I was working for BigBox in United States. When I knew I was coming home from India, I started to talk openly to Dev and Vamana about what was next for me. The original deal, we started contemplating in March of 2007, at the Sheraton Windsor, when we drew the business plan on the back of napkin from the hotel's Irish pub. (Jack Lawrence, President)

As the conversation progressed, Dev assessed the strengths and opportunities of the proposed entrepreneurial joint venture. While Dev adamantly pressed for an innovative, intellectual property (IP) angle to differentiate the start-up firm, the India staffing model would provide a concrete, cost-effective foundation. The start-up would follow a build-to-sell model, an approach common to India start-ups seeking a high market valuation for their innovative efforts. The trio assertively discussed the opportunities as they envisioned risks.

Dev addressed the capitol and skills Jack rendered from his BigBox experience, reassuring Jack all was not lost in his return to the United States. Jack's strengths in technology, especially systems development, would define the foundation of the start-up's standards and methodology.

Jack also brought key leadership capabilities that were unique for an American, especially his cultural competence to engage an Indian team.

> I still thought that retail, combined with the execution of the offshore model, had a lot of potential. The limitation I always had seen in myself was that I had never worked in a retail organization before. I had never seen the client side of the story. I had an idea, but I had not lived through it. Jack's way of looking at things was very original. He had ideas for where it all was headed. I had tremendous respect for him and his insights. (Dev, ECS Owning Partner)

The recent sale of Dev and Vamana's previous company, PA, hoisted their interest in funding a new start-up. They discussed what they learned from selling PA and getting a high valuation for their investment. The newly minted millionaires now wanted to apply their knowledge and earning potential with Jack. The basic premise was to lever the capabilities of the three partners across e-commerce, software execution, and India's value position. They proposed an entity that could maximize earnings by leveraging Indian tax free zones for new business development and quickly incorporate a company that could function as the parent of the India and United States operations. See Box 5.2 for additional information on India's export tax and technology park advantages to U.S. businesses.

Given the cash availability from PA's sale, Dev and Vamana would fund the start-up, while Jack would provide the "sweat equity" and take over the operational responsibilities. In lieu of a highly compensated corporate role and perceived risk in a start-up, Jack considered a base salary offer that would affirm his commitment to his potential partners. Jack's appetite for corporate politics waned as his desire to launch a new phase in his career intensified.

> At the time of ECS's startup, India utilized Software Technology Parks of India or STPI to incent foreign businesses. India provided a tax haven as long as you abided by the rules. As long as you were growing jobs, they accepted your applications. It ultimately fueled exporting of software out of India. Highly effective. The tax scheme was sunsetting in March, 2011. After this, SEZ required a company to be in a specific location, attracting population to outside the congested cities. (Jack Lawrence, President)

Box 5.2. India's Export Tax and Technology Parks

India recognizes the effectiveness of the Export Processing Zone (EPZ) model in promoting exports while it attracts new business investments to develop infrastructure and promote industries (Special Economic Zones in India, 2017; Tax Incentives in India, 2014). The nation offers various incentives such as tax holidays, investment allowances and tax credits. Noticing Asia's shortcomings in export controls due to the complicated nature of multi-national business and tax structures, India's Special Economic Zones (SEZ) and Software Technology Parks of India (STPI) address simplified yet significant economic objectives and attracts larger foreign investments while supporting growth.

Specifically, STPI operates as an autonomous function under India's Ministry of Electronics and Information Technology (Special Economic Zones in India, 2017; Tax Incentives in India, 2014). Established in 1991, this tax incentive plan attracted foreign investment and promoted exports in existing cities. Since its inception, STPI has grown to 54 centers across India including Bangalore. Like SEZ, STPI works for the creation of infrastructure and office space equipped with state-of-the-art equipment. Finding cities like Bangalore unable to sustain growth demands, India shifted attention to broader tax incentives to fuel development outside major city hubs.

Starting April 1, 2005, India's Special Economic Zone (SEZ) incentives provide export businesses tax relief for businesses agreeing to growing investment in designated outer-ring metropolitan areas (Special Economic Zones in India, 2017; Tax Incentives in India, 2014). With this plan, cities like Bangalore shift population, transportation, and infrastructure development to land areas that can sustain high growth. India's software industry continues to advance dramatically due, in part, to significant tax incentive support from the Indian government (Special Economic Zones in India, 2017; Tax Incentives in India, 2014).

The handshake deal. After a grueling 30 days back in United States, Jack resigned from BigBox and set his sights on the new partnership. The new team discussed their individual roles: Jack was to run the company, Vamana was to lead sales, and Dev would mastermind the incorporation in Dubai and ensure the company found all advantages from India's pro-business tax laws and local offerings. An exploratory trip to Dubai confirmed the company's international incorporation, while the United States entity would be incorporated in Delaware.

The three partners considered various strategy and operations alternatives and eventually conceived their new firm, ESC. ESC would differentiate themselves from other systems integration (SI) competitors on three points. First, the leaders fully understood retail e-commerce business-to-consumer (BTC) model; however, they sought to capitalize on emerging multi-channel retail concepts. ECS would leverage "solutioning" and innovation to drive clients' e-commerce BTC and business-to-business (BTB) models. Second, the leaders would drive execution with a unique offshore development model. Jack believed in a his tested "define, measure, and drive consistency" expertise to drive quality and efficiency. Third, ECS would develop a global execution model and best practices that would leverage the clock, still an unproven IT concept in the emerging digital marketplace. Even with the operational risks perceived, the partners believed the total cost of ownership for themselves and clients provided a winning proposition with the United States and India model. In Figure 5.2, the new organization elaborated on their core value as it related to providing software solutions under the ATG software platform.

Figure 5.2. ECS ATG service summary. Excerpt on the firm's core value proposition, provided by ECS employee, personal files.

ESC Inc. is an ATG Solution Provider founded purposes of delivering ATG development services to the retail marketplace in a manner that mitigates risk and reduces cost. We leverage our understanding of retail, our ATG experience and the expertise and cost benefits of a captive (not outsourcing), multi location (U.S. and India) delivery organization to deliver value in three areas:

1. **Retail Knowledge -** We understand retail because we lived it. We are former corporate IT and business management responsible for web application development and an Indian captive firm. Our leadership has in excess of 45 years combined ATG development experience. We have "walked in your shoes" and bring a personal perspective and clear understanding of the consequences of project delays with an uncommon commitment to your success.
2. **Execution -** Using a proven development methodology, optimized for ATG, we incorporate clearly defined phase-end deliverables throughout the project lifecycle. Additionally, based on achievement of CMMI level, we incorporate strict, measurable disciplines and metrics designed to mitigate risk and ensure on time delivery within budget.
3. **Value -** Our multi location single development team delivers up to14 hours of daily development resulting in faster delivery and reduced costs.

It is our understanding of retail, ATG experience, execution methodology and lower costs that enable us to deliver the greatest overall value, with the least amount of project risk.

The new team moved toward a business launch with certain assets, as well as unforeseen weaknesses. At this stage in ECS's formation, the partners wrote no formal partnership agreement, an error causing both operational confusion and future mistrust. The momentum of this opening phase levered the best sentiment of the new owners and procured interest of close, emotionally-tied followers. Their recent successes fueled their ambition. However, lack of clear roles, business plan, and governance would uncover flaws in ECS's design. The following analysis in SWOT 5.2 Partnership Formed summarizes ESC's internal strengths and weaknesses as well as external opportunities and threats.

SWOT 5.2. Partnership Formed

Strengths	**Weaknesses**
Capabilities gained by BigBox and PA leadership experience Cash available for launch of start-up Knowledge of India business opportunities, tax advantages, IT talent market E-commerce expertise, both as a service provider and major United States retailer Understood TCO (total cost of ownership) in an on/offshore model	India partners were new to investments, only one experience in building/selling a business No documented partnership agreement India partners could not actively participate in ECS business for two years, as PA earn-out completed Dev recognized emotional issues and alliances, but provided no insight or dialogue on risks at this phase of business development
Opportunities	**Threats**
Conditions in emerging countries like India favorable to external investment Tax holidays, SEZ, and growth incentives available and legal in Bangalore Dubai offered corporate tax protection, few requirements Global recognition of India technology strength and cost advantages Marketplace strong on e-commerce growth in 2007, only to gain momentum as financial crisis impacted corporate budgets and brick-and-mortar retails shrank funding of traditional models	Sale of PA limits partners' involvement in ECS Non-compete with BigBox could limit Jack's professional opportunities Over-reliance on relationships to start new business Competitive marketplace globally for IT professionals Instability starting in global financial markets Brick and mortar retail strategy United States skeptical of India capabilities, failures and challenges noted at board and management levels Work ethic perceptions Time zone issues

The Launch

Existing relationships became the centrifugal force that launched ECS into existence in 2007. In past roles, Jack's connections and reputation allowed him to influence corporate decisions. Now within this new firm, corporate and cultural capital was required to form ECS, attract his new team, and connect with potential business clients.

Jack and Dev agreed the India entity needed an expeditious start. Without a thriving development team in place, any new business deals would sit idle. Jack considered his options and quickly recruited two tech-savvy and trusted former BigBox employees, Kali Devas (pseudonym) and Praveen Vasu (pseudonym), to establish and lead the India team. Both were ATG technology experts, the software platform Jack and Dev also had deep knowledge of given their BigBox.com development experience. The four leaders confirmed ATG as the primary e-commerce technology to launch the tech-start-up. Additionally, Kali and Praveen possessed an entrepreneurial passion that fueled their personal decision to return to India for the assignment. While roles were somewhat loosely defined, Kali and Praveen worked together on all aspects of the business start-up. Kali formally held the title of Managing Director (MD), per India incorporation guidelines, a role that held his interest but did not draw on any previous experience. Praveen managed all technology aspects of the business, including infrastructure, a role he was highly qualified to perform. The pair started Ivasoft, a starter entity intended to be acquired by the forthcoming ECS parent firm established in Dubai at a later point.

Jack, still in United States, actively solicited business and won the first contract with Samantha Guindon (pseudonym) a former BigBox leader now working as VP at a large consumer products corporation. Samantha saw Jack's talent with team and technology and signed a contract with the new start-up. Jack, new to client relations and contracts, took the

assignment and soon learned a statement of work (SOW) and formal contract was required. Excitement won over formality, at least for a brief moment.

Jack started building his United States team and took on the role of project manager for their first client. A salesperson, ATG technology lead, and business director quickly responded to Jack's offer to join the start-up firm. With a strong and balanced team in the United States and India, the multi-shore development model began to do business as ECS Solutions Inc. and ECS Tech India, Private Limited. The team garnered clients quickly due to its determined founder, top talent, and Jack's external partnership with the CEO at ATG. This critical alliance remained key to ECS's growth for the next several years.

Jack opened offices in the United States and India and the organization quickly grew, branding itself as an innovative, niche option among many competing offshoring models. Given the leaders' experience and Fortune 50 roots, they naturally focused on marketing and brand to attract employees and clients. As the new entity bounded forward, a key leadership capability surfaced. Jack's resilience in the face of new and challenging issues allowed the organization to learn and change quickly, advancing an internal culture and a formula for success.

With a process execution mentality, the team successfully implemented several e-commerce websites for national brands. Their reputation as a niche player grew and ATG, as a technology partner, noticed, rewarding ESC by pushing more business their way. Given accelerated growth, ECS smartly developed best practices, documented and revised with lessons learned, and enabled highly complex development work scalable across locations. Yet Jack remained resolute to keep the core functions nimble, free of the bureaucratic overhead of a big corporation. This fueled efficiency, but also caused holes in ECS operations.

ECS India's culture mirrored the culture of BigBox India, as Jack, Govind, and Kali embraced local values and traditions. They marked each step of growth with a celebratory puja, a traditional Hindu blessing ceremony. On other occasions families of employees were welcomed to the office on special parent's days, where leaders recognized the talented team. Also, employee benefits were structured in ways unique to United States practices to honor family values, including parent health insurance coverage, many times benefiting elders living in small, remote villages. Thinking global, but acting local wasn't just a slogan, it was a simple way of existence for the new firm as it honored native culture. The team was appreciative, committed, and energetic. The ECS brand soon attracted external attention on social media and became a sought after employer.

Praveen felt harmony was important across all levels and shores. As a leader, he mentored newly hired talent, referred to as "freshers," in India. He also sought open communication that allowed for innovation, process adoption, and trust building. Praveen and Jack agreed that seeing employees as a family promoted team work and reduced business risk. Different from the United States configurations, ECS's office space was arranged for collaboration and impromptu meetings. The first seven months of ECS's existence appeared globally successful to all onlookers, including Jack. Yet, early dilemmas (See Box 5.3) existed in the shadow of ECS's visible story posed significant risks.

ECS visibly launched with positive momentum as seen by leaders, employees, and IT industry onlookers. However, the persisting shadow stories continued to present grave risks and undercut the new firm's potential. Reflecting ECS's business launch, the following SWOT 5.3 analysis summarizes the firm's beginning strengths and weaknesses, as well as the external opportunities and threats.

Box 5.3. Shadow Story – Early Dilemmas

Unknown to Jack, issues were mounting at REV India. The high-integrity technology lead, Govind, and the industrious MD, Kali, clashed repeatedly after Kali hired his brother, Mohandas, as office admin. Assuming a non-tech, non-leadership role, Mohandas held responsibilities for office contracts, including facilities, supplies, private transportation (common in India), and food (providing lunch and coffee is a standard Indian benefit for employees). Handling contract negotiations was delegated to Mohandas under the oversight of this brother. Praveen recognized issues with this assignment of duties.

> I don't mind him coming into the company, but it should be a professional relationship. I don't want you to treat him as your brother when he is in the office. Treat him as an employee. (Govind)

Kali held Jack's primary attention, holding several one-on-one phone conversations during various hours of the day. India being 10.5-11.5 hours ahead on the global clock meant work days never ceased. This fluid arrangement and ongoing communication appeared to be beneficial to REV operations; however, Kali capitalized his time with Jack and slowly undermined Govind. Kali made or relayed key decisions without his local partner's input.

The situation escalated as improprieties and friction became commonplace. Mohandas, under Kali's leadership, skimmed funds from petty cash, negotiated kickbacks on minor purchases and health insurance reimbursements, and paid fake invoices. With no audits or oversight in place at that time, the game of minor fraud mounted. Not knowing the specifics, Praveen sensed a rising issue and confronted Kali.

Box 5.3. Shadow Story – Early Dilemmas (continued)

> There is something shady you are doing. Because of this, you want to do all this nonsense. I know you are trying to cover it up and I know that I am in the way. I was very clear. Integrity is the top thing. (Govind)

After a final heated confrontation with Kali and Mohandas, but no direct conversation with Jack, Praveen resigned. Indian culture admonishes confrontation with elders and bosses, leaving Praveen on an perceived island to fend for himself. Closing an era of torment and deception, Praveen conceded to a share transfer, shifting his ownership rights to a parent organization. However, with Jack's trust still in hand, Kali conspired and illegally retained added shares, reclassifying himself as a "minority owner" in the firm. This closing act to Govind's tenure with ECS would shake the balance of power within the organization, and between Jack and Kali, throughout Kali's remaining time with ECS.

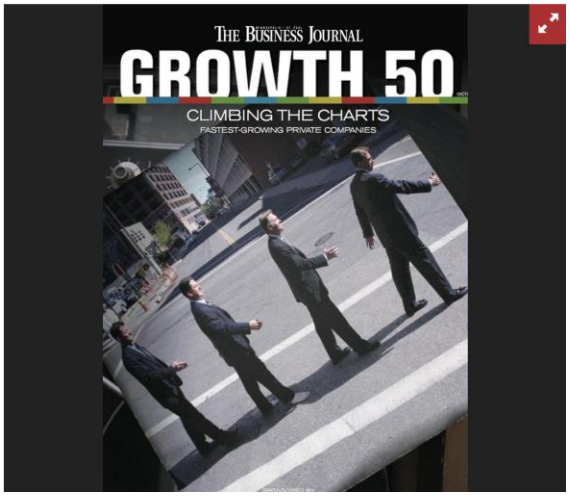
SWOT 5.3. Launch

Strengths	**Weaknesses**
Personal connections leveraged to drive business and attract talent Quick start-up in India, ease in establishing an IT firm in Bangalore Talented IT leaders globally join ECS Nimble, adaptable, learning style of business operations Cultural aptitude of founder, attractive to new India employees and families No internal financial concerns as launch was funded by partners	India MD new to role Nepotism and illegitimate access to accounts Lack of governance and oversight on financial and operational activity in India No clear partnership agreement Cross-cultural communication barred open conversation on issues and risks Time change between offices Share transfer an open concern. Released shares to parent entity, but with 1% retained illegally by India MD Internal fraud starting, under the radar of the United States leaders India team noticing internal conflicts
Opportunities	**Threats**
United States growth of e-commerce, continued shift in funding away from traditional retail models Marketplace favoring highly skilled talent and service businesses Cost arbitrage on IT payroll made India highly attractive to United States businesses struggling with growing international financial crises	Sale of PA continues to limit India partners' involvement in ECS, making them silent investors ATG chosen as primary platform for ECS's model puts company at risk of technology related shifts Clients fear of e-commerce, due to inexperience, high costs up front Clients inexperience with India models, biases

Fast 50

ECS exploded with over 40% year-over-year revenue growth during their first four operating years, gaining them 24th place on the Minnesota Fast 50 award list. Celebrated in the fall of 2011, considering 2007-2010 performance, ECS United States executives joined a gala event which featured them as a top growing tech firm in the region. See Figure 5.3 for The Business Journal's cover announcing the winners. The niche firm arrived at its three-year anniversary with momentum, a strong ATG partner, and a 100% referenceable client list. Competing against bigger, well-established firms, ECS did well communicating its value statement and delivering on time to seasonal sales sensitive clients. Leaders and teams focused on high quality technical products and leveraged a deep understanding of integrations, complexity, and e-commerce from their Fortune 50 retail experiences. This proficiency taught them valuable lessons in both business and technical risks. With the Fast 50 Award under their belts, the team felt confident in ECS's future growth trajectory.

Figure 5.3. The Business Journal, Growth 50. Cover of the Minnesota periodical which featured annual companies recognized for year over year revenue growth (Adapted from Reilly, 2015).



Formula for early success. The ECS formula contributed to the Fast 50 recognition. It was simple: 1) Define repeatable processes that drive consistency. 2) Measure progress and results. 3) Leverage the global clock. With India and the United States working hours almost completely opposite of each other, the time difference represented either risk or strategic opportunity, a massive obstacle or an innovative formula for success. Jack improved the on/offshore paradigm experienced during his previous role, engaging client-centered working teams that collaborated in an innovative "multi-shore development model". Roles and process reviewed and modified at intervals ensuring continuous learning and improvement. Leaders met weekly via United States/India conference calls to discuss and assess current project status, risks, and opportunities for client growth.

"Is it real? Do we want it? Can we win it?" The ECS leadership team used this simple, three-point mantra to guide their discussion and determine if they bid on potential a potential client contract. With limited resources in sales and marketing, all opportunities were not pursued. A strong and growing reputation in the marketplace fueled by the press releases as a Fast 50 winner, helped ECS attract talent and clients. Past clients provided favorable references and responded to future clients' inquiries, supporting ECS.

The human frame. "We recognize that this is as much a people business as a technology business. I'm committed; the team here in India is committed" (Hari Padma, ECS Sr. Project Manager). Valuing people remained a central theme to the ECS success story. With the expanding business, the India and United States leadership team offered fast-paced career growth and experience. Teams strived for excellence, celebrating successful launches and working in close collaboration with technically skilled seniors to resolve complicated issues. ECS grew and

modified their organizational structure while continuing to capitalize on a strong marketplace reputation, team work, trust, and transparency.

Leaders knew expanding the Human Resource (HR) function was necessary to support the growing number of technical staff and hired an HR generalist, Devi Lakshmi (pseudonym). The only female on the leadership team, Devi brought a fiery yet friendly spirit to her work and proved resilient to the ongoing organizational challenges. Her commitment to the team would be needed during both prosperous times and the challenges ahead. She inspired openness to support an approachable, less political environment. Devi also pioneered further workplace advances for women, supported by Jack.

In India, women join the technology ranks in great numbers, however, marital status, social class, and traditional responsibilities remain as limiters to women's professional growth. ECS experienced many highly educated women were being forced to quit working or shift employment to suit their new husbands' career and family requirements. Recognizing the talent retention challenges, ECS allowed sabbaticals, extended maternity leave, offered flexible work hours, and supported special transportation arrangements for women working late hours. Attrition rates slowed as a result of changes and a positive-minded work environment for women.

As ECS completed 2010, leadership remained focused on gaining and delivering new business contracts. The firm's working model shifted with a new subcontract arrangement with ATG addressing projects for two major clients, Mead and Ann Taylor. Under a premature risk assessment, these fast-tracked and lucrative contracts transitioned ECS into a troublesome 2011. Jack's lack of visibly into partner problems fueled additional and underlying issues that would

impact the firm's trajectory for their remaining years. See Box 5.4 for insights into the ongoing partner issues.

Box 5.4. Shadow Story - Partner Problems

REV's partners remained unexpectedly distant during the organization's initial high growth years. Given Jack's understanding from the verbal partnership agreement, Dev and Vamana would assist with business development in the United States and India. Good market conditions and a strong reputation provided for growth opportunities when the Indian partners remained silent.

Unknown to Jack, Dev and Vamana sold PA, however payment on the deal later became speculative. The purchaser of PA, a highly leveraged tech-firm was nearing bankruptcy and could not meet the agreed terms during the earn-out period. Scared of losing out on a multimillion dollar payout, the Dev and Vamana convinced their buyer to allow them to retake PA to market. With this agreement in hand, they needed to make PA a sellable entity, again. The dilemma would place PA as a direct competitor to ECS.

In the world of rapid tech growth, ATG simultaneously considered an acquisition offer from the tech giant Oracle. To make EBITA (earnings before interest, taxes and amortization) more attractive, deals such as the fast-tracked, new subcontracting arrangement with ECS provided revenue boosts for both organizations in addition to added risk.

The fast growth period intensified many organizational assets and issues. The following analysis in SWOT 5.4 summarizes both the visible and hidden strengths, weaknesses, opportunities, and threats. The ECS teams were about to face near death organizational challenges.

SWOT 5.4. Fast 50.

Strengths	**Weaknesses**
Year over year growth recognized by MN Fast 50 Award Business momentum appears in tact with ATG (less need for sales connections from largely silent partners) ECS reputation attracts top talent Global development model drives quality and referenceable clients ECS culture matures, with teams in both locations dedicated to mission HR role expands and women in workplace find benefits at ECS unique from other India firms Alignment on vision and mission	India MD remains in role, continuing fraudulent practices, unknown to most Lack of governance and oversight continues No clear partnership agreement signed India cultural norms conflict with United States norms on communication, reducing open conversation on issues and risks Preferential treatment, based on caste and state existed, common practice in India companies Scalability in staffing emerging as a concern
Opportunities	**Threats**
Marketplace remains strong for e-commerce, with recovery in United States retail sector slow (2011) Consumer demand for web and mobile e-commerce increases, prompted by tech-savvy buyers Multi-channel retailing presses for further technology investment India captive model expands Bangalore improves infrastructure and local/national tax offerings attract United States business in software and business services	PA monitoring ECS, looking to gain advantages as silent partners look to undercut ECS ATG remains primary platform, all eggs in one basket Competitive drive within Indian culture unknown to United States leaders Shifts in leadership at ECS, clients drive unstable relationships and risk ongoing revenue

External Threats

With the visible success of ECS now spanning 2007-2010, the silent Indian partners, Dev and Vamana, renewed their interest. Finally drafting a formalized ownership agreement, Jack made his first trip to New York to meet his partners in lower Manhattan, sign the agreement, and celebrate. Shortly after this occasion, Dev contacted ECS India to monitor and assess the operations, gaining information to fuel PA's competitive advantage. With a fully documented ownership contract and full visibility into ECS, Dev and Vamana conspired to undermine future business deals while negating their dual role as investors.

ATG still appeared as an ally to ECS in 2010, providing a pipeline for business growth. However, the Ann Taylor subcontracting arrangement fostered a working relationship that diminished ECS's project control. (See Box 5.5 for additional details on internal corruption also contributing to the shadow story.) ECS's quality and client value soon came into question. Late in the third quarter, as all retailers stabilized e-commerce websites for the upcoming holiday selling season, the Ann Taylor site launch remained in jeopardy. As an industry standard, implementing with known critical defects in the production website code was unacceptable. Worse, launching with untested code left ECS and Ann Taylor open to risks and uncertainties. ECS's leadership team struggled to understand the overwhelming issues with this project, as the team faced unprecedented defects and problematic testing phases.

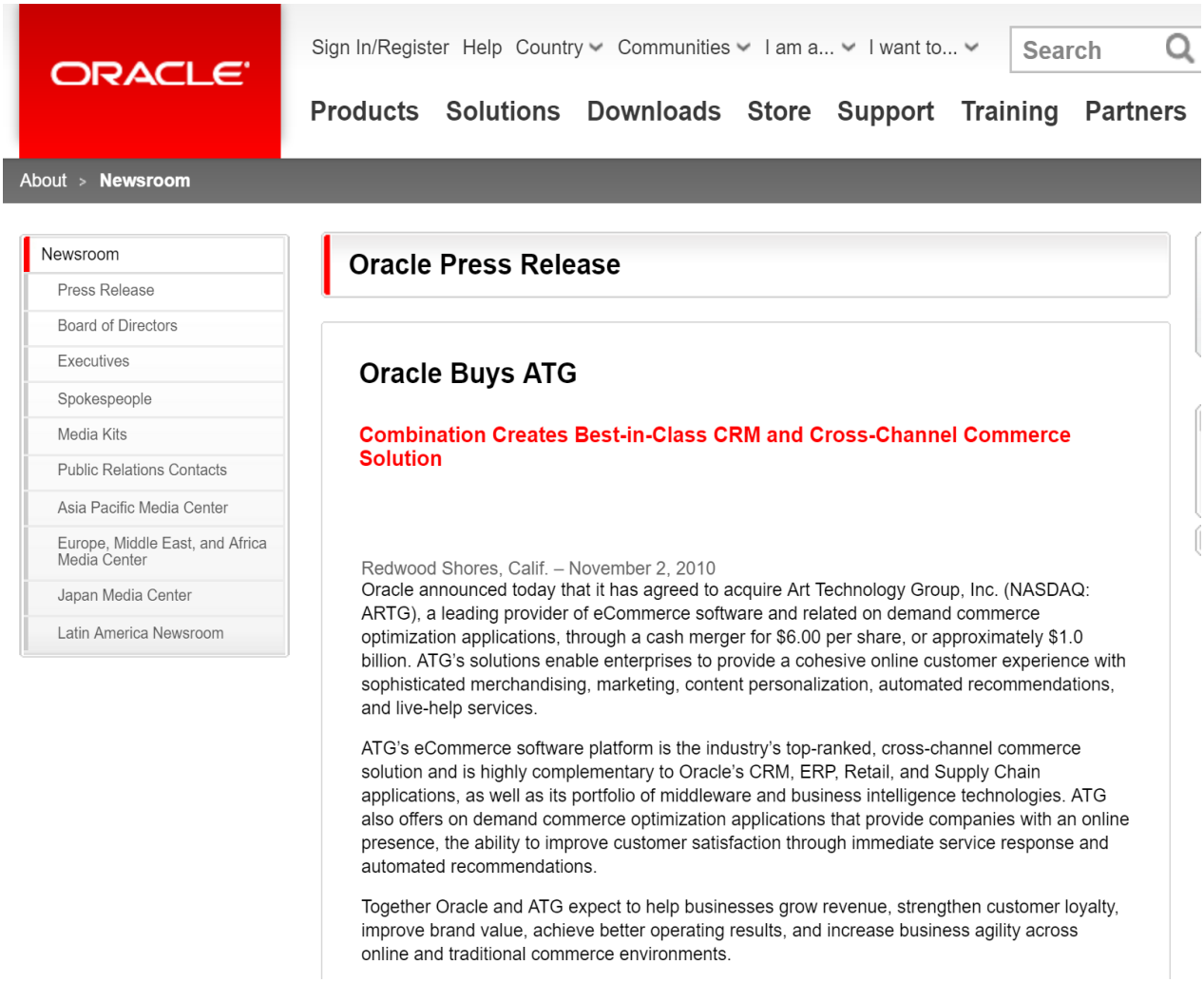
After multiple rounds of scope revisions and timeline adjustments, ATG and Ann Taylor accused ECS of substandard work. Facing litigation, ECS conceded to a $1 million refund settlement to ATG, as they held the contract with Ann Taylor. The loss was the first of its kind for ECS and taught their leaders serious lessons about project ownership, client relations, and triple constraint—controls on cost, timeline, and scope. (See Figure 5.4 for an explanation of the

triple constraint model). ECS lost the client, refunded the revenue, and understood the relationship with ATG was at critical odds.

Figure 5.4. Triple Constraint Model. This industry model is used by IT professionals in negotiating limitations on software development projects, aided project managers in controlling variables. ESC used this model in dialogue with clients to manage expectations and promote risk awareness on projects (Adapted from Nelson, 2015).

Acquisition and impacts. On November 2, 2010, Oracle announced their acquisition of ATG through a cash merger for $6 per share, approximately $1 billion. Jack now understood the time-sensitive nature of the Ann Taylor settlement, as this matter needed be resolved in ATG's favor prior to the acquisition. In addition to the massive payment back to ATG, the Oracle announcement propelled near debilitating change for the young tech firm. See Figure 5.5 for the corporate press release announcing the ATG acquisition.

Figure 5.5. Oracle Press Release: Oracle Buys ATG, November 2, 2010. Announcement found on Oracle's publically accessible website highlights expected business benefits of newly acquired ATG (Adapted from Sato, 2010).



By March 2011, the pipeline of leads from Oracle bottomed out, with Oracle favoring larger, more mature systems integrators (SI), including PA. The external threats facing ECS propelled internal chaos and cash flow issues.

Furthering the disruption, ECS competed head-to-head with PA on multiple client proposals, during and after Oracle's acquisition of ATG. Jack's conversations with PA's founders, Dev and Vamana, were harsh, as he questioned their intent as ECS owners. Their silent investor status was never fully explained to Jack. Dev, once a trusted friend and partner

became a vengeful adversary, and remained the primary business contact with Jack. During this period, Dev questioned ECS's operations and spending, at one point demanding a CFO, Dev's wife, be inserted into the ECS leadership model with complete control of all financials. Welcoming the accounting assistance, but annoyed by the sudden oversight, Jack accepted the measure for a limited time. As controls and competition mounted, Dev offered no explanation for unusual positioning, change in behaviors, and resolute mission to undermine ECS's recovery.

Jack then implemented pay cuts. He prepared a written account of the firm's status and addressed the team, asking for their commitment as they considered options for recovery. The team agreed to a 15% cut, while Jack reduced is salary by 50%. Jack, fully aware of the firm's financial challenges, knew nothing of the internal corruption mounting in India, reflected in Box 5.5. Survival became Jack's main mission. Devi later commented, "Jack was committed to us. He would not allow people to fall on the roads" reflecting a common cultural image of desperation. An analysis, SWOT 5.5, follows elaborating on the conditions of this period in ESC's development.

Box 5.5. Shadow Story – Internal Corruption

ATG required a different working model on the Ann Taylor project. Under this model ECS retained all code development, testing and implementation. ATG executed project management and client interfacing roles, including change control, presumably leaving ECS's technical strength as a systems integrator intact. While several administrative and client scope issues wrangled client and team relationships, technical quality was also uniquely in jeopardy. Internal corruption impacting quality was unknown to United States leaders.

During this time Kali petitioned for a new technology lead and recommended Shanti. Shanti joined the India leadership and the two India operational heads now worked closely on the doomed Ann Taylor project. As ECS engineers reported later, the two conspired to undermine process and quality. The project held high visibility as a national brand, and with the additional scrutiny of ATG, it became the perfect means to undermine Jack and ECS.

As ECS's early profitability mounted, Kali had become secretly aware of United States salaries. His reaction to the scale differences escalated from low-level internal fraudulent activities to high-scale theft and deception, in addition to undermining a critical project. It would not be revealed until later that the project demise and penalty of $1 million was heavily influenced from within. Yet, Jack's blind trust in Kali remained unshakable. Later, Dev commented on the root cause in reference to Kali's actions.

When somebody knows his boss trusts him 100%, and he looks at an opportunity for a personal advantage, he's going to use it. It's only human. Jack has very high ethical standards. For him, this is unthinkable. The reality for most Indians, is a cultural issue here. Given the population, the way we were all brought up, your primary goal is to outsmart the system. That's how Indian psychology works. If I follow the system, I'm never going to be the winner. There are a billion people ahead of me. (Dev)

SWOT 5.5. SWOT Analysis – External Threats

Strengths	**Weaknesses**
Partnership agreement finally signed Team trust, rallied to support Jack during business recovery Communication received as genuine and committed to team Transparent terms of pay cuts and "snapbacks" (recovery) in salaries Signs of resiliency seen by employees, quick action to adjust model	ECS partner relationships fully broken PA's competition and internal knowledge of ECS undermined them further Ann Taylor project failed, with internal issues impacting quality Leaders in United States and India at odds and openly critical Team feeling stress and starting to see leadership breaking points
Opportunities	**Threats**
SaaS model in e-commerce rising. (See Box 5.9) Marketplace still hot for e-commerce and multi-channel retailing. BTB and BTC potential clients shopping for service, SI, building new or re-writing e-commerce sites	ATG sale to Oracle reduced business prospects Ann Taylor failure undermines ATG, now Oracle's, trust in ECS PA now seen as external threat, monitoring ECS, looking to gain advantages. Inserted CFO into leadership team. PA meets with ECS India, yet refuses any assistance with India issues ECS not yet diversified in technology use

Internal Corruption

In June 2009, Mahesh Raj (pseudonym) joined ECS in the United States as a technical architect. Coming from TCS, one of the powerhouse India consulting firms, Mahesh knew the United States/India workflow at a large Fortune 50 retailer and would become an asset to ECS's future growth. Mahesh met with Jack and shared his desire for a future return to India to support his aging and beloved mother. Jack agreed and together planned for Mahesh's visit to ECS India for six weeks during spring, 2011. There he was to learn about operations and map a new role as head of technology in coordination with the Kali and Shanti. During his visit, this plans did not materialize.

> It was a waste, the worst six weeks of my life. They were playing good cop and bad cop. Shanti didn't want to speak to me at all. They didn't want me to be here. They just wanted to run all of it. If I were to be reassigned to the India team, Shanti would report in to me. It was obvious Kali and Shanti did not like the implied changes. It was six weeks of torture. After a few days, I questioned whether I should go to the office or not. (Mahesh)

Mahesh also observed that the team considered Kali untouchable, as Indian culture silenced any criticism of the "boss". Workers placed Kali in an esteemed position, similar to an elder from their village. Adding to cultural power and internal politics, Kali held the favor and blind trust of Jack. The team was convinced that Jack's longstanding relationship with Kali would not allow Jack to hear the truth about Kali's emotional and financial sabotage of ECS.

Mahesh both witnessed and contributed to the silencing culture within the office, feeling the stressful conditions that permeated the India organization. A growing number of employees learned of accelerating internal corruption, but were reluctant to come forward to Jack even with proof in hand. (See Box 5.6, which addresses the shadow story of corruption and kickbacks.) Instead, the team carefully presented concerns to Mahesh, the perceived outsider from the United States, and to Govind, who now worked at PA for Dev and Vamana.

Box 5.6. Shadow Story - Kickbacks

By 2011, the kickback engine was at full pace. An estimated 2% of the monthly India operating budget was corrupted and regular kickbacks were flowing to the brothers, Ravi and Mohandas. Later documentation and auditing confirmed that kickbacks were typically arranged with local vendors and service providers who fell silent in exchange for increased business or favorable terms. The brothers collected cash back that was largely untraceable. Additionally, ATM withdrawals for petty cash funded personal pocket money. Large transactions fueled new car purchases for both Kali and Shanthi. Audits showed that the pair covertly bought the cars from the company soon after their purchase for half the purchase price.

The estimated impact of kickbacks and small-time thefts was between $50,000-$100,000 as minor transactions mounted into significant losses for the start-up firm.

Unaware of the manipulation, Jack still supported Kali as MD, even as hints of corruption and leadership failure trickled in. As 2011 progressed, the stress on ECS pressured cash flow and team optimism. Shanti announced he would leave ECS to pursue other interests and quietly left the team. Focused on a declining business, Jack still applied no governance practices, allowing Kali to run what Jack would later call "a very well planned game". Shanti departed from ECS with a backdated salary hike and leaving bonus, approved by Kali. The two conspired their next move. See Box 5.7 for ongoing shadow story on the covert start-up.

Box 5.7. Shadow Story - Competition From Within

In January 2011, Kali and Shanthi incorporated CrossEChannel (CEC), an enterprise designed to compete head-to-head with ECS. Their time and energy shifted to develop and grow the new start-up firm, while still being employed by and leading ECS India. Indian incorporation documents identify the owners and funds invested in the start-up and confirm the intended business plan.

With ECS in battle-weary shape, the pair knew they could solicit top talent, especially those from their own community, home state, or caste to work for CEC. Now CEC just needed their first client.

During this time period, Jack was unable to travel to India to meet with the client executive from a Canadian online retailer who sold popular electronic children's toys. This left an open opportunity for Kali and Shanthi to offer their services for a lesser price. Known for tight negotiating and late payments, the retailer's executive signed on with Kali and Shanthi and became CEC's first client. The cost to ECS in future revenue was an estimated $630,000.

Later, as CEC developed, the new firm pulled 10 high-performing ECS employees to join their ranks. ECS's cost to rehire and train was an estimated $40,000 per employee, $400,000 in total.

Estimated impact to REV was between $50-100 thousand, as minor transactions mounted into significant losses for the start-up.

Truth and consequences. With Shanti's departure, Kali positioned himself to Jack as the lone standing ally, not the undermining insider with a close family accomplice. Adding to the disruption, an anonymous whistleblower email came to Jack from a supposed past employee (See Box 6.1 for insights into the actual email sent.) Although the sender remained anonymous,

Jack attempted to clarify details and seek the identity of the writer through HR employment records and termination dates, but remained unsuccessful. As of 2016, the author had not been identified.

In July 2011, Jack scheduled a quarterly visit to India which rendered an opportunity to uncover the truth. Upon his arrival, Jack met with Kali and heard of his resignation intentions.

> When Kali resigned, I was pretty devastated. I thought we'd work our way through this. I tried to keep him. He was very arrogant and told me he was getting better offers. He said I was taking advantage of him. I didn't know what was going on. At the same time, Govind, who was one of the original members of Ivasoft, called me and said there is a lot of corruption going on and I needed to know about it. So, not only did I get resignation notices, but I started finding out all these things. (Jack Lawrence)

Devastated by the mounting issues, Jack retreated from the direct conflict to consult with two longtime mentors, KC and Ganesh. KC, a decorated India military commander, and, importantly a respected elder, was a personal friend who frequently provided Jack insight into cultural issues. Ganesh, Jack's most trusted mentor from the inception of the BigBox India, provided him with sound business advice, even in this dark time.

> Kali was a rogue leader who misused company resources for personal gain. The advice was to confront the situation, to confront Kali. Jack was very hurt, very emotional. He trusted Kali so much because of the earlier relationships, that he was finding it even hard to come to terms with the fact that something like that had happened. How do you keep emotions aside and be very objective in dealing with the situation? How do you put together the facts? How do you be decisive? How do you take the necessary actions and go beyond the emotional person that you are into an executive leader who would do the right things? And eventually he got there, he had to do some tough talking which doesn't come easy and natural to Jack. (Ganesh Krishnan)

Given his growing awareness to the internal deceptions, Jack became concerned for his personal-safety and questioned the daily routines that had come to be so familiar to him in India. Taking advice from KC, Jack engaged a private driver and held all meetings outside of the ECS India office. Adding to security concerns, an ECS infrastructure engineer came forward with proof Kali was accessing all company emails and monitoring Jack's communications.

Confronting Kali was not an easy task, but enough proof and corroborating stories surfaced to convince Jack that Kali had perpetrated fraud and embezzlement of funds. Prior to Kali's departure from ECS, Jack and KC met Kali at a neutral location, a conference room at the Le Meridian hotel in Bangalore. During the meeting, tension and then fury rose from both sides, as accusations and details of Kali's wrongdoing finally were defined between them. KC, an elder and strong supporter of Jack, interrupted with verbal strikes engaging in a cultural and ethical battle. The closed door conversation ended with a stalemate, with no admission of guilt from Kali, only the further demand for payment of his share of ECS as he exited the firm. Kali estimated his due at $1 million, an exorbitant amount given his lack of personal investment in the firm and recent findings. Ganesh reflected on Kali's motivations.

> First, I think Kali was always a greedy guy. He always wanted more. He was never happy with what he had. He was a very short-term guy with what he could get in the here and now. Second, there was the blind trust and the extreme empowerment to go do whatever he wanted to do. Jack gave him a free hand and Kali quickly figured out that he could do things that were convenient to and would benefit him tremendously. He surrounded himself with people he could trust and would support him in some of the wrongdoings. The third was in some ways, a lack of checks and balances. When you have a greedy guy who knows there are not enough checks and balances, it's hard for him to get caught, everything just comes together. It was a perfect storm in some ways. And once again, knowing Jack, these things will never happen again. These are life lessons. You have to be very grateful that it only went so far, it could have been much worse. (Ganesh Krishnan)

ECS team members never dared to go and complain to Jack, but the floodgate of stories and proof of the corruption unlocked troublesome details. Regardless of state or caste, ECS's India team rallied internal support to regain business momentum and more importantly, a sense of integrity. Reflecting the many aspects of culture and power influencing the ECS leader's actions, the following analysis, SWOT 5.6, presents a synopsis of the internal and external issues.

SWOT 5.6. Internal Corruption.

Strengths	**Weaknesses**
Charismatic leadership, both in India and the United States, leading a team through growth and downturn Supportive and committed company culture, acting as a family Signs of resiliency, working to rebound from external threats Addition of head of technology in India committed to "making people dynamic", developing talent and leadership skills Jack leveraged trusted mentors to guide him during internal issues	Lack of governance and blind trust in MD, resulting in financial damages to ECS Mental as well as financial sabotage remains active Fewer projects in pipeline, ECS revenues down India leaders start competing firm, CEC, taking first client and key employees Kali and Shanti resign, amidst false bonus and salary hikes, demands for payment on stock, and board seats held India partners knew of ECS India corruption, and even as investors, did nothing. Benefited from ongoing issues Cultural silencing persisted issues, first awareness came through anonymous email to Jack MD supported preferential treatment based on state and caste alliances
Opportunities	**Threats**
External network strong, allowed for referrals for incoming MD SaaS model in e-commerce rising	CEC poses new competition for ECS PA continues as direct competitor India partners assume silent posture as ECS India declines External companies attract ECS resources

Resilience and Reform

Previous to Kali's departure, Jack traveled to India on a regularly-scheduled quarterly board meeting. ECS India's corporate board of directors consisted of Jack, Kali, and Shanti at this time, and they met as a matter of legal necessity. At the time of this trip, Jack had no direct knowledge of the Kali's improprieties or the covert launch of CEC, a directly competing business. In consistent style, Jack engaged the traveler sitting next to him in an enthusiastic conversation on business in India, technology, and other common interests. One of Jack's proven leadership capabilities was engaging people and finding common interests. With this traveler, Venkat Balaji (pseudonym), it was no different. Their common bond was BigBox India.

Venkat, a BigBox India leader in technology services, had never directly worked for Jack, however, he knew of Jack and his reputation at the successful Fortune 50 India captive. Reputation is reality when people consider allies, foes and future assignments. For Venkat and Jack, this was no different, as each vetted the others credentials. The conversation progressed and Jack soon learned of Venkat's interest in starting his own business. This planted a seed of information Jack would later revisit.

During this visit, Jack noticed the office setting appeared to be slightly diminished, with housekeeping and other matters, such as lightbulb replacement, needing attention. This would become a clue to Kali's propaganda that Jack was hoarding funds for himself and neglecting the India team. Kali and his brother took small opportunities to undermine Jack's reputation with the team, while adding to their petty thefts.

Jack returned to India again in July 2011, when the confrontation with Kali occurred and the need for a new MD in India became critical. By August 2011, Jack considered a short list of

candidates for the MD role. Devi and acting managers met all the operational needs in the interim. Jack considered Lalita Brahman (pseudonym), a highly competent woman leader who had reported to Jack at BigBox India, Venkat, and two other candidates. Reflecting on the earlier flight conversation, Jack checked his references and found Venkat to be both interested and available. Venkat possessed the right capabilities for the daunting challenges ahead, reforming ECS's business strategy and recovering from the internal corruptive practices. Both external threats and internal corruption needed to be addressed, immediately and in parallel.

Barely alive. ECS, now in its fourth year, was barely alive. Pay cuts, layoffs, corruption, governance gaps, and a drastically impaired pipeline of deals left a grim outlook for the young firm. Fortunately, Venkat decided he was not only up for the challenge, but he saw this as a learning opportunity, one where he could make a great impact on the young firm.

With Jack's direction and mentoring, Venkat learned the business model and began aggressively dismantling the scheme put in place by his predecessor. (See Box 5.8 for detailed information on the financial impact of known internal corruption.) Weekly, Venkat and his newly promoted finance manager, Sharan Ganapati (pseudonym), reported in a growing list of side deals, fraudulent invoices, kickbacks from vendors, cash misuses, and employee mishandlings. The team verified losses of at least $2.375,000, with strong suspicion pointing to additional issues. Sharan and Venkat came with a desire to clean up the past, put correct accounting and audit practices in place, and apply ethics, risk management, and transparency throughout the organization. They found the work grueling, however, with the mandate from Jack, the impact to ECS was positive, both financially as well as emotionally.

Box 5.8. Financial Impacts

ECS's total estimated loss due to of internal corruption and governance inadequacies amounted to an approached $2.375 million.

Revenues for ECS in 2011 were $7.769 million and would drop 35% in 2012.

Kickbacks, fraudulent transactions, petty cash use	$50-100,000
Two vehicles sold for below market rates	$30,000
Hiring and retraining talent lost to CEC	$400,000
Travel and expenses for Jack	$10,000
Client revenue lost to CEC	$630,000
Ann Taylor revenue refund agreement	$1,000,000
Hiring and signing bonus for new MD	$50,000
Time and cost of resources to audit contracts, change vendors	$50,000
Stock transfers and final payoff	$30,000
Undocumented internal time, expenses, loss of revenue	$75,000

Many of the ECS team chose to stay through the worst of times and rallied, even taking short-term subcontract work. The culture of ECS was recharging, eager to return to stability and growth. Jack and Venkat took drastic measures and personally funded the weak entity. ECS pulled through each payroll cycle, although sometimes late. Jack made it a personal point to address the firm's financial health directly with team members. Transparency and resilience may have been difficult during this period, but leadership persisted and developed the next business strategy. Reflecting on this period in the firm's history, Jack commented, "The drive from ECS India was amazing, despite frequent reports of CEC getting more work and paying hirer salaries."

In the United States, Jack leveraged his core strength as a tech leader and reassessed the platforms rising in e-commerce. Demandware (DW), a SaaS platform surfaced as the leading strategy. (See Figure 5.6 Gartner's 4 Quadrants for E-Commerce.) After research and networking, Jack arrived at a decision to shift direction to DW. However, ECS had no technical

expertise in DW and needed to look outside the firm for the right talent, both to learn the technology and drive the business model. He turned to a longtime friend and trusted technology colleague, Greg Fisher (pseudonym), with this opportunity. With the first deal won, Rapala, a United States-based outdoor sporting goods brand based in ECS's home state, Greg joined ECS.

A core group consisting of Greg, Mahesh, Jack, and a talented United States developer, launched the new DW strategy. Jack took the message to the team in a road show type style, selling the vision and asking for support. Devi accompanied Jack at the India team meetings.

> We were at 180, then we came down to just 80 people. That was 2011-12. As an organization, we didn't have any projects. We were sure Jack would do something. That's when he came to India, and he started to explain the four quadrants of e-commerce. One of the technologies in the top quadrant and ATG and DW. There were six sessions, and every time, Jack used to draw the quadrants to explain why we were moving. Then after each session, he used to ask me, "Were people buying my idea?" I said yes, the team was on board. (Devi)

Figure 5.6. Gartner's 4 Quadrants for e-Commerce, 2011. Quadrant rankings and research showed Demandware, with its Software as a Service (SaaS model), was ready to overtake ATG (Adapted from Schultz, 2013).

Internal competition rose within the ranks of ECS's United States leaders as ATG was no longer the focus. Two key United States resources left ECS due in part to the change in direction to DW. Offering a fresh viewpoint to Jack, Greg fueled the organization with enthusiasm, engineering aptitude, and credibility. However, Greg met with internal resistance to change which required working around internal roadblocks.

> It was my perception, from ECS's United States Technology Lead, that DW was a distraction. My impression was that he didn't want anything to do with it. I think our Business Lead had realized the change was important, but I'm not sure he was a fan of mine. He let me do what I needed to do. Jack was looking for someone to run with it, when he sensed these two would not. (Greg Fisher, Director of Demandware)

Box 5.9. Software as a Service (SaaS) Definition

SaaS, a software distribution model, allows a third party provider to host applications offsite from the primary user organization (A CIO's Guide to Cloud Computing, 2016). The software (such as DW) is then made available to the organization and its customers over the Internet. SaaS is one of three main categories of cloud computing, alongside infrastructure as a service (IaaS) and platform as a service (PaaS).

SaaS removes the need for organizations to install and run applications on their own computers or own their own data centers. This eliminates the expense of hardware acquisition, provisioning and maintenance, software licensing, and installation and support. Additionally, customers may choose flexible payments (monthly flat rate, or pay-as-you-go models) benefiting the company with predictable expense budgeting and reduced capital investment. Scalability is another benefit; as customers need more or fewer services, features or access, the SaaS model can be easily adapted.

ECS develops customer websites using the DW platform for e-commerce retail clients. Clients pay ESC, the systems integrator (SI), a fee for initial development and ongoing support and customization of their e-commerce site. Clients pay DW a monthly hosting fee, many time based on monthly site revenue.

Venkat's strengths and persistence served ECS well, however, at his one-year anniversary, Venkat announced his resignation. He informed Jack that he felt he had performed well under the challenging circumstances but preferred a larger, more stable environment. Venkat returned to BigBox.

Fall 2012 marked yet another shift in ECS's India MD and this time the role would be filled from within. Mahesh, the bright "technie" who joined from TCS in 2009, now resided in

India as head of technology and demonstrated both engineering dexterity and business acumen. As a self-starter with a credible but shrewd understanding of Indian business culture, Mahesh proved to be a significant guide for Jack. Additionally, Venkat fully endorsed Mahesh for the role.

The triumvirate. ECS leaders reformed the organization into a new model, fully refocused on a growing DW strategy, an enhanced learning culture, and a renewed focus on risk management, governance, and ethics. The trio of leaders, Jack, Greg, and Mahesh seemed to speak the same language of growth with credibility, a dialect that would recharge ECS culture.

Mahesh hired an operational leader, Kumar, who championed a new talent model. Bringing in "freshers", college grads with a specific profile for learning, Kumar instituted a new development model, while Mahesh honed engineering skills. (See Box 5.10 Talent Development Model.) ECS's technology talent and retention risk was addressed with this new strategy.

Box 5.10. Talent Development Model

Adopted from TCS, an India software giant, REV used the 7-2-1 model to build their own technology talent team. The model attracts "freshers", new college grads with technology majors, and provides extensive in-house training and experience. Under this model, seven "freshers" work as a cohort and are provided with the same project assignment and work experiences. Two typically rise to the top to become tech leads and are then groomed for leading people. One typically exhibited deeper technology strengths and became an architect. And four typically leave, due to the natural attrition in Bangalore.

> I think one of the biggest weaknesses we had at ECS was building the tech talent. I saw that as a huge flaw right away. It was the technology leader's role; getting the talent, getting a program together, getting them trained up. It may be the one weakness we had. But if you look at India under Mahesh, that's what they do. Getting the program, the farm system, versus hiring free agents. They had Mahesh as a strong technology leader, very hands-on. This was a differentiator for us, on both sides of the pond. (Greg Fisher)

The trio of leaders identified process adherence as a risk with a growing team fueled by enthusiastic, but new talent. Jack preached "define, execute, measure", as repeatable processes were proven concepts from his BigBox CMMI experiences. The trio revitalized this message utilizing a standard methodology, improving upon the standard approach of DW. US and India leaders trained the team and held them accountable weekly as project managers, the newly defined risk owners, reported project and client status.

Balancing quantitative and qualitative measures, the trio met weekly and included the United States sales director to review a detailed dashboard and discuss "people, project, and process". Recognizing measurements do not tell the whole story, the weekly leadership call was the cornerstone of cross-time zone leadership dialogue. Every issue, risk, and win was covered with accountability and project success, the goal.

> There was the threat of failing on an implementation. It's a problem that is spawned from internal, but the external threat would be losing the confidence of DW and not giving another client to ECS. The threat of being seen as not being able to deliver. We would say, "You're only as good as your last implementation." We protected each deal by staying aware and supportive. (Greg)

With business transitions underway, ECS still faced significant challenges stemming from the past MD, current shareholders, and partners. One by one these concerns were addressed. See Box 5.11 for the continued Shadow Story, Ownership at Odds. Additionally, a summary of the internal strengths and weaknesses as well as external opportunities and threats are summarized in SWOT 5.7.

Box 5.11. Shadow Story: Ownership at Odds

Significant REV ownership issues remained open during the rebuilding phase. Ravi owned shares of REV India stock and remained on the Board of Directors, two critical points that Jack needed resolved. Ravi, illegally collected shares once owned by Govind, and now held 11% of the ECS India entity. In India this ownership threshold held greater power including voting rights in future corporate transactions (merger, acquisition, expansion).

As Mahesh took on the MD role, a fresh set of eyes and new persuasion took hold. Mahesh convinced Jack to ease his disdain and distrust of Ravi in lieu of getting a deal made. After another two heated conversations, Jack paid Ravi $30,000 to transfer the remaining shares. Ravi still admitted no wrongdoing and Jack, recognizing the legal battle in India would be too long and costly, moved ahead to rebuild ECS.

Jack's partners, Devand Vamana, remained silent observers in this dilemma. Still watching the firm struggle to find its new footing with DW, the India partners continued to focus on their own priority, PA's "repackaging and resale." The lack of support from the partners infuriated Jack as tensions over short-term loans, office space and payments for subcontracting work were withheld. With the internal corruption instigated by Ravi seemingly behind him, Jack still faced ownership issues with his partners.

SWOT 5.7. Resilience and Reform

Strengths	**Weaknesses**
Professional network provided leads for key resources Addition of DW director in the United States and promotion of head of technology in India, both significant roles reshape ECS strategy Business skills and ethics of new MD Growing governance and risk management policies and processes Transparent, open communication with all levels of team and leaders Resilience through internal corruption, external threats, revenue shortages, and leadership changes Qualitative and quantitative monitoring of projects, project managers as risk owners "Fresher" strategy to recruit, train and retain talent Processes defined and measured	Threat of project failure, due to inexperience in new DW technology, new team members, new vendor partner expectations Team learning curve with DW platform. Mitigated by training and then improving on DW's own best practices (later resulted in certification and ECS being named "Partner of the Year") Volatility in project pipeline, revenue still down Transitions in MD role initially hard on team - new leader, new ways Charges of "statism" (community of origin) alliances surface with each new leader. Mitigation practices in hiring, performance reviews. Salary hikes mitigate risk somewhat, however, "statism" is a significant aspect of India business culture. Board position and shares of stock owned by former, corrupt MD
Opportunities	**Threats**
DW platform poised for growth among competitors, recognized by Gartner Trusted relationship with DW leaders External network and strong client references SaaS model in e-commerce rising	New competitors, unknowns in new DW landscape PA continues as direct competitor India partners remain a negative influence, continued pressure point

Growing the Brand

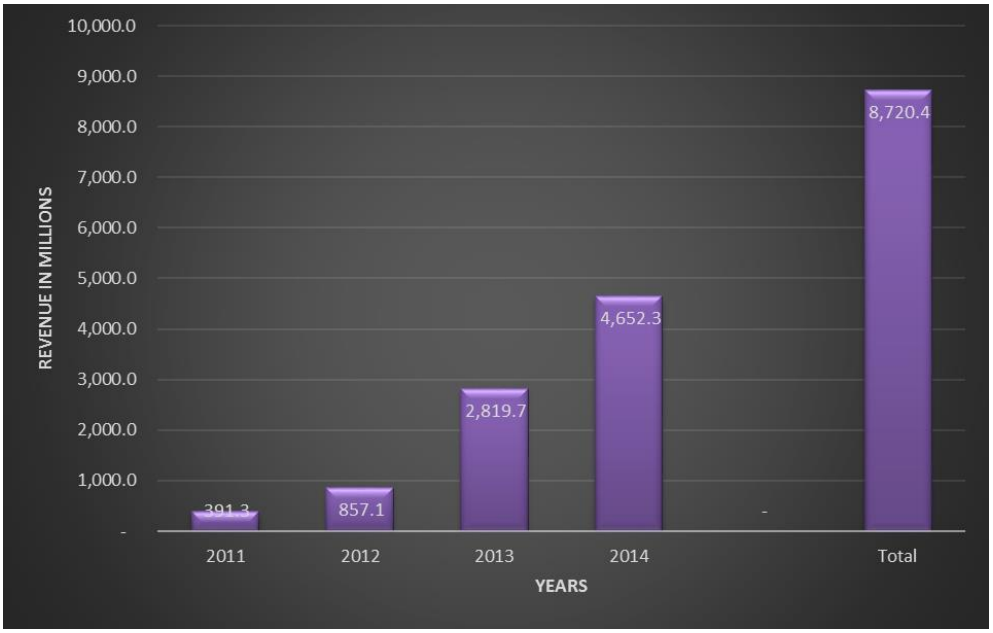
After overcoming several internal and external trials, ECS leadership started its sixth year demonstrating resilience and tenacity. During 2011-2012, the ATG practice revenue steadily dropped and ECS lost 60% of the India workforce to layoffs or competitive firms. With overall revenue shrinking to just over $5 million in 2012, two key United States leaders resigned, unwilling to convert to a new technology strategy. India partners remained dissident, demonstrating no sales support, private funding, or backing for an external loan to ECS. Yet, internally, the rebuilding process had begun and growth in the revitalized ECS brand was now in sight.

The new leaders, Greg Fisher as DW Practice Director, and Mahesh as India MD, partnered with Jack daily to monitor and direct activities. With a renewed focus on risk management, the trio initiated new processes and controls to ensure success, including:

- Operational and project reviews held weekly,
- Recruiting model-supported cohorts of "freshers" to immediately fuel new demand,
- Team member training included technical and process training,
- Renewed emphasis on project managers as operational risk owners, and,
- Town hall type meetings with all team members to support clear communications, progress, and risks.

And most importantly, the leaders had a common mission, values, and accountability to ensure the corruption, miscommunication, and operations issues of the past did not resurface. With full alignment, a high commitment level, transparency, and "hard work," ECS grew and regained profitability. See Figure 5.7 for a recap of revenue attributed to the Demandware practice.

Figure 5.7. ECS Demandware revenue (2011-2014).



Importantly, the cultural issues that silenced and undermined the firm started to turn. Jack and Mahesh led the charge towards transparency and improved communication. A new layer of finance oversight was also introduced. ECS openly supported high ethical standards with training, governance, formal policy, and financial separation of duties. A "One Team" mantra emerged as all had "skin in the game" of working towards ECS's growth and success. Hari Padma (pseudonym) commented, "We lift each other's spirits even in challenging times. Jack is a leader that creates energy and motivates the team to be their best. Everyone is valued."

Growth, however, came with a price. The team experienced long hours and there were high expectations to master new skills. The best of the India culture, including pride in learning and contributing to a common cause, propelled the small organization forward. With patience and tenacity, the leadership team divined the best of the team and inspired loyalty.

Yet, with momentum building, there still remained external threats. Competitive pressures and the risk of DW being acquired (which eventually did happen in 2016) could pivot

the organization again toward a repeat downturn. Jack remained open to risk management strategies including diversification, growth opportunities, and acquisition. SWOT 5.8 summarizes the internal and external conditions facing ECS at this stage.

SWOT 5.8. Growth of the ECS Brand.

Strengths	**Weaknesses**
New leaders, new vision E-commerce expertise recognized by market, arousing new clients Resilience, governance, risk management focus "One Team" culture and allegiance, Strong skills development "Overall happy culture", pride in work, renewed momentum Recruiting and training proficiency	India partners' negative influence and lack of support on cash needs Culture included long hours, average pay Team immature at problem solving in collaboration with peers. Escalations to management occur
Opportunities	**Threats**
Partnership with DW strong Partnership with Accenture strong Maintained valued Kohler account Gained high revenue Hallmark account First DW client project progressing well. ECS gains referenceable client	Unknowns in new DW landscape Loss of client to CEC, could signal loss of future revenue Overhanging cash issues, threat of bankruptcy PA continues as direct competitor, disruptor

Moving into the acquisition phase, ESC partners began to evaluate options. Fueled by a dark history of mistrust, Dev, Vamana, and Jack faced false starts and fierce negotiations. See Box 5.12 for the continuing Shadow Story and the Partnership Breaking Point.

Box 5.12. Shadow Story: Partnership Breaking Point

The whole business plan was Dev's—he knew how to build, configure, run, and sell the business. He did this with PA. Vamana was the deal guy—he's going to sell the deals and negotiate the best price. I was the execution guy—I was going to come in with my name, my reputation from BigBox and delivery services. (Jack Lawrence)

The basic partnership agreement, discussed but undocumented, reflected the significant and complementary roles of the three partners. In 2013, with ECS now turning around, Jack confronted the pair and looked for an out. "Everyone had a short fuse," Jack commented. As the partner that held all operations responsibility, Jack desired an exit from the disappointing and unethical arrangement. He pushed for a buyout where Jack would assume all ownership or the outright sale of the firm a third party.

Acuity Group approached with interest and an offer. Responding to a serious offer, the partners agreed Vamana would take on reviewing the deal, confirming a valuation of ECS, and negotiate the agreement. Jack expressed frustration as the discussion stalled.

Acuity was a competitor in the e-commerce space with strengths in three of five technology platforms. ECS had strength in the other two, ATG and DW, making the merger a solid fit. ECS also had an India model that they did not have. This meant valued scalability to them. The offer made sense, gave me an out, and a position with Acuity going forward. (Jack Lawrence)

After nine months of posturing, delays, frustrating demands, and a full assumption the partners would never agree to the offer, Devmade a surprising call to Jack in the Spring of 2013. Devoffered an out and Jack was ready to take it. It's time to move on and go our separate ways. We will sign the letter of intent. (Dev)

Box 5.12. Shadow Story: Partnership Breaking Point (continued)

Jack's understanding was that Acuity would present the agreement for purchasing ECS at their next board meeting. However, in one swift and unexpected move, Accenture purchased Acuity, and the ECS deal was off the table. Jack reflected, "The big fish ate the medium fish, and ECS got cut out of the deal. No one knew, except Acuity's CEO. It was an extreme low point in my time with ECS."

Acquisition Target

Months passed and ECS continued to gain momentum with the DW practice. Jack received a call from a former BigBox colleague to join him in New York and talk with the National Football League (NFL) about e-commerce ideas. Being a huge football fan, Jack jumped at the chance for an engaging conversation and an insider view of the sporting giant. While in New York, the next acquisition opportunity was presented.

During the same timeframe, LeoCorp, a United States-based end-to-end supply chain services provider, planned their growth strategy, considered acquisition targets, and positioned objectives with their board. (See Box 5.13.) Michelle Healy (pseudonym), a longtime veteran of the firm, experienced a failed acquisition six years prior under the former CEO. She knew that a successful first acquisition could gain back critical board confidence.

Box 5.13. **LeoCorp Acquisition Objectives**

Enhance technology services with SI supporting additional platforms

Strengthen DW SI go-to-market strategy

Strengthen technology services cost competitiveness

Enhance agency services with strategy, design, and search capabilities

Enhance technology services with SI supporting additional geographies

Additional platform diversification

Europe and China market expansion

Michelle engaged a strategic advisor to scout opportunities in the SI landscape. While attending the National Retail Federation (NRF) show in New York, Michelle and LeoCorp's CFO, Mark Lystad (pseudonym), connected with Jack. The informal meeting arranged by the advisor took only 45 minutes, yet set the tone for the future relationship.

LeoCorp and ECS signed a confidentiality agreement allowing due diligence work to begin. External and internal reviewers assessed ECS's market position, operations, and financial

viability. LeoCorp found an unexpected competitive advantage in ECS's India operations during this review, one that could accelerate LabCorp's strategic goals. According to Michelle, ECS's robust India e-commerce services delivery capability provided:

1) True 24-hour coverage, creating a "24/6 workweek",
2) Improved competitive position, leveraging strong operational methodology, high-quality low-cost (one-quarter of United States cost) resources, and,
3) Growth opportunities in the United States and India with world-class staff.

Beyond operational matters, LeoCorp needed to consider culture and leadership capabilities when envisioning the acquisition. Michelle and Mark remained largely positive about the potential benefits, but saw two major risks. First, they had reservations about LeoCorp's current ability to successfully manage an operation in an emerging country. This led to the second major risk, retaining key ECS leaders, mainly Jack, Greg, and Mahesh. Additionally, they anticipated some LeoCorp attrition due to corporate changes.

In an unusual twist during the due diligence phase, ECS and LeoCorp found themselves for the first time as competitors. Both firms bid on an e-commerce site for a luxury apparel retailer from Canada. The two firms carefully pursued both the client opportunity and the "courting phase" of the potential acquisition. The potentially awkward scenario proved beneficial to both firms as they gained important corporate insights. Michelle came to understand that trust was critical for Jack, with his past experiences still fresh in his mind.

> When we set out with the objectives, we understood that this was a people business. The process you go through and the decision criteria is different than when looking at a hard asset and infrastructure type business. We looked at synergies. It became really important to understand and assess the culture of the company. (Michelle Healy)

As a step in the journey, Jack brought the LeoCorp leaders to Minnesota for a dinner at Hazeltine Golf Course with the ECS executive team. Jack felt it was time to expose the potential sale of a broader group at ECS. Michelle spent much of the evening in the social setting, talking about the synergies of the deal, including values, and culture. The ECS group remained interested and negotiation next turned to the financial matters.

Mark, LeoCorp's CFO, led the due diligence and identified some key limitations in the process. First, ECS, as a private company, did not present generally accepted accounting principles (GAAP), standard records of all financials. Jack essentially had been acting as CEO and CFO, and accounting practices were simplified in the small firm. Second, as talent was a major part of ECS's assets, retention was critical. ECS management needed to "buy in" and retaining leadership around India was essential, as LeoCorp had no experience there. Finally, with "roller coaster performance," it was difficult to get a feel for future revenue or "run rate". Mark grew to appreciate and trust Jack's knowledge of the business financials, ethics, and credibility and an accurate performance to forecast numbers became visible.

A distinctly different approach. Jack then made it clear to his partners that he would manage all negotiations with LeoCorp. Jack engaged an attorney representing his interests, and constructed a contract that stressed the earn-out potential versus the initial payout to all partners.

> Jack was very creative and flexible in the way he created the deal. He took most of the risk in the earn-out side of it. The other partners were out—not taking any risk, but also not reaping the reward if Jack and the ECS team could deliver. Jack put his money where his mouth was. (Michelle Healy, LeoCorp CEO)

The proposed acquisition contract included a stock purchase of ECS US and India business entities. The Dubai holding company had folded and was not included in the contract. LeoCorp considered the technology service provider industry multiplier range based on EBITA as a general guide. They also considered maturity of the organization, market share, expected future revenue, and the value of retaining ECS leaders.

Box 5.14. **ECS / LeoCorp Combined Results at Close of Earn-out Period**

One of the largest DW-certified developer teams in the world

World-class technology services leadership team

Proven engineering methodology to successfully deliver across time zones

Proven engagement strategy and end-to-end supply chain fulfillment offering

Growth of India team, further supporting PFS growth and scalability

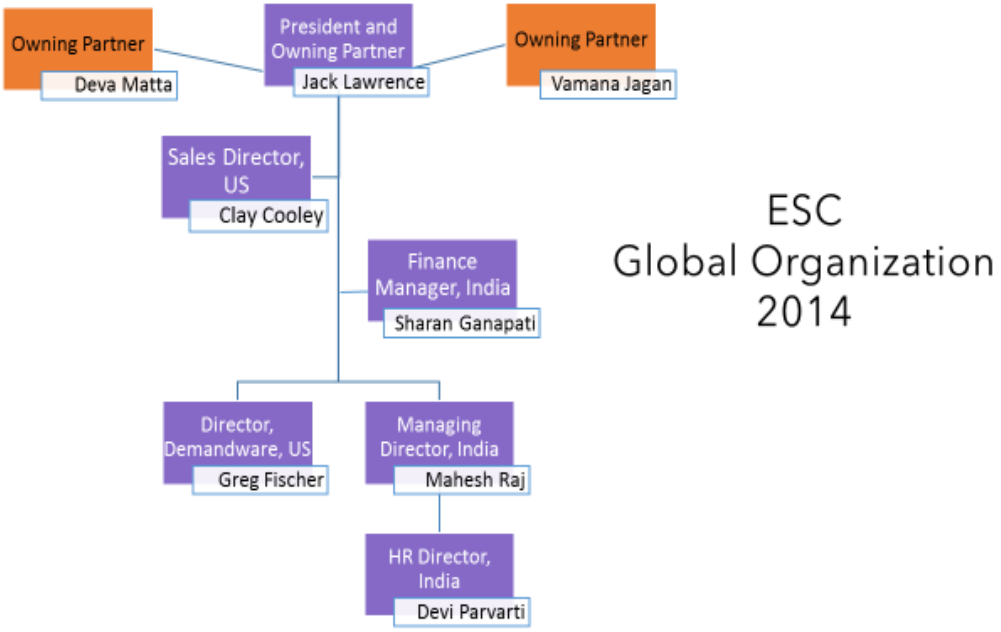
New office in Bangalore, to accommodate 600 employees, in a tax advantage technology zone

ECS agreed to a purchase price and Jack gave specific consent to splitting the deal into two parts. To protect both parties, an initial payment, to be divided evenly between Jack, Dev, and Vamana, would be paid at signing. The remaining balance, based on financial performance over the two-year earn-out period, would have performance incentives solely for Jack. (See Box 5.14.) Additionally, upon Jack's request, Jack would allocate a set percentage of his earnings with Greg and Mahesh. This was both to reward performance as well as their loyalty to Jack and ECS. LeoCorp proposed and gained full board approval for the ECS acquisition. The final agreement was signed in September 2014. (See Figure 5.8 for an ECS's organizational chart representing the key functions and assignments at time of acquisition.) Reflecting on the terms of the agreement, Mark Lystad, CFO at LeoCorp,

commented, "The best case scenario would be to pay the full amount of the earn-out. That would indicate success from their standpoint and ours."

Upon completion of the earn-out period, all terms were fully met. ECS, now part of LeoCorp, had met or exceeded all goals. With his leadership team still intact, Jack earned the full payout value set by the terms of the acquisition contract.

Figure 5.8. ECS global organization 2014. Organizational chart represents the key functions and assignments at the time of ECS's acquisition.



CHAPTER SIX

Analysis: Social, Cultural, and Risk Examination

In the storyline of ECS, several plots and subplots developed that reflect the interest, intention, and conflict experienced by leaders and employees of the firm. In analyzing selected scenarios, this analysis considers the setting and context of the story and recognizes the global pressures and opportunities experienced by ECS. These factors, the growth of India's technology sector, and the evolution of the digital dilemma, influenced the decisions made and the opportunities ECS pursued. The analysis section defines and investigates four risk scenarios, diving deeper into ECS's narrative, seeking to unpack the risks, actions, and capabilities utilized by the key actors. The risk scenarios, presented individually as chapters within this analysis section, include:

Risk Scenario 1: Resilience and Recovery: Internal Corruption and Threats

Risk Scenario 2: Risk Practices: Qualitative and Qualitative

Risk Scenario 3: Acquisition: ECS Considers Real Options

Risk Scenario 4: Risk Transformation: Resilience as a Core Capability

To understand the inner workings of the people, organizations, and cultures, this analysis triangulates theories pulling from three distinct sectors of thought leadership. The case analysis considers risk management and leadership theories as it relates to business and outcomes in a global, capitalistic setting, power and capital as utilized by researchers historically to understand human and group dynamics, and learning and leadership capabilities under cultural contexts. The setting, India's information technology (IT) powerhouse amidst the modern digital dilemma, provides context for the multi-faceted, theory triangulation in this analysis.

Risk Scenario 1 – Risk and Recovery: Internal Corruption and Threats

Resilience and Recovery: Internal Corruption and Risks at ECS. Internal scenarios, both visible and hidden, plagued ECS from its inception. Risk Scenario 1 incorporates the actions and responses of ECS leaders including the President and the initial Managing Director, to further investigate and analyze the internal challenges of the firm. The lack of governance and prevalence of blind trust led to numerous operational failures as ECS formed and matured. The failure to communicate and act in accordance with roles and responsibilities contributed to the internal corruption. Using the theoretical lenses on power and capital, this analysis seeks to uncover the social factors that led to the internal corruption and risks at ECS, and fueled the organization's recovery (Bourdieu, 1977, 1984, 1986, 1993; Foucault, 1980, 1995). Additionally, using a business frame, Mikes (2009, 2011) theory on calculative cultures addresses the blindside of risk management.

Business Problem: Governance and Trust. Prior to ECS's inception, Jack leveraged leadership skills and personal acumen to attract motivated and technically skilled employees. Hand-selected leaders at ECS India demonstrated the President's confidence to select the right resources. However, lack of governance and blind trust contributed to operational breakdowns and corruption which undermined the start-up firm.

Observation of behaviors by insiders close to the daily activity and audit trails suggest that corruption started from nearly the beginning of the firm. Within the first few months, the trusted Managing Director exercised his directive with little oversight from the ECS's President. Indian cultural dynamics silenced voices of some leaders, providing a sub-story for the evolving plots that nearly caused the death of the firm. Significant actors held various forms of capital

which provided business and cultural power structures to emerge. Ultimately, ECS experienced internally divisive practices that cost the firm in excess of $2 million.

Capital. During this formative period, Jack, Kali, and Praveen leveraged particular forms of capital to both execute the business of the firm and covertly sway the trajectory of the business. Bourdieu's theory on capital (1977, 1984, 1986, 1993) provided some insight into the historical, cultural, and social aspects of the challenges faced by ECS. First, Jack held economic capital that afforded him power and control of the firm from the United States (Bourdieu, 1986). Backed by his Indian partners, Jack directed all operations in India with Kali and Praveen executing the mission. This included the direction to hire the team, initiate a pre-ECS firm to fuel the India operation, approve ECS's formal incorporation, and provide funds needed for day-to-day needs. Jack represented wealth and the pursuit of economic independence to his new MD technical lead. However, in this projection of economic capital and perceived control, Jack transferred decision-making rights primarily the MD. This transference was direct, as Jack conferred with Kali daily and gave direction to build the India firm without Jack's onsite presence. Early indicators of the lack of governance surfaced during the first months of formation. Also, the transference of power was not divided equally between Kali and Govind, missing a fundamental opportunity for checks and balances to be applied. Economic capital shifted a substantial degree to Kali. In practice, Praveen did not hold the level of capital and influence of his counterpart. He discussed this imbalance with only Kali, and chose to remain silent with Jack during his tenure with ECS.

Furthering the lenses of capital and influence, ECS leaders leveraged social capital to pursue their individual intentions (Bourdieu, 1986). Jack leveraged social connections and access to relationships throughout his career at BigBox and in the building of ECS. This

network of influence allowed him and his leadership team to access tangible and intangible professional assets readily. Kali and Praveen also leveraged their social capital in the acquisition of office space and other start-up resources required for the new business. They attracted top talent through their local network, similar to Jack. The ECS leaders won significant advantages as they attracted new business, leveraging working relationships to win pivotal contracts and sharpening the key partnership with ATG. Social capital was also utilized by Kali for individual and family gain.

> We ramped up pretty fast. We hired Murgli, for example. He was Kali's classmate. He said Murgli is coming in and I said fine, we needed someone on infrastructure that could be trusted. Later this same guy who kept quiet on Kali's schemes would uncover the email scandal. Murgli couldn't handle the lies, even though he was a handpicked employee, loyal to Kali. (Praveen)

In a corrupt use of social capital and in an act of nepotism, Kali hired his brother, opening the door to imbedded influence on the young firm's finances and administrative practices. Worse, Mohandas's span of control, supported by his brother, forced other ECS employees to perform unethical and illegal actions. ECS, at that time, had no whistleblowing policies, nor did the cultural atmosphere support Praveen and other employees to safely report malpractice within the firm. Social capital, linked with the cultural norms, rituals, and communication modes influenced ECS.

Cultural capital, in a narrow interpretation, addresses noneconomic forms of power (Foucault, 1980, 1995). Titles used such as President and MD, publicly identified organizational power structures within ECS. Kali's corner office symbolized his cultural capital within the Indian work environment and subordinated of his employees. Conversely, Praveen's lack of awarded office space demonstrated Kali's control and strategic oppression over a peer-professional. However, when considering Indian culture, the dynamics of this form of capital expand greatly in three ways.

First, the cultural capital afforded to elders was extended to Kali, and by way of relation, to his brother, Mohandas. Employees referred to Kali as the "super boss" and performed duties as he directed. Jack openly demonstrated his trust and confidence in the perceived "super boss" during quarterly visits to India, persisting the myth of the elder role on Kali.

Second, the team practiced "cultural silencing" whereby individuals chose not to speak of issues or make complaints to or about their direct boss, especially within the office setting. (P. Dadhich personal communication, August 1, 2016). Praveen chose to retain his concerns about Kali's odd behavior, suspected motivations, and ultimate proof of undermining and illegal activity, not sharing this with Jack until after he had resigned. Also, the anonymous whistleblower email to Jack confirmed his suspicions of Kali, but without a specific named informant, further details and proof were difficult to render at that time. See Box 6.1 for the unedited email content.

Finally, given the profound trust in Kali, which Jack demonstrated until end of his tenure with ECS, United States leaders and employees reflected their discomfort carefully. Many Americans limited their personal exposure and credibility with Jack and chose to silence their concerns. This reflection of social capital influenced the organizational culture significantly, moving from a culture of intentional and open dialogue to one that restrained it. United States leaders, Govind, and employees would not fully discuss proof or suspicions of Kali's internal corruption and manipulation.

> For quite a while after I left ECS, the team would stay in contact with me. There were mistakes being made there. There was a lot of confusion. I finally met with Jack and discussed for the first time what I heard and knew. He didn't know who to trust in the company. Then I think he realized that it needed to be sorted out, it couldn't go on any further. It became very murky. (Govind)

Box 6.1. Shadow Story: Whistleblower Email (unedited)

Hello Jack, I had worked in your esteemed organization ECS solutions, Bangalore for almost 3 years and quit the job recently due to unethical practices in management. I have great respect for you and so would like to share something important.

I wish ESC had a whistle blower policy so that I could have shared these backstabbing acts of management to you. Working in ESC has become really horrible due to stressful and insecure work culture. The whole show is run by ECS Ravi and his sick brother Mohandas. They treat us like dogs without any respect. Employees are like slaves for them. I have seen many people getting relieved on the same the day of their resignation and some were removed just like that without any notice. None of the policies were followed and it was complete unethical management.

People were not paid their final settlement money properly and bad references were given with bad relieving letters. Mohandas and Kali screwed up the company to such an extent that the whole office were frustrated. People are really scared to talk to you openly due to threat from Ravi about bad references and insecurity in job. I am shocked to know why Mohandas is employed here. He has a good support from his brother and may be that's the only reason. He is one of the worst and unprofessional person. I've seen him getting promotions year over year and it is really shocking.

Box 6.1. Shadow Story: Whistleblower Email (continued)

There was lot of corruption in the management (money shared between Kali, Mohandas and Girish). I have a shocking revelation for you. I am not sure if you are aware of this news. KALI & SHANTI HAVE STARTED A NEW COMPANY utilizing ECS money. I was shocked when I came to know about this news and this news is 100% reliable.

I wanted to talk to you or mail about this in personal at the time I left but like other people I was also scared about getting bad reference and so waited for some time. I know you've done lot to India office in bringing up to the shape and this act is really sick of Mohandas and Kali. They are spoiling this company and if you don't take any action ECS would be a sinking ship as Ravi and Girish seem to have built a new ship for themselves.

Please act immediately and save ECS India. If these three idiots are thrown out of company & have a new ethical MD in place, ECS India will be saved.

With best regards, Your humble employee

Power. Forms of capital and ultimately power dynamics significantly defined ECS's culture. The actors who held power acted to enforce authority within the operations and supported internal practices that nearly caused the death of the firm (Foucault, 1980, 1995). Kali, and the actors he enlisted, used surveillance practices and subjugated knowledge to monitor and control the environment for their own gain.

> Power plays a very important role in defining things within any organization. In India, it originates from competition within the organization. It also exists in the hiring process. There could be hundreds or even thousands of people competing for the same job. It's not easy to get in and be secure. And once you are inside, you would not speak up with the power heads on any issue. You would want them to see you favorably, until you build up the trust. But everything is not as it appears. (P. Dadhich, personal communication, August 1, 2016)

Unknown to Jack and his confidants, Kali monitored many email conversations. This Surveillance tactic was carried out using an administrator's access login to company servers and the email host. Kali was able to leverage the unethically obtained knowledge in his regular interactions with Jack. He did not disclose his knowledge of Jack's concerns, intentions, and even his personal dialogue with confidants. Kali used this information to form his words and strategy, fueling his deceptive practices. Jack recounts his knowledge of the email hacking issues at ECS in Box 6.2.

Box 6.2. Shadow Story: Email Hacking

About a month before I went to India, Ravi was telling me he was going to move on, leave ESC. I started my search for a new MD. I was emailing three candidates at that time, explaining the upcoming opportunity. I never discussed the search with Ravi, only the candidates and a few business contacts that were giving me referrals. One day when Ravi and I were talking, a heated conversation, Ravi revealed he knew of the candidates. That became my proof that he was in fact reading emails. None of the emails, that I saw were marked as read. I couldn't tell what he had opened or not. (Jack Lawrence)

Murli, our infrastructure tech in India, told me that the email hacking was going on for a year. If this was all true, he would have seen the detailed US financials, something I didn't share with Ravi. Later, I had my wife send me a made up response our legal position on the case. Could we prosecute Ravi in US or India for his corruption? This time we were outright testing to see if Ravi would respond or react. We were able to trace the activity on the email and found he opened the email, presumably read it, and then marked it as unread. When I got to India, the last trip when Ravi was MP, things really heated up. He knew I was on to him. (Jack Lawrence)

Later, when Ravi left ESC, he wouldn't resign from the board or turnover his shares. Being on the board was a big status symbol to Ravi. He wanted money, yes. He also wanted status, especially to show is father and his village. (Jack Lawrence)

Having no knowledge of this surveillance practice, Jack freely shared information using his ECS email account. However, upon learning of the deception, Jack altered not only his email usage, but also suspected larger, more concerning forms of control and potential harm. Jack enlisted two important mentors, KC and Ganesh, to advise him. Upon their advice, Jack began taking KC to meetings and events to provide a tactical security measure. Also, Jack limited his time at the ECS office and enlisted a separate driver to ensure his own personal safety. The email infringement, confirmed by two separate sources, was also tested by Jack. Kali "took the bait" and confirmed unknowingly to Jack he had knowledge that only monitored email could have provided.

Kali also carried out a carefully planned practice of subjugating knowledge within the team, with Praveen as peer leader at ECS, and with Jack. Actors within ECS accepted insufficient or disqualified truths as relevant facts that drove the organization's decisions and software development (Foucault, 1980). This was demonstrated during the failed ATG project with the New York apparel retailer, Ann Taylor. Under a significant contract with ATG, ECS performed software development activities to produce the Ann Taylor business to consumer (BTC) website. Expecting the quality of technical code seen with other projects, Jack confidently assumed there would be a high quality deliverable from the team in India. However, errors persisted that constrained a critical timeline and testing results eventually provided proof the site was not ready for launch.

ATG, looking both to protect their client and desiring to support revenues, negotiated a $1 million settlement with Jack. Later evidence revealed that Kali and the technical director at the time used the project to demonstrate control, withhold information, and influence the team, guiding irreparable damages to the end product. The corruptive activities and cover-up

demonstrated the controls and knowledge suppression used by Kali. This ultimately provided Kali with power over the project outcome and revenue, in addition to tarnishing the reputation of Jack and ECS.

In a tamer, but shrewdly executed deception, the team at ECS India believed confidently in Jack's chosen leader. Kali's charisma in the office played to the team's need for a vibrant and accessible leader. In the chaos of the growing IT mecca, the ECS office was seen as a sanctuary to some. Praveen especially sought to provide a "harmonious environment" to inspire the team. Kali, however, used the culture and specifically, his role, to manipulate trusting relationships. This became increasingly relevant as the early growth and success years shifted to challenging times with the downturn of business. Mohandas and Kali's deceptive practices were known to only a few insiders. These insiders, such as the finance manager, were afraid for themselves. Mohandas threatened that whistleblowers would be legally blamed for any wrongdoing. All kept silent, especially to Jack. Kali's powers of persuasion, influence through his brother, and deceptive confidence mounted as he suppressed the organization's knowledge and manipulated internal culture.

Kali's symbolic panopticon was his brother, Mohandas. (See Figure 6.1.) As the ultimate architectural figure of surveillance and control, Bentham's (1843) panopticon achieved de-individualizing and captive effects on a disciplined society. Foucault (1975) described a cage, expressly and purposely constructed to modulate the behavior of an organization and create a false reality, one controlled by its captors. Mohandas functioned in this capacity at the direction of Kali. He was a tool to control and monitor the organization, and a figure promoting a mass charade. Some team members believed that Kali had little to do with the kickbacks and corruption, highlighting the innocent or ignorant belief that the "system" was in place for their

own good. Normal practices, or the system of how things commonly worked, included a regular ritual of stealing from office funds; negotiating deals with vendors, including the milk delivery vendor; and threats to control those who knew of the wrongdoing. Ultimately, two things within India's complex culture kept many silent—the economic influences over job security and the need to respect a perceived elder. Kali, through Mohandas in many situations, supported the power objectives.

Figure 6.1. Panopticon. In this structural representation of panopticon, the individual is continuously aware of being watched, a controlling behavior (Adapted from Brooks, 2012).

Risk Management. Turning to a business lens to consider the internal corruption, risk practices, and business problems faced at ECS, the calculative culture of the firm also allowed dysfunction to persist (Mikes 2009, 2011). Leaders utilized alternative approaches later to identify and practice governance measures which aided in the resilient practices at ECS. However, the firm's initial risk approach, an overreliance on numbers and data points, contributed to business issues and the diminished capacity to identify the actual issues before the damage was done, amounting to several "fete accompli" scenarios. Emerging awareness to risk management capabilities, including qualitative capabilities, eventually aided the ECS.

Calculative Culture. Jack valued trust and equally, an engineering-disciplined environment. Both were substantial expectations for his start-up firm and those that were entrusted to lead the team. However, blind trust in Kali and perhaps other chosen designates, including Shanti Durga (pseudonym) and Mohandas Devas (pseudonym), led to ongoing financial and operational difficulty. Jack's ultimate goal was to build a unique engineering practice that leveraged India's software development strengths and provided round-the-clock, global teamwork. In addition to time advantages, Jack's CMMI experiences led him to fully believe in the calculative cultural advantages of process rigor and repeatability (Mikes, 2009 & 2011).

Jack's focus became the development and utilization of a specific and well-defined methodology, leveraging his deep knowledge of ATG's technology platform. With his capabilities as a veteran technologist, Jack drove specifications and encouraged repeatable processes that the highly trained ECS team utilized across client projects. Market observers quickly recognized the advantages the small, boutique firm rendered. This quality framework was their advantage, ultimately providing rapid growth during ECS's first four years and earning the Fast 50 award in recognition.

However, this same resolve became the firm's Achilles heel; the calculative culture shaded the actual data on transactions and project quality. Practices such as the weekly project review meeting, were the focus of defining success, assessing risk and mitigating known project issues. While strong in most regards, the practice of reviewing numbers and taking account from a limited set of voices contributed to the internal corruption and near downfall of the firm. Jack remained steadfast in his self-educated and fully-accountable role as President, taking on the

additional roles of CFO and CRO. However, Jack missed two critical steps in risk-managing the firm, governance and qualitative review.

While monitoring and measurements were essential parts of project management, Jack did not require governance, including separation of duties, on financial transactions. Jack rarely reviewed or questioned the India purchases, bank accounts, stock ownership definition or transactions, and specific vendor agreements. In one substantial example, Kali persuaded Jack that purchasing two automobiles to be used to transport he and Shanti was more cost-effective than renting a car and driver from a commonly used service provider. With Jack's agreement, two new vehicles were purchased using company funds. After both Shanti's and Kali's departure from ECS, it became known through an internal audit that the pair had purchased the vehicles from the company at half the price.

In another significant transaction, no governance was placed on the transfer of stock between Praveen and the Dubai holding company owning both ECS US and India. After Praveen's departure from ECS, he transferred the shares he owned to the parent company. The result of no internal oversight or external review resulted in Kali manipulating Praveen to sign two share transfer agreements. Later, details of the documents were completed and the transactions directed ownership of the shares to not only the holding company as expected, but to Kali directly. This fraudulent activity provided Kali enough ownership in ECS India, as a percentage to total shares, to qualify him legally as a minority owner. Kali then held sufficient status to make demands of Jack and ultimately restrain board-approved transactions, including the sale of the firm. Had internal governance and external audits been applied, stock and other minor transactional frauds may have been exposed or averted.

ECS partners, had they fully been engaged and thinking together, may have observed risks as they emerged. Qualitative observation provides an alternative practice to quantitative, calculative practices that support critical inquiry in complex scenarios (Mikes, 2009, 2011). Alternative approaches that add to the effectiveness of the commonly used corporate scorecard, could have added to critical decision-making practices, legitimacy of decisions, and amplified the leaders' risk management capabilities (Boydstron, 1991; Enomoto & Kramer, 2007; Fesmire, 2003; Mikes, 2009 & 2011).

Resilience and Sustainability. Organizational leaders strived to maximize value to sustain the firm's relevance, profitability and viability in the marketplace and utilize risk management practices to attain these goals. During the internal struggles of ECS, Jack, and notably, many leaders and employees, sustained the firm through a key leadership capability, resilience. Jack expressed grave disappointment in his trusted friend and hand-selected MD. As he awakened to the reality of the MD's deceptive practices, he turned to a variety of mentors, seasoned leaders, and longtime advisors to understand the cultural dynamics, potential root cause, and remedies that could be attained. During this reflective period, Jack's partners deliberately offered no support. Yet, Jack did not delay in identifying and tactically reclaiming the organization from the hands of the MD while implementing revised risk management practices.

As a root cause unfolded, Jack learned that Kali had put in place systems that ensured personal benefit, undermining the firm's financial health. Jack desired an ethical culture at ECS and Kali knew that his surveillance techniques would be reprimanded if revealed. Kali's ultimate goal was to build his own company and make more money than his United States peers or boss. Although significant damage was done, Jack remained resolved to learn from his errors

and develop new measures, employing trust and governance to rebuild the firm's strategy. Ultimately, the firm rebounded.

ECS faced a financial crisis that was human-made. Issues of power, capital, and an overreliance on numbers limited the young firm's potential. After awareness rose, self-evaluation gave rise to resilience and recovery. Had the India and United States partnership been too complex, the financial losses and stock trade too damaging, or the spirit to rebuild and sustain momentum too exhausting, ECS could have folded. Resilience, as a leadership capability, inspired the firm and its sustainability.

Risk Scenario 2 – Risk Practices: Qualitative and Quantitative

Risk Practices: Qualitative and Qualitative Thinking. ECS did not operate under the mechanisms of a formal enterprise risk management (ERM) model, however, there were elements of informal risk thinking that did exist. The firm employed practices that were specific to identifying and managing risk in its technology and software development practices. Many risks also afforded the firm opportunities to distinguish themselves in a field of competitors. In this section, I will first define the various risks faced by ECS and present a model to assess risks in start-up firms. Second, I will analyze ECS through the lens of a quantitative risk leader, a practice focused on numbers and metrics in a calculative culture. Third, I analyze ECS's changing posture on risk leadership, including adopting more qualitative risk practices as corrupting forces became known and external market changes financially impacted the firm's stability.

Defining risk categories. Effective risk management practices take into account all organizational behaviors, policies, rituals, and communication to serve the firm's ability to anticipate, mitigate, respond, and exploit risk in pursuit of the organization's goals (Anderson & Schroder, 2011). ECS provides a case where several risk categories may be reviewed and analyzed. The following model (See Figure 6.2) presents a framework of these risk categories which may be used to assess the interrelationship of risks across ECS and its interconnectedness with external organizations.

Figure 6.2. Organizational Risk Wheel.

Market Risk and Opportunities. Market risk is caused by macroeconomic factors external to the firm. These factors may be known or unknown, anticipatable, or erupting from unforeseen market circumstances. Elements of international business that may present market risk may include currency fluctuations, time zone differentials, cultural practices, anti-corruption laws, tax policies, and interest rate exposures. Additionally, ownership and purchasing rights vary by country, including stock ownership regulations, incorporation laws and tax filings, as well as tax incentives. Considering the risks and opportunities afforded to ECS as a start-up organization, a high-risk/high-reward technology firm and a United States/India partnership encompassing unknowns in an emerging country, it could be assessed that ECS had high market risk from the onset of the business venture.

ECS leaders fundamentally knew the technical aspects of the business they launched. However, several market risks and opportunities prevailed during the firm's lifespan. See Box 6.3 for a summary of these conditions market conditions.

Box 6.3. **Market Risks**	**Market Opportunities**
1. New player disadvantages as a boutique firm entering a dynamic IT competitive environment 2. Financial instability of retail sector, downturn in available capital shifted corporate spending from highly traditional storefront models requiring expensive in-store staffing operations 3. Major technology platforms (ATG, DW) controlled partnerships and downstream service providers, impacting referrals and revenue 4. Sale of ATG and other barriers to revenue production, such as partners creating competing firms	1. Partners saw immediate opportunity to differentiate ECS through engineering acumen and India operations 2. Corporations seeking lower cost options to run internal technologies were attracted to India model 3. Emerging use of digital technology influences consumer habits, expectations on e-commerce 4. ESC capitalized on ability to attract and improve technology platforms and services, capitalizing on strong relationship building, technology innovations and customer service 5. Unknown barriers that became relevant tested the agility and resilience of ECS and leadership capabilities.

Operational Risk and Opportunities. Operational risks present internally within organizations and reflect potential losses resulting from inadequate or failed procedures, systems, or policies. This may include employee errors, fraud, or other criminal activity. Any malfunctioning process or events that disrupt business processes may contribute to operational risk. Breakdowns in internal procedures, including those related to people, such as human resource management practices and separation of duties and policies that define ethical standards, may contribute to the organization's risk environment. Supervision and internal controls, including measurement and metrics relevant to business operation, may mitigate risk, however, researchers challenge the overreliance on quantitative tools. Operational risk may result in diminished quality, fraud, and bottom-line losses to the organization.

ECS leaders capitalized on operational strengths to distinguish the start-up firm in the marketplace. However, the leaders struggled to define and formalize partnership agreements and governance policies, leaving an operational gap that plagued the firm through its existence. Both operational risks and opportunities are summarized in Box 6.4.

Box 6.4. **Operational Risks**	**Operational Opportunities**
1. Lack of formalized partnership agreement left the expectation of partners' roles and responsibilities open to interpretation 2. Lack of defined processes and governance internally allowed corruption to develop and remain unchecked 3. Failure of projects due to poor quality or late deliveries risked payment for services, fines or repayment of revenue, reputation and ability to attract new business 4. Inconsistent technical processes may place software products and implementation at risk	1. Common understanding of roles and responsibilities drive sales pipeline, engineering capabilities, and collaboration 2. Governance, oversight, and separation of duties reduce opportunities for improprieties in financial and non-financial practices 3. Rigorous engineering practices drive quality and timely deliveries 4. Clients references provide confirmation of distinguished technical and leadership capabilities

Financial Risk and Opportunities. Financial risk may reflect multiple types of risks associated with financing, including start-up funding, loans, cash flow, capital purchases, and operating expenses that may enable positive return on investment or potential losses. In business, the possibility that a company will have lower than anticipated profits, or that it will experience a loss, represents the risk that financial goals of the organization will not be fully achieved. Financial risks are influenced by numerous factors, including sales volume, pricing, costs, competition, supply chain conditions, national and international economic conditions, and government regulations.

ECS faced complexities across the global domains where the firm operated that included India and United States banking, ownership, and tax regulations. Further, the firm's ownership structure impacted the formation, funding, and ultimate terms of the acquisition of ECS by PFS. ECS's financial risks and opportunities are summarized in Box 6.5.

Box 6.5. **Financial Risks**	**Financial Opportunities**
1. Inability to secure external bank loans limited ECS's ability to manage cash flow and make payroll and rent payments, on time; 2. Personal funding of enterprise risk individual's assets 3. Lack of language in partnership agreement on terms and proceeds sale delay first acquisition attempt 4. Risk of bankruptcy remained prevalent from 2011 until sale of ECS in 2014.	1. Initial funding from owning partners allowed ECS to start-up without financial pressures or loans 2. Salary drawn by United States partner exceeded the expected compensation as a corporate employee, mitigating personal risk to career 3. Loyalty of key employees was rewarded with bonus payouts and additional compensation at the sale of ECS, all at discretion of United States owner 4. Sale of the firm presented leaders an option to cash out at time of sale and gain additional cash compensation by achieving earn-out goals 5. Recovery of business, acquisition and earn-out results provided ongoing upside potential and opportunity for leaders

Cultural Risk and Opportunity, India/United States Model. Cultural risk occurs as the result of varying and miscommunicated expectations across cultural contexts. Culture may be defined in national, regional, and organizational contexts. Culture may cross historical and philosophical traditions and religious and economic boundaries. Further, some or all of these contexts could shape both expectations and communication between actors, thus promoting risk in known and unknown situations. Actors may be unaware that a cultural dynamic may

influence another risk category. Political and bureaucratic barriers, stemming from real or perceived cultural risks, may render business practices impotent when working within cultural norms and definitions of conduct.

ECS leaders deliberately chose a complex environment to initiate the start-up, offering both risks and opportunities, as summarized in Box 6.6. Even with extensive leadership experiences and partners of diverse backgrounds, both American and Indian, the firm experienced culturally significant risks. However, the leaders' ability to embrace the Indian culture and ultimately merge the United States and India teams to rally for "One Team" proved to be a unique cultural capability.

Box 6.6. **Cultural Risks**	**Cultural Opportunities**
1. Lack of leadership preparation to engage business in India 2. India presents a complex multi-cultural landscape of 23+ recognized languages, state sub-cultures, ancient caste influences, and patriarchal roles 3. Differences in ethical standards and modes of negotiating in business pose challenges for Western leaders 4. Patriarchal roles impact gender equality, career building and influence women's decisions to remain and succeed in workplace, some selling their sexuality to appeal to male decision makers	1. Experiences at a Fortune 50 company, leading a captive center afforded significant leverage of cultural understanding and network 2. Engaging local leaders as mentors provided risk mitigation and strategic insights as decisions were made 3. Frequent travel between India/United States provided ECS leaders face-to-face interaction, critical to building trust and working relationships 4. Role understanding assisted United States partners in assigning hierarchy 5. Offering a woman-friendly work environment with progressive HR policies and benefits attracted and retained talent

Technical Risk and Opportunities. Technical risks are present in firms dealing with the development of a product or where adherence to standards set by an industry guides quality

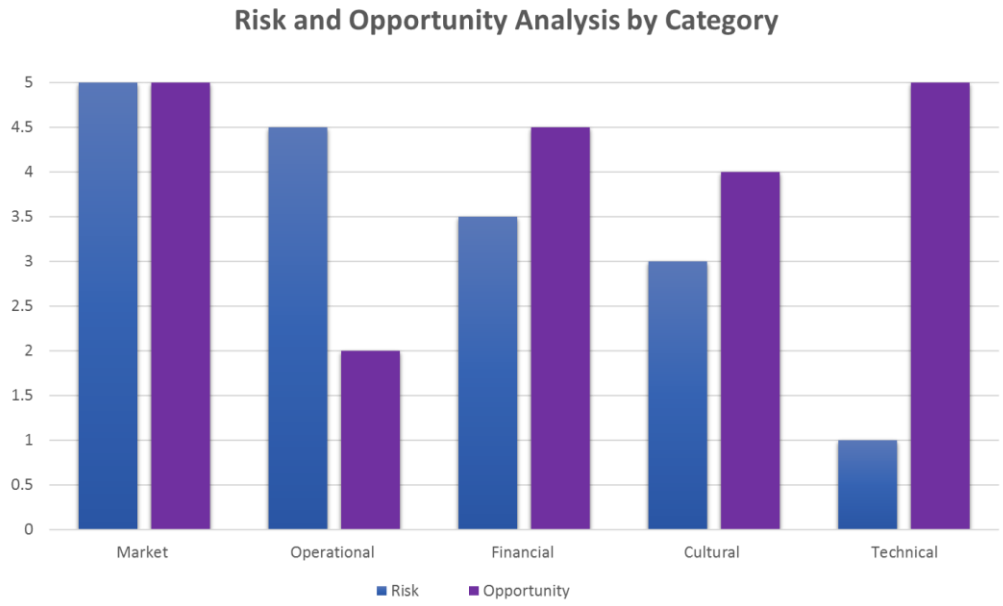
expectations. Firms find that exposure to losses arises from activities such as design and engineering, manufacturing, technological development processes, and quality assurance procedures. In software development, integration risk is common as software interfaces connect layers of technology products, including software, hardware, and cloud solutions. Web accessed platforms (SaaS) and service providers introduce additional risk layers as customers may experience technical risk, even when they do not own the technology.

At ECS, technical risk is associated directly with the knowledge base being employed to develop or operate the technology used. In software development, like many technically engineered products, testing phases are used to ensure quality. Project management techniques are utilized by organizations to manage and mitigate risks during the development lifecycle. Consumers, owners, designers, and developers all may contribute to technical risk and be impacted by this risk. Box 6.7 summarizes these conditions at ECS.

Box 6.7. **Technical Risks**	**Technical Opportunities**
1. Systems development methodology inadequately defined, leading to variable engineering practices and outcomes 2. Quantitative quality methods and metrics lack insight into actual health and status of technical development 3. Qualitative quality methods and communication practices do not reflect potential errors or omissions 4. Communication failures on customer requirements, technical design, and user acceptance testing lead to substandard product or different end-product expectations	1. ESC developed a CMMI standard methodology specifically for systems development and integration with technology platforms utilized, ATG and Demandware, used as a marketplace differentiator 2. Roles and responsibilities defined and work products included standardized technical documentations ensuring quality 3. ECS quality management practices levered manual, automated and user testing to ensure end product quality 4. ESC employed separation of duties within development and testing cycles 5. Understanding the triple constraint and managing change (scope control) allowed both customer and ECS to manage budget and timeline effectively reducing financial risk 6. Weekly project reviews and standardized metrics (scorecard) allowed specific insight into project health 7. Project managers defined as 'risk owners' at project level

Risks and Opportunities Summarized. As part of this analysis, I developed an assessment tool to review, measure, and summarize ECS's overall risks and opportunities. The categorical risk rating, as seen in Figure 6.3, is the output of the assessment performed. The figure shows a summary view five categories, highlighting the high (4.0 and above) market and operational opportunities and high (4.0 and above) financial, cultural and technical) risk conditions.

Figure 6.3. Risk and Opportunity Analysis.



A calculative culture. Common in many industries is the predisposition in numbers to define and calculate risk (Mikes 2009). As a means of control, numbers and metrics may appear to be more readily available, therefore a more accurate method employed in the pursuit of risk management. This section analyses two aspects of a calculative culture at ECS. First it describes and reviews a metrics-based approach utilized by ECS throughout the life of the firm, assessing the value it played in the organization's health and growth. Second, it assesses a gap in qualitative risk management practices, how the firm identified the gap, and then responded to correct this inadequacy.

ECS calculative risk management practices. As ECS set out an agenda for technical development and implementation of software, leaders leveraged capabilities long utilized in previous professional IT roles to produce results and manage risks. While rarely employing terms like risk and risk management, Jack, along with technical and managing directors, developed a global development methodology, key performance metrics (KPIs) represented on scorecards, a weekly cadence of management review meetings, and defined roles to address selected, predominately technical risks. (See Figure 6.4.) However, they recognized the extended impact of technical risk on financial, operational, market, and even cultural risk dynamics of the firm.

Figure 6.4. ECS's Risk Management Framework.

Global Development Methodology. Important to the existence of ECS, leaders developed a specific methodology that framed the processes related to systems development, as well as integrations with client backend software, and integrations to e-commerce technologies, specifically ATG and DW. As a methodology, the phases of ECS's proprietary global systems

development lifecycle process were specifically defined with actions, milestones, and deliverables. Over the course of time and practice, estimates based on scope and complexity of the project became more predictable. ECS used repeatable methods and standards as intellectual property of the firm, which became a cornerstone to ensuring software quality and client satisfaction.

ECS utilized the global systems development methodology to define and examine client requirements, perform gap analysis, and project a high-level design during the sales process. ECS's defined methodology and growing experience brought both detail and rigor, which was displayed during early client dialogues. As clients compared competitive bids, ECS found the strength of their methodology was a selling point.

> Many times our estimates were far more detailed compared to our competitors. We were able to highlight gaps and issues with more precision and explain our methodology. We had no problem explaining how we arrived at a number, because we knew the detail behind it. I think this brought confidence and trust that we could deliver what we projected. (Greg Fisher)

ECS developed new control systems as part of their proprietary methodology that differentiated their firm's voice in a language common to their technology field. The "use of language" is prevalent in the evolution of risk management practices, as the spectrum of techniques utilized and the mystique of managing risk becomes more usable and describable (Mikes, 2009). Highly skeptical external partners; in this scenario, ECS clients; gained awareness to ECS's performance expectations and controls systems through exposure to the global development methodology. While strong enthusiasm for IT methodologies exist in this industry, ECS utilized highly developed metrics and practices, furthering their calculative culture's dependence quantitative risk management.

KPIs and Scorecards. ECS compiled a weekly scorecard as evidence of the firm's sophisticated systems development methodology in practice. Leaders defined key performance indicators (KPIs) and trained project managers on their significance and usage. ECS business analysts understood client expectations and implementation timing requirements for the new e-commerce sites. The scorecard reflected project details that support the KPI calculations for development work, quality and testing assessments, requirements met, changes to requirements (scope change), and gate reviews. ECS leaders reviewed the aggregated view of the scorecard which calculated detailed data and produced a client-level snapshot by timed project releases. Leaders utilized the scorecard and could quickly assess project health as defined by red (critical problem), yellow (warning issue), and green (meeting expectations) indicators. From this assessment tool, leaders directed teams, prioritized resources, and understood critical dependencies. See Figure 6.5 for a sample view of ECS's weekly scorecard.

Figure 6.5. ECS Scorecard. Roll-up view at Client/Release Level.

Client	Project/Release	Month	RSI	RCM	Dev KPI	QA KPI	% Productivity	HotFixes
Client A	Feb Release - 2	February	85.71%	42.86%	0.62	0.40	54.41%	0
Client A	March Release 1	March	71.43%	-233.33%	1.26	0.20	64.66%	0
Client A	March Release 2	March	100.00%	57.14%	0.28	0.00	32.58%	0
Client A	April Release 1	April	66.67%	85.71%	0.97	0.00	28.31%	0
Client A	April Release 2	April	100.00%	22.22%	0.49	0.07	28.31%	1
Client A	May Release 1	May	100.00%	100.00%	0.40	0.00	30.63%	0
Client A	May Release 2	June	100.00%	100.00%	0.96	0.26	30.63%	0
Client A	June Release	June	20.00%	100.00%	0.12	0.00	22.40%	2
Client B	16x Release	February	100.00%	80.95%	1.68	0.05	33.33%	0
Client B	17x Release	April	89.80%	65.00%	1.53	0.04	42.06%	1
Client B	18x Release	May	44.83%	59.09%	1.08	0.16	48.65%	3
Client C	Feb Release - 1	February	100.00%	100.00%	0.00	0.12	65.28%	0
Client C	Feb Release - 2	March	100.00%	60.00%	0.13	0.10	61.54%	0

The Treadway Commission defines Enterprise Risk Management (ERM) practices to include an applied strategy to identify potential events that may affect the entity (Mikes, 2009; COSO citation). ECS designed and utilized the scorecard to define management controls, assure resources were utilized effectively, and track organizational objectives. Thus ECS echoed the standard expectations of risk management in pursuing project level controls to drive value-based and activity-based management though the use of metrics and scorecards (Mikes, 2009).

Management Review. Building on the use of documented process and quality metrics, ECS's leadership team engaged weekly in a global conference call to review project status, as well as potential clients and operational challenges. The group, typically consisting of ECS's president, United States and India technology directors, the India MD, and United States sales director reviewed the current scorecard with focus on highly problematic, red, indicators. Calculative pragmatism contributed to their trust in the numbers as they sought plausible stories to explain variances and mount an issue or risk mitigation plan (Mikes, 2009).

Risk Roles. ECS did not identify the role of chief risk officer (CRO), but like other responsibilities, Jack intuitively held the role of CRO as well. As a founding partner and ECS's president, he led weekly scorecard reviews and assigned action steps to alleviate current issues and mitigate risks. Many times, Jack would personally step in if the situation warranted technical problem-solving or client interactions, however, the technical leaders played a more direct role with the project teams to enact needed changes. The risk owner at ECS for each individual development effort was the project manager (PM). The PM owned communication with the team, interaction with the client, metrics and scorecard reporting, and escalation of any issues, needs, or questions to senior management. The role of the risk owner remained pivotal to the success of the organization through acquisition.

Qualitative risk management. Primary in the discussion of Enterprise Risk Management and since the 2007-2009 global financial crisis, risk practitioners call for a balanced risk framework that identifies both material statistics and judgement-based assessments. It may be argued that ECS, like many firms experiencing grave financial downfall, were too invested in quantitative methods of risk managing. ECS utilized judgement, experience and intuition in the firm's development of a unique systems development methodology, KPIs, and scorecard.

Leaders identified roles and provided coaching and feedback, however, highly formal review processes were developed only midway in the firm's development. ECS did not fully utilize qualitative analysis in assessing current organizational issues or addressing future risks. ECS faced an ongoing partnership agreement, strategic market alignments, and financial cash-flow risks.

Partnership Agreement. The three partners engaging in an entrepreneurial venture brought deep operational expertise in e-commerce software development. However, none brought expertise in forming the organization, investing in a start-up, or defining a partnership. The Indian partners espoused their successes and interest in a firm such as ECS, only to be later understood as having immature and overstated expertise which, in the end, was a counter-measure to ECS's success. The Indian partners' lack of planning and abandonment of their ownership responsibility led to corrupt practices, negating the verbal agreements they introduced at the firm's inception. ECS's lack of documented commitment as a partnership until its third year of existence represented their immaturity in managing risk.

Strategic Market Alignment. ECS sought a specific market alignment with ATG as the primary technology partner as of the firm's launch. Leaders, as well as the firm's owning partners, did not engage in an environmental scan to assess the risks related to this partnership. However, they engaged in opportunistic dialog only focused on sales and future revenue. ECS would have benefited from market assessments, understanding the tensions within an active mergers and acquisition (M&A) landscape, particularly with technology firms. Leaders at ECS could have considered their significant dependence on this one partner, ATG, for revenue production and diversified their technology knowledge and service offerings. This necessary assessment of the firm's strategic market alignment came critically late in their maturity. When

assessed, Jack found other options were viable, as was shown by the relatively quick (less than 12 months) pivot to Demandware (DW).

Financial Risks. As another example of the need for qualitative review, in addition to quantitative assessment of the firm's health, ECS could have assessed and projected cash positions and addressed financing options. Jack acted as the CRO and CFO, taking on multiple responsible roles in a posture typical in small, start-up firms. However, his well-intentioned actions, coupled with the lack of guidance from his Indian partners, who claimed financial expertise, contributed to an internal climate where financial risks were inadequately addressed. As an example, Jack secured personal, short-term methods to support payroll and ensure the monthly survival of the firm. When these methods fell short, employee payroll ran late and Jack addressed the team with critical updates. Financial risks could have been anticipated had ECS leaders considered other factors including a qualitative approach to managing the firm's risks.

Qualitative Practices and Contingency Theory. Mikes and Kaplan (2014) identified a gap in the body of risk management knowledge and suggest an emerging contingency theory that could inform the ECS case. While ECS leaders failed to anticipate some risks that became pivotal to the firm's operational success, research suggests that additional, innovative approaches are required to envision alternate future scenarios and plan responses (Mikes & Kaplan, 2014). Human-made disasters led to ECS's organizational failures, with both internal and external influences simultaneously acting against the firm. During the recovery stage, United States leaders and the Indian MD at that time, reacted to the risks that had erupted to become current, potentially near-death, organizational issues. Had all the leaders previously utilized a contingency theory, risks may have been anticipated or mitigated to some degree.

Researchers consider a grounded, qualitative approach and suggest modern firms use contingency theory and employ a broader set of variables, outcomes, and leadership skills when assessing risk (Mikes & Kaplan, 2014). ECS could have considered more fully the situational politics, cultural realities, and tensions identified by the leadership team to investigate potential or emerging problems. Mikes and Kaplan (2014), suggest qualitative methods are required, in addition to a qualitative metrics-based approach, to manage modern firms' risks.

Specifically, ECS leaders could have evaluated internal cultural, financial, and operational conditions and utilized qualitative practices to anticipate risks. Stopping to think about more than day-to-day operational demands, leaders could have assessed the potential of threats to the small firm. For example, had there been some awareness to Kali's core motivations, could the internal corruption been averted by negotiating a different compensation by hearing and responding to Kali's concerns? Had India's known culture, one where kickbacks and corruptive practices been acknowledged, could multi-level governance have been instituted?

When considering the external market dilemmas, technical as well as sales/marketing leaders could have used contingency theory to read the changes in market conditions and diversify the firm's approach. Had ECS leaders researched new or rising e-commerce software platforms, could they have identified the desire to start a new technology practice prior to the dilemma with ATG? Had the partnership agreement that formed ECS been evaluated fully, could the preparation for selling ECS been better prepared, rendering an even more profitable sale?

Researchers proposed that ERM is an evolving discipline as evidenced by the wide variation in risk management design, implementation, and effectiveness (Mikes & Kaplan, 2014). Diversification strategies and corporate governance, as well as other risk mitigation

tactics, can reduce losses and financial distress. However, preventable risks arising from routine breakdowns in process and strategy execution risks stemming from high-risk/high-reward ventures as well as external risks arising from market influences outside the control of a firm, may each require unique processes. The practice of qualitative, contingency planning as a part of risk management may elevate a firm's ability to react in a crisis, or avert the crisis entirely, reducing the impact of an actual risk to a manageable set of activities or options.

Learning, Adapting, and Resiliency. ECS leaders expanded their thinking about scenarios that could impact the firm following the major impacts of the internal corruption and external impacts of the ATG sale to Oracle. Jack and the United States and India leaders began to tailor their risk control processes in three ways, addressing:

- Preventable risks: ECS implemented financial management and governance of all transactions including reviewing terms, approving expenditures, and auditing payments for validity. The newly appointed MD, and a young but motivated new finance manager, uncovered the web of kickback and small thefts and fueled their understanding of the deception, informing new practices.
- Strategic execution risks: Leadership performed market assessments which revealed options for ECS to partner and prepare for a new e-commerce systems integrator (SI) role with DW. The firm selected and built a relationship with DW that quickly proved to bolster the rebound of ECS. While existing ATG business waned, ECS retained this practice and took on additional support work with existing ATG clients. This fueled a more consistent revenue stream from a mature, tech-knowledge base.
- External risks: With competition rising from closely-tied firms, CEC and PA, ECS leaders assessed various options to cope with pressing external tensions. They

considered alternatives including a buyout from existing partners, a merger with another tech firm, and the sale of the firm to an external entity. While consideration of these options was initially unwelcome dialogue to the India partners, Jack forced the conversation and eventually commanded the sale of ECS to an external entity, LeoCorp.

Figure 6.6 represents ECS's revised risk approach, considering preventable, strategic execution and external risks.

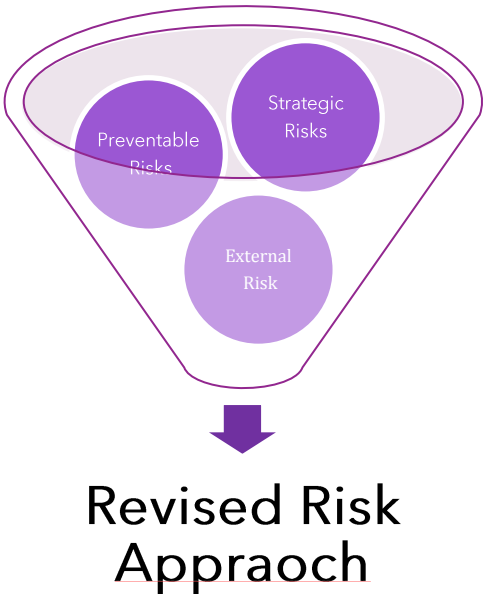


Figure 6.6. ECS Revised Risk Approach.

Responding to the internal scandal that could have promoted a solely defensive posture, Jack and new leaders adopted a proactive posture and began to unravel the firm's shortcomings and seek new approaches to managing the firm's risk. Jack applied conventional wisdom and leadership experiences from BigBox to set the start-up on a promising trajectory, however, international business and the exposures it generates posed unknown pitfalls. Intense scrutiny and consideration was required of the leadership team to move beyond the man-made, internal disasters and set a new strategic course.

Balancing the calculative practices that address technical risks at the client and project level with newly implemented governance practices and qualitative measures, ECS moved forward with a revised risk approach. Jack and his team of leaders continued to meet weekly, but expanded the dialogue to a broader set of concerns currently pressing the firm, and included risks on the future horizon. With new and yet immature leadership capabilities in contingency planning, the leaders managed change and experienced continued growth. However, Jack still faced strategic questions regarding the ownership of the firm.

Risk Scenario 3 – Acquisition: ECS Considers Real Options

Applying real options theory requires any firm to fully understand its corporate resources and how corporate competencies may be combined or recombined to support business opportunities (Andersen & Schroder, 2010). Externally, a firm must assess market conditions and movement in technical trends, customer demands, competition moves, and merger and acquisition activity that directly or indirectly impact the firm. While it is challenging to see and analyze all events and foresee future uncertainties, it is extremely important to be aware that "mega-changes in these types of exogenous market conditions most likely will lead to strategic inflection points where the organization is forced to rethink the entire way in which it conducts its business activities" (Andersen & Schroder, 2010, p. 95). Real options theory assists leaders in making calculated risk decisions about current, strategic ventures.

Organizations may utilize scenario planning internally to consider possibilities and alternatives to react to external demands and forces impacting the business (Andersen & Schroder, 2010; Power, 2005). Firms using a creative, strategic approach to planning uncover latent scenarios that would assist them in further mitigating risks or exploiting opportunities. This approach, combined with real options thinking and decision making, could be useful to consider future, long-term revenue-building scenarios and identify strategic risks.

ECS applied a form of real options theory when considering their capacity and resources in the client bidding process. The organizational culture supported a mantra of "is it real, do we want it, can we win it" that was not only spoken, but posted visibly in offices. This mantra called on not only sales capabilities, but also other internal capabilities, such as process engineering, systems development, and project management, to render an internal decision to bid on a client engagement. ECS proactively considered the technical requirements, customer

demands, and known competition to collectively determine if the firm would advance resources. At the client level, a form of real options theory was used to assess and manage options for potential work and revenue. If risks outweighed the reward of new, potential client engagement, ECS may elect to pass on the opportunity.

Additionally, real options may be utilized effectively at a more strategic level to shape corporate decisions and investments in a firm's internal assets, resources, and time. Options, importantly, may be viewed in a more fluid analysis that allows four scenarios to shape the strategic direction of the firm (Andersen & Schroder, 2010).

- Expansion – Options that consider and act on opportunities to scale or broaden the scope of business activities.
- Deferral – Options that allow for decision-making to halt the progress or investment in a strategy to be reassessed and potentially restarted at a later time.
- Abandonment – Options that permit work stoppage or abandonment of resource commitments on a present strategy.
- Contraction – Options that allow for reduction, termination, or redistribution of investment and strategic work, such as moving to an outsourced or vendor-managed arrangement.

ECS leaders considered competition, technology, and economic risks as the firm sought recovery from internal threats and external market changes. Leaders quickly assessed options and made critical life-preserving decisions to continue the business venture. In light of the question to continue running ECS, Jack drove a real options analysis to actively make decisions on the ownership of the firm, which later led to the acquisition by LeoCorp.

Business Problem: Ownership and Options. ECS corporate leaders had demonstrated resilience and successfully rebounded from the internal corruption and external threats, shifting technology alignment but remaining in their core e-commerce competency. Jack, however, recognized he was battle-weary and needed to review options not only for the future of ECS, but for himself. As the only owning partner that maintained operational involvement in ECS, it was obvious that he would need to drive the next step. Several questions appeared relevant to Jack. What were Jack's options and how would he navigate the next phase of this business? What new leadership capabilities and strategies would be necessary at this stage in the business cycle? How did risk management change and what was required to assess and successfully execute an acquisition strategy? Within this section, I will review the actions on the three owning partners using the real options theory to consider ECS's decision-making process and evolving risk management techniques (Andersen & Schroder, 2010).

Jack's business partners disengaged themselves from ECS, focusing covertly on running a competitive technology firm. Counter to all verbal and later written agreements, the partners moved to a silent position, reneging on the operational roles defined, and purposely adopted a competitive position, winning client business on the same e-commerce competency. Experiencing and unexpected change, from a trusted friendship to an adversarial, competitive relationship, Jack desired to break from the partnership. He envisioned three options: run ECS independently, sell his share to the Indian partners, or find an external buyer for the firm. These options were not readily agreed to by his partners. From the lens of real options theory, Jack moved to assess options and define a course of action that would strategically change the course of ECS.

> We got to a point where the wheels were back on. Venkat did the clean-up in India. Governance and internal audit practices to some degree were online. Separations of duties were defined and more voices reported in to me. I was better informed. We started maturing as risk thinkers. I started thinking about owning this company going forward. Do I want to buy it or be bought out? Or do I want to sell it or fold it? (Jack)

Options Recognition. At this juncture, Jack wrote a formal note directed to his partners, Dev and Vamana. He reflected the earlier position during the firm's cash crisis, where Dev and Vamana declined to advance any investment dollars beyond the initial investment of $1.5 million. Knowing this position, yet not understanding their other concealed motivations surrounding PA's failed acquisition, Jack was confident the relationship with his partners would continue to deteriorate. Expansion as an option was not realistic given these conditions. Jack's communication pushed his partners for a full and mutual review of their business alternatives. Realistically, though, he knew he was pursuing closure on the relationship.

Prior to the offer from Acuity, another firm showed interest in purchasing ECS. While nothing came of this, the partners took an initial step to define a valuation of their firm. This occurred by internal means, evaluating assets, revenue, earnings, and capabilities. Steps were then taken to improve the balance sheet. This information fueled the partners' conversation on the objective options available.

> Even before Acuity, there was a company that reached out to ECS and that prompted an in internal valuation. We corrected some things to improve our balance sheet. That initial inquiry did not materialize, so in my note I told them my preference came down to three options, let me buy you out, you buy me out, or let the company be acquired. (Jack)

The partners considered multiple scenarios, all with initial responses and positions based on individual motivations.

Option One – Jack buys out Dev and Vamana. To exercise this option, Jack needed cash in keeping with two-thirds valuation of the firm. Jack did not immediately have assets available and did not see this as meeting his personal

objectives. The business was still at risk facing competitive market conditions. Jack was still not aware that one of the leading and most aggressive competitors was his own partners, Dev and Vamana. This unhealthy and potentially illegal dilemma had been kept quiet while the partners' alternate business thrived.

Option Two – Dev and Vamana buy out Jack. While this option was discussed, it was quickly dismissed by Jack's partners with no further explanation. He was not surprised, as he already understood their disinterest in further investment in ECS.

Option Three – Pursue acquisition. Full sale of ECS to another firm would essentially disband the partnership while compensating the partners for their initial investment and capabilities developed. Jack believed the India operation, the intellectual property developed by the firm, and client list to be ECS's most critical and attractive assets. Each of these points were in no way a direct reflection of Dev's or Vamana's contribution. Looking at other known M&A scenarios, Jack had ideas about how to structure such a deal.

Option Four - Abandon ECS. This option was least appealing to the partners for varying reasons. Jack did not desire to fold the business, disband employees, and mark the firm as failed. He had fought to sustain the organization. The Indian partners simply wanted a return on their investment. For them, abandoning the strategy with no claim to the ECS assets or value on the public market was unacceptable.

While there was no forward movement on options one or two, in early 2013, Acuity contacted ECS with an offer to purchase the firm's United States and India operations. The partners agreed that Vamana would negotiate the deal. However, no movement took place and Acuity's representative became frustrated with the stalling tactics. Dev finally communicated to Jack that they would agree on the original pricing, however, in a near miss, Acuity was purchased by Accenture and the ECS acquisition offer was off the table.

Highly frustrated, Jack considered walking away. He sensed the team may follow him and ECS would simply dissolve. With no employment agreement and a non-compete clause in place, option four, abandoning ECS, was further considered. Jack learned lessons on diversifying strategies and becoming risk aware and resilient. However, without partners working together to seek resolution, the sale of ECS was not a viable, third, option.

After months with no further communication with his partners, Jack resolved to independently find and negotiate a sale of ECS. While in New York, LeoCorp's acquisition advisor contacted Jack and a pivotal conversation began. LeoCorp expressed interest in ECS to expand their technology practice in keeping with their strategic goals. As the conversation progressed, Jack retained control this time, including months of due diligence, relationship building, and purchase negotiations. The Indian partners were aware and consented to pursuing the transaction, but remained on the outside of all due diligence and discussion on potential terms.

Jack constructed and sold ECS, providing his partners with a reasonable return on investment, while he retained his full share of the payment. Additionally, Jack agreed to an earn-out period whereby the remaining valuation of ECS could be paid solely to him. LeoCorp and Jack agreed to earn-out terms and goals, and set payout markers, defining minimum, moderate,

and high performance quantifiable measures. LeoCorp acquired ECS in September 2014 and commenced an 18 month earn-out period which included the doubling of the ECS India entity. Figure 6.7 reflects the sentiment of the Indian business climate, as well as LeoCorp's accelerated plans to expand the operation.

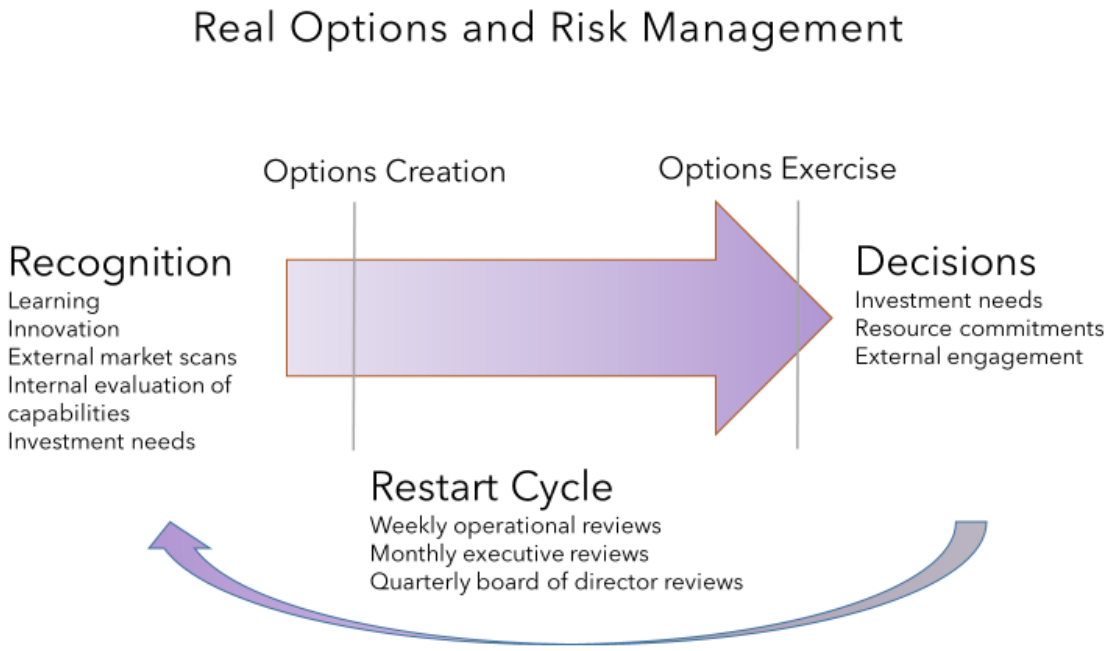
Figure 6.7. Bangalore welcomes Western business investment. This street signage, sponsored by BMP, a worldwide manufacturing company, indicates the enthusiasm of this organizations doing business in Bangalore.

As of March 2016, ECS was fully integrated into LeoCorp. All United States and India staff were retained and several employees received promotions, taking on larger responsibilities within the new owning firm. Jack led the technology organization with Mahesh and Greg remaining as his key leaders. Together, they grew the business and expanded the India operation by 367% in 18 months, leveraging the India tax incentives further and opening a new corporate campus in Bangalore. LeoCorp paid the earn-out terms at the high-performance level, with additional bonuses and stock awards attached. Jack then disbursed a portion of the earnings to Greg and Mahesh under his own terms, recognizing the leaders' commitment and loyalty.

Real Options: Real Decisions. Utilizing a real options framework enables a firm to expand, defer, abandon, or contract strategic positions. Using this theoretical lens, ECS partners leveraged quantitative data and qualitative experience to assess and judge the best course of action at a given juncture. ECS also used the relevant, external risk landscape and internal risk appetite to vet options. In ECS's case, competitive, technology, and economic risks prevailed and influenced the decisions made.

The partners offered limited candid and strategic thinking to each other in their analysis of options. This limiting posture protected self-interests but diminished their leadership capacity to manage the firm. With some individual agendas undisclosed, a full review and vetting at this juncture was unrealistic. However, the partners did enter into an emerging version of real options analysis. Expanding on a framework defined by Anderson and Schroder (2010), the value of real options relates to the organization's ability to exploit the underlying business opportunities under favorable market conditions, while leaving options if market conditions are found to be unsatisfactory. (See Figure 6.8.) ECS used largely non-numeric options valuation to determine their method of strategy determination as they accepted acquisition terms with LeoCorp.

Figure 6.8. Real Options and Risk Management Model.



Internal options are not the same as external options where real options are acquired in a public marketplace. Internal options, however, allow a company to "recognize, create and develop the underlying business opportunities" (Andersen & Schroder, 2010, p. 88). Within the corporation, using real options thinking, researchers propose the importance of defined decision-making processes to ensure the effectiveness of the decision-making exercise.

ECS leaders did not employ a defined process, however, at an emerging level, they followed real options thinking. In defining their four options, they effectively envisioned the field of possibilities, strategically defining positions to support the firm's goals in a very challenging environment. Ultimately, they chose option four, the sell, but again, integrated through a decision-making process both affirming the option, yet contracting and changing their approach to manage and progress toward the desired outcome. Resources were committed as Vamana was to evaluate the initial acquisition strategy and negotiate terms, however, given the

delays and posturing, a change in resources occurred. Jack then became the point person and owned further negotiations.

The owning partners, however, did not adopt a process where they regularly reviewed and formally employed real options theory. Had this been the case, the organizing capacity to recognize risk and reevaluate strategic positions could have benefited the firm's performance. Real options theory and practice as a part of risk management allows a firm to recognize options and create and pursue alternative strategies. These strategies become an internal portfolio to develop and review regularly in an "options exercise". This includes scanning the both the internal and external environment conditions influencing the firm's decisions. (See SWOT analyses within the story line section of this paper, Risk Leadership and Resilience at ECS.) Important to risk management and specific to real options theory, judgement (by way of qualitative review) is equally important as data and metrics (by way of quantitative review).

Risk Scenario 4 – Risk Transformation: Resilience as a Core Capability

> A person's true nature is revealed at times of greatest adversity. (Daisaku Ikeda, Buddhist philosopher, peacebuilder, educator, author and poet)

Reflecting on the risks and opportunities presented in ECS's storyline, leaders employed existing skills and developed new capabilities that contributed to the firm's overall success. Leaders brought with them traits that were natural to them, honed over years of professional experiences, and focused on excellence (Northouse, 2016). These capabilities may or may not bear positive outcomes, as context and culture impact the effectiveness of any leader and require further adaptive strategies (Northouse, 2016). Also observed in the case study is ECS's ability to transform their organization, engaging followers and leaders to raise the organization to higher levels of motivation and morality (Northouse, 2016). In this section, I first analyze the capabilities, context, and culture of the firm, combining lenses on risk and opportunity (see Figure 6.9), traits utilized, and emerging transformative requirements. Next, I analyze ECS's ability to adapt and transform. Finally, I propose three critical capabilities, demonstrated in case narrative, leading to an updated risk leadership theory as presented in the conclusion.

Figure 6.9. Risk and opportunity analysis.

Capabilities, Context, and Culture. Throughout the storyline of ECS, various leaders contributed to the dynamics of decision-making, strategy building, and operational tactics. However, the performance of the firm did not rely solely on technical knowledge and outcomes; it relied also on the ability to unite the United States and India teams in a common mission and culture. Researchers affirmed the difficulty of this task, as global firms oversimplify problems, stretch to understand unknown markets, and ignore system failures related to diversity (Bolman & Deal, 2013). Corporations struggle to optimize diverse cultures and working style, often repeating known failures and accumulating subpar results (Bolman & Deal, 2013). Specifically, a convergence of capabilities, context, and culture occurred at ECS that shifted the application of leadership traits to a transformative leadership approach.

Leadership Traits. ECS's formative leaders built their careers primarily in the United States and found the leadership traits they had utilized in familiar corporate settings tested under an expanding India business model. Northouse (2016) identified major leadership traits including intelligence, self-confidence, determination, integrity, and sociability. From their previous experiences, ECS leaders expanded on these common traits and embraced their entrepreneurial journey, driving the new firm's mission. Leadership traits utilized during ECS's groundbreaking phase specifically included self-confidence, readiness to absorb personal stress, drive for responsibility, and most importantly, risk-taking in a new culture context (Northouse, 2016).

Early Leadership Experiences. Leaders addressed familiar technical and market risk scenarios which may have prematurely bolstered self-confidence. Like most leaders in this time period, ECS leaders were far less experienced in dealing with cultural risk, another critical success factor. As an example, in 2005, an external consultant pressed executive leaders for an American leader with a high risk-taking appetite to join the BigBox India team onsite. The first attempt at the captive IT center proved a near failure, as United States counterparts struggled to see value and trust the distant center's technical capabilities. As the CIO and CEO pursued candidates for the role, they also identified traits in addition to confidence and risk-taking that would be important to the success of the critical assignment. These additional traits included the ability to build a common mission, develop continuous learning, drive an innovative team spirit, and demonstrate high personal responsibility under times of stress and uncertainty.

Translating this to another culture, the ECS leaders purposely defined a leadership team which reflected gender and cultural diversity, bringing together additional United States expatriates and newly hired India professionals to build a senior leadership team in India. Executives recognized the underrepresented role of women and supported gender equality in the Indian workplace. Their position on gender equality was not always supported by peers and employees, as Indian culture reflected patriarchal norms as well as complicated caste and state alliances. With cultural risk and opportunity at higher stakes, leaders employed learning capabilities that allowed the team to grow and adapt to the new cultural landscape.

Building an Organization. As opportunities shifted, ECS partners' ideas for a new firm emerged. The founding partners demonstrated traits that allowed them to navigate on unstable and unfamiliar ground. Willing to accept consequences and take risk in the start-up venture, the Indian partners countered financial risks with upfront investment dollars (Northouse, 2016).

This significant act harnessed personal commitment and reduced operational risks. Management was free to focus on marketing, sales, and team building, while leaders confidently attracted top Bangalore talent to build up the small firm.

As the ECS partners formed their vision, their bond remained an informal agreement, based on mutual trust and long-term professional experiences. However, examples of blind trust posed several issues that countered ECS's strengths. In the first years of ECS's existence, cultural context on business, history, and competition provided an underpinning for future risks and dilemmas. Leadership traits including building trust and possessing vision would be challenged, but remained necessary themes to future resilience.

Embracing Cultural in Leadership. During the launch phase of the firm, the leaders' technical leadership capabilities reigned important and reduced time to initiate operations. In just a few months, ECS India hired team members and began working on revenue-building client projects. ECS's leaders' ability to attract and coach talent capitalized on past experience as well as local cultural understanding. Coming with significant learnings of Indian culture, the president also embraced the opportunity to learn from the team and understand values, rituals, and traditions (Bolman & Deal, 2013; Northouse, 2016, Rigoni, 2002).

Multiple managers and employees stressed the importance of face-to-face encounters to build not only professional experience, but also trust. Understanding individual values as displayed during on-site visits to either the United States or India empowered important relationships and assisted the team when broader issues surfaced. The United States-based President visited India quarterly and met individually with each newly hired employee, planned social gatherings centered around Indian traditions and rituals, and recognized local holidays many times reflective of Hindu beliefs and auspicious days. The all-team functions provided an

opportunity for full transparency as management shared the disclosing accounts of the company's growth and challenges. Team members asked probing questions and pressed leaders with suggestions to improve the young firm. India and United States leaders continued this practice through the high-reward periods as well as the desperate financial times.

Cultural awareness remained an important factor to building trust as ECS leaders approved and modified key components of the ECS organizational culture. The immature firm existed within the culturally significant caste system and state-driven roles and boundaries. While there was recognition of traditional beliefs and state rivalry, the business needed to create a "One Team" culture internally. Indian project teams demonstrated pride in their work and commitment to excellence. This challenged the general United States market's expectation of Indian cheap labor and low quality work. Many Indian workers desired to contribute to the success of the team and demonstrated their personal commitment to ECS's mission. The President not only appreciated this distinction, but realized that trust and respect were key differentiators that enabled ECS to perform well with the firm's innovative global delivery model.

ECS leaders, with the guidance of Human Resources, listened to employee concerns and day-to-day hardships. Leaders modified benefits packages and allowed employees to claim their parents within health insurance coverage, a unique benefit referred to as "elder coverage". This was a novel solution as many employees worried about taking care of elderly parents who many times resided in distant and poverty-ridden villages. Listening to their concerns, leaders also modified transportation and safety practices for women, maternity leave policies, and supported women in workplace events. Sponsorship from a United States female IT professional added to the support of gender equality, even in a highly patriarchal, national environment.

Adapt and Transform. Even though cultural awareness and trust provided initial benefits to the start-up firm, ECS leaders needed to adapt and transform, as it was plagued by ethical issues and internal deceptions. Leaders demonstrated blind trust, which clouded judgement while multiple cultural distinctions contributed to misunderstandings and corruptions in the United States/India alliance. External advisors and employees recounted the influence of India's colonial experience under British rule and sheer population volume as contributors to a culturally relevant competitive edge. Also relevant were the business and governmental practices in India which allowed for kickbacks and "greasing" of deals that attracted and rewarded participants. American leaders operated under assumed corporate policy norms that barred corrupt, influence-building activities. The cross-cultural leaders demonstrated differing expectations on conduct and ethical decision-making. Continued blind trust perpetuated negative outcomes, reflecting financial and internal strife. As ECS did not have written policies on corruption and similar topics, the President supported highly ethical business practices in keeping with his previous corporate experience.

As ECS gained momentum, transformative leadership took root and the team "engaged in such a way that leaders and followers raise(d) one another to higher levels of motivation and morality" (Northouse, 2016, p. 4). Even though operational risks were not fully understood, the team embraced the market and technical opportunity to grow the firm and strive for excellence. In 2011, with 140 employees, the ECS's President stated the company's success was "based in hiring great people, delivering consistent results and differentiating our value from the competition". During public interviews, he cited financial discipline and customer commitment as keys to leadership success.

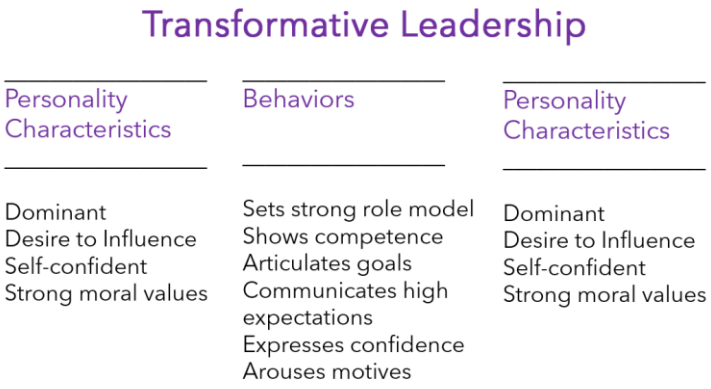
Yet within months, internal corruption and external threats dominated the ECS business landscape. Unknown to most internal leaders and employees, the personal conduct and business decisions of the initial MD and owning partners altered the trajectory of the firm. A "thirst for power" (Bolman & Deal, 2013, p. 27), unethical behavior, deliberate miscommunication, and sabotage marked the end to trusting relationships between the United States and Indian leaders and owners. Bolman and Deal (2013) shed light on these conditions and commented on the function of individual history and their environment as factors that shape motivations and decisions. In response to observed corruption, mid-level leaders in India came forward to counter the corrupt practices and cite widespread support of renewed ethical standards. ECS leaders reinforced the desired corporate culture and resolved to rebound from the multiple near-death dilemmas. The team demonstrated resilience and new risk management practices as a rebounding strategy took hold.

Under the charismatic and passionate call to rebound, ECS's President inspired and empowered the team. ECS employees understood fundamental change was required in order to survive the political games and turf wars within the organization (Bolman & Deal, 2013). Leaders considered motivations, needs, and human feelings as they erected a new vision. The entire team "banded together and weathered a storm," recalled the HR director. Bolman and Deal (2013) described these cultural components as necessary to create bonds and drive peak performance.

ECS leaders shifted from a transactional, project-level, risk leadership approach to a holistic, transformational risk leadership approach. Organizationally, ECS had focused on transactional leadership, which "focuses on specific exchanges" (Northouse, 2016, p. 162) in order to meet low-level goals. With the urgent crises impacting the firm, leaders shifted to a

broad-reaching and strategic, transformational style of leadership that connected and motivated the team to reach their full potential. Transformational leaders at ECS demonstrated characteristics and behaviors that impacted their organization and resulted in resilience and sustainability of the firm. Figure 6.10 describes the specific traits of Transformative Leadership.

Figure 6.10. Transformative Leadership. (Adapted from Northouse, 2016, p. 165)



Learning What Could Not Be Taught. Researchers cited the value of experiential learning and the positive outcome of the "silent curriculum" (Rigoni, 2002, p. 142). This curriculum and the influence of Bolman and Deal's (2013) symbolic frame highlight soulfulness, ritual and ceremony, and a specialized language to bolster experiential learning. ECS leaders demonstrated capabilities that utilized analysis and design, communication, group skills, and problem-solving, allowing internal learners to experience diverse views and examine roles, social boundaries, and local culture (Rigoni, 2002). Many times, a mentor or more experienced executive with specialized skills contributed to ECS's learning process as a teacher and guide. As Bolman and Deal (2013) offered. presence and inspiration were just as powerful teachers as rules and explicit guidelines. Often, at ECS, mentors provided indirect lessons to the learners, allowing for individualized freedom to direct learning outcomes, successes, and even failures.

Specifically, ECS's president engaged trusted mentors for influencing decisions and guiding the firm's trajectory.

The President experienced this apprentice-style learning through his direct and indirect exposure to two Indian executives, Ganesh and KC. Ganesh offered guidance on India's practical business environment and deep cultural nuances. KC provided specific insight into patriarchal mechanisms in society that influence decision-making and unconscious behavior, loyalty, and trust. With these shaman-like experts offering practical experience coupled with longitudinal wisdom. ECS's president assessed risks and continued the mission with ECS.

Demonstrating continuous learning and improvement, ECS leaders improved core technical systems development and quality assurance practices, and changed the internal organizational culture enabling a rebound from near-death failures. The leaders sought new avenues to sustain and re-strategize, adding reviews, governance, and formal policies. While some of these business practices could have been acquired through formal learning, others needed to be understood through experiences, including failures. For example, HR and leaders learned lessons and addressed the damaging effects of the state alliances and cultural silencing. Through long periods of reflection and change, leaders learned new skills and interpersonal capabilities that formal learning could not have provided.

As the new ECS brand, or culture, developed centered on the refined company values and the selected technology platform, ECS remained focused on assessing options to sustain the firm. Leaders spoke openly about resilience and the need to learn from mistakes and assess possible alternatives, yet move ahead cautiously. Again at the time of acquisition, the President conferred confidentially with his mentors to gain knowledge and set his own agenda. Frustrated with each other, the owning partners each demonstrated the dramatic and unpredictable aspects of

experiential learning (Rigoni, 2002). Possibly the unanticipated acquisition outcome and the specific nature of the transformation provided proof that new capabilities and non-linear learning can result in unanticipated, positive outcomes.

Critical Capabilities. ECS leaders demonstrated many risk leadership capabilities through the span of the firm's existence. These ranged from transactional to transformational skills, traits honed from experiences prior to ECS, and skills that allowed ECS to embrace diverse teams. However, three critical capabilities are demonstrated throughout the case and proved critical to the firm's ability to grow, rebound, and ultimately meet their goals. These included: 1) building and displaying trust, 2) developing cultural awareness, and 3) demonstrating resilience. Study participants provided direct responses when asked about the critical leadership capabilities demonstrated by ECS, as summarized in Figure 6.11.

Figure 6.11. Critical leadership capabilities, as described by study participants.

Building and displaying trust. Fairly, it could be said from a surface-level analysis that ECS leaders and owners excelled as well as failed on the topic of trust. However, when reviewing the entire storyline of the firm, ECS leaders very successfully built and displayed trust throughout the organization and upheld the firm, its values, and goals. Transformational leaders "create trust in their organizations by making their own positions clearly known, and then standing by them" (Northouse, 2016, p. 173). As a means of sharing or forming shared meaning and commitment, leaders communicate and listen to individuals within their organization. ECS leaders built and demonstrated trust, producing positive relationships and results. Bolman and Deal (2013) referred to this as a cultural soul of an organization. In approaching a positive transformation, ECS needed to learn from the failures related to blind trust.

A blind trust refers to a financial arrangement in which a person gives the administration of private business interests to an independent person in order to prevent conflict of interest. The trustee manages the assets, but the owner does not know how the assets are managed. In the case of ECS, the President gave operational blind trust with his personal endorsement to the first ECS India MD. While trust in terms of leadership capability is a trait to be built and demonstrated, in the case of this firm, trust translated to an operational level as well. However, the interpersonal nature of this trust quickly deteriorated and operational failures and corruption were allowed to develop unchecked. ECS's president needed to face the outcomes of his blind trust, modify trusting behaviors, and refine organizational values (Bolman & Deal, 213). Ultimately, the president did not jettison his core belief that trust was critical in the organization, he used it as a lesson for himself and others to modify behaviors and governance practices.

As ECS rebounded from internal issues and faced external, market-driven, partner and competitor challenges, the ECS leaders set out to build trust through transparent communication

and business practices. In uncertain conditions, leaders described relevant business conditions by sharing reliable and predictable updates with the global team. They provided direction that supported the business vision and welcomed questions and suggestions from all levels within the organization. While all suggestions could not be adopted, employees reported that "being heard" was an important aspect for trusting the leadership team. ECS's President valued trust and seemed determined not to have past mistakes alter his goals for the organization; rather, he valued developing a new and continued trust in the organization.

As social architects within the firm, ECS leaders mobilized the team and created a common focus for their journey. This common culture contributed to building trust and reflected what the President learned early in his career at BigBox India. The leaders communicated a shared direction and reinforced this through celebration, recognition, and culturally significant events that resonated with employees.

*Developing cultural awareness***.** While ECS's President demonstrated significant cultural acumen gained from his prior expatriate experience, he more importantly demonstrated interest in developing cultural awareness throughout the new ECS organization. Employees reported multiple stories of "genuine" intentions and interest in developing a cross-cultural view. The President's value-driven approach enhanced the cultural leadership capabilities of the leadership team and entire organization. Personal observations, as well as national, state, and religious aspects were foundational to developing cultural awareness.

The ECS leaders made a conscious effort to engage employees and peers to build interpersonal working, global relationships. Working together included daily communications, typically by planned phone interactions. As stories were reported, employees gained confidence and comfort to report to each other about family, holidays, current events, and sporting interests.

United States and India leaders supported a vibrant and fun workplace where sharing positive and uplifting experiences was commonplace. Interestingly, these actions and events occurred throughout the lifecycle of the company, during thriving growth periods and challenging times.

On a broader scale, both the United States and India teams embraced learning about each other's national, state, and religious traditions and rituals. Ethnocentric perceptions fell to the wayside because leaders were open to gaining an understanding of the complexities of the other culture (Northouse, 2016). As an example, planned assignments in the United States brought Indian employees, and many times their families, to work with their United States counterparts. Living in the United States for extended periods, the Indian IT professionals came to understand not only work dynamics, but United States culture and values. United States host families welcomed and included them in sporting events, family dinners, and travel.

Likewise, as United States professionals traveled to India, the organization commonly held all-team events, highlighting Indian holidays and festivals. When inaugurating a new office space or the start of an initiative, India leaders hosted a Hindu blessing ceremony where dance, flowers, candles, food, and attire marked the celebration. Through many events and specific acts of openness, leaders encouraged embracing cultural values to gain mutual understanding. This became a differentiating factor for the firm as cultural capabilities joined with engineering expertise to strengthen the organization's value to clients, as well as the acquiring firm, LeoCorp.

Demonstrating resilience. Authentic leadership theory mentions resilience briefly as a capability required of leaders, however, in the ECS case, leaders demonstrated this capability as a purposely refined skill (Northouse, 2016). Resilience is the "capacity to recover from and adjust to adverse situations" (Northouse, 2016, p. 204). This definition corresponds with risk as

a condition that does not meet the expected outcome. Together these concepts converge to inform a new understanding of risk leadership capabilities.

Business leaders, especially those facing global and digital conditions, face expansive unknown conditions as well as uncertainties impacting their organizations. ECS faced an interconnected arrangement of conditions, both internal and external, that posed damaging issues and ongoing risks. In the research, the firm's leaders and employees identified resilience as important to ensuring the sustainability of the firm as well as the internal morale and culture of the firm. Three examples specifically highlighted this capability, representing leader, employee, and external insights.

Leaders in a start-up firm, particularly in the technology industry, strive to develop innovations in new products and services. This was the case with ECS as the firm developed and marketed a new methodologies and service models for e-commerce software development. ECS leaders found early successes and rapid growth. As the business enterprise became more successful and complex, competitive and corrupting forces combined with external market disruptors, resulting in a perfect storm of issues and uncertainty. Stakeholders saw growth curtailed and current strategy left ineffectual.

ECS leaders specifically demonstrated three levels of resilience and awareness during their business recovery period. First, they exhibited resilience as an internal capability likened with decision-making. Leaders with an internal sense of confidence demonstrate abilities to seek alternatives, critically assess strategy, and guide the organization. Second, a leader's success is reflected in the team, inferring resilience is a transferable or learnable capability. Resilience demonstrated by leaders may be witnessed and consumed within the organization, thus impacting organizational culture, moral, and identity. To the extent that external observers

witness resilience as a capability, others may attempt to direct the outward benefits driven by resilience, such as investing in the product developed or recruiting human resources. And third, resilient leaders constantly assess and adjust strategy responding to macro or market level forces. External changes and competition pose uncontrollable challenges and conditions that a resilient leader responds to affirmatively, staying on course to meet stated goals.

> As much as everybody wants a complete linear growth, that's just not realistic. You don't have the luxury to show fear or panic. It's easier when you know your team is behind you. The most humbling part of running a company is that you have 100 families depending on you. (Jack Lawrence)

Employees both witness and experience resiliency as leaders demonstrate outward traits in times of crisis or have an approach. Leaders projecting calm, rational, and transparent behavior gain the trust of employees. ECS employees experienced this condition and responded positively during cash crisis and periods of minimal work. Leaders that demonstrate consistency, communicate openly, and remain assessable to employees gain trust and perpetuate a resilient quality that is observed by employees.

> We understood the critical situation, little work coming, and changes needed to tighten controls. However, seeing these challenges addressed head-on week after week brought the team together. You would think our confidence would have dipped, but actually, we rose to the occasion and did what was required. We won the battle together. (Hari)

External observers witnessed signs of ECS's resiliency during periods of adversity. Leaders communicated truthful conditions, including cash availability and revenue projections to investors, vendors, leaseholders, and other partner enterprises during times of struggle and recovery. Demonstrating integrity proved important to retaining trust and open lines of communication. Leaders at ECS made commitments and provided both transactional as well as transformational updates to ensure external stakeholders remained committed to an ongoing relationship with the firm.

CHAPTER SEVEN

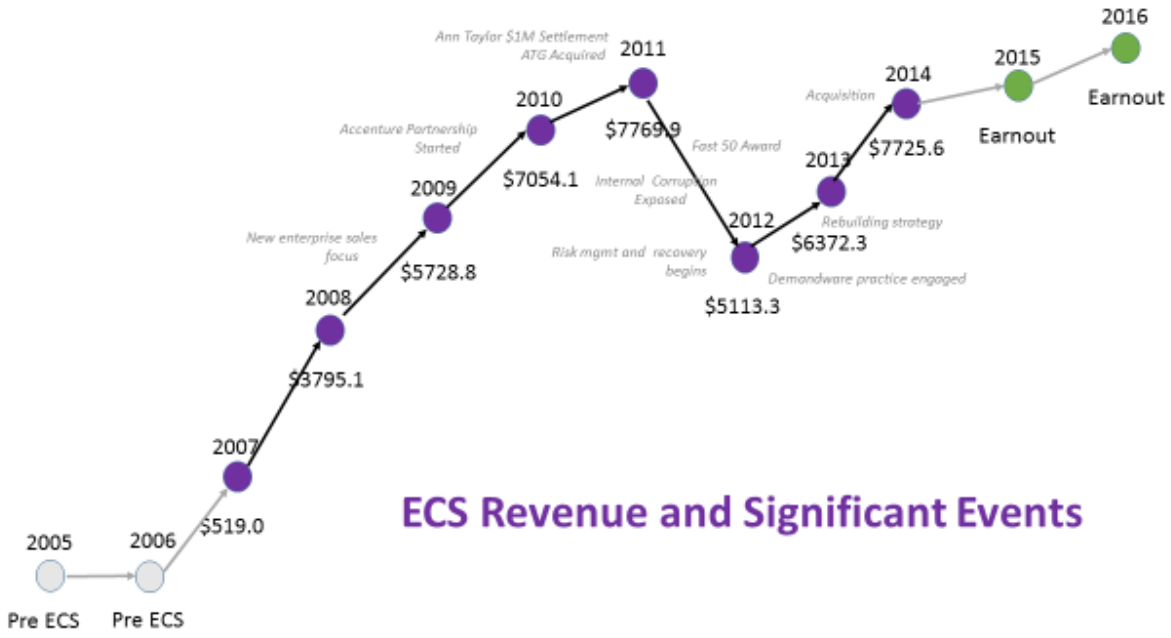
Summary, Conclusions, Recommendations, and Implications

This case study focused on a globally operated information technology firm, ECS, from its formative, start-up stage through its acquisition by a larger, publicly held entity. The study encompassed a time span covered over twelve years, which included a period prior to the firm's launch where key leaders developed leadership skills and capabilities. The research drew from over 30 interviews conducted with ESC employees and executives, senior management from the acquiring entity, LeoCorp, as well as external experts from the information technology and finance fields who provided valuable, independent observations and industry knowledge. The interviews took place onsite in India and two United States locations. Over 70 percent of the participants interviewed were Indian, with the balance American, providing for rich data to inform the study on cultural aspects of the case study dynamics. Observations, field notes, and interviews were carried out over a period of 36 months. The multidisciplinary aspects of this study, specifically addressing leadership, cultural, technology, and risk leadership, contribute to its uniqueness compared to other published research.

The analysis of ECS's eight-year existence highlighted the firm's trajectory in managing risk in a complex, global context as it endured several internal and external factors that individually could have resulted in the firm's failure. Leader's experiences prior to ECS (2005-2006) and well as during operative years (2006-2014) contributed to cultural, economic, and social capital (Bourdieu (1977, 1986, 1993). Early successes brought public recognition, as the firm grew, prospered, and successfully delivered services. Yet, a shadow story lurked behind the scenes, unknown to many executives and employees. Cultural and ethical risks developed from these hidden dynamics. Simultaneously, market risks posed changes that altered the competitive

revenue potential of the firm. As external and internal dilemmas unfolded, operational, financial, and technical shortcomings were exposed. See Figure 7.1 showing the revenue history of the firm during pre-formation (2005-2007), growth (2007-11), decline (2011-2012), rebound (2013-2014), and acquisition periods (2014-2016).

Figure 7.1. ESC revenue and significant events.



As ECS evolved, from formation through acquisition, significant factors illuminate the trajectory of the firm and contribute to scholarly knowledge. Additionally, this case study provides a unique opportunity to review both the practical aspects of an organization experiencing intense pressures and as well as theoretical concepts that may be stretched to meet a post-modern, global platform. Under a new lens, this research next offers insight into eight significant risk leadership capabilities with emphasis on the "Resilience Imperative". Additionally, I suggest ongoing scholarly opportunities to build knowledge on cultural intelligences and real options decision making.

Risk Leadership Capabilities

Risk leaders exist in firms and operate at many levels. Today various organizations identify a senior most risk leader, a Chief Risk Officer (CRO), who takes broad responsibility for the firm's risk management practices. While regulations in many countries require this post, start-up firms are generally not governed by these requirements and do not have the funding or resources to formally define the CRO role. However, leaders in start-up firms require risk leadership thinking and capabilities as they endure varied experiences that challenge their decision making capabilities. Start-up firms are particularly burdened by risk conditions that may result in complete failure. Conversely, start-ups may be agile enough to redirect resources and re-strategize to overcome threats and capitalize on new risks opportunistically. In this section, I offer eight points that inform the definition of risk leadership, as well as an interconnected and significant ninth capability, demonstrating resilience. This working model and summary may be used as a benchmark for future studies on risk leadership. Figure 7.2, Risk Leadership Capabilities, recaps this innovative model and offers it as a contribution to scholarly thinking on risk leadership. Also, I put forth an updated theory encompassing the concept of modern risk leadership, roles and capabilities, for scholarly consideration and ongoing research.

Figure 7.2. Risk leadership capabilities.

The following eight points define the essential Risk Leadership Capabilities:

1. Demonstrates Risk Leadership at all Levels of an Organization – Effective risk leadership is related to operations and strategic thinking at all organizational levels and must be performed by multiple roles within the organization. This multi-point risk leadership approach intensifies the quality of practical risk management and ensures diverse thinkers contribute to the firm's risk leadership strategy. In the case of ECS, the President (one of three owning partners) assumed the leadership role as head of risk management, without specifically adopting the title. In start-up firms, the owners typically set the risk appetite for the firm and establish tolerance levels. However, technical and managing

directors, both in India and US, contributed to the strategic direction and oversite of operations. Importantly, the start-up firm, ECS, named the "risk owner" at the project management level, as this individual monitored and directed resources on specific initiatives, escalating issues as well as opportunities to directors as required to meet project and organizational objectives.

2. Works Effectively Across Organizational Boundaries – Unencumbered by organizational silos, firms with strong risk leadership capabilities demonstrated effective working relationships that transcend human made silos. Additionally, in the case of global firms, it is imperative to cross time zone as well as cultural boundaries which may impair working relationships. Internal goals and objectives may differ within the organization causing potential risks to surface. Contributing factors may include operational practices, financial incentives, and political alliances. Effective risk leadership is practiced across organizational silos as leaders demonstrate unity both in strategic planning and operational decision making. ECS demonstrated a "one team" approach connecting India and U.S. strategy effectively, which enabled early success and recognition. However, the firm needed to rebound from internal issues to then regain momentum under a new technology platform and with new leadership. ESC demonstrated an ability to recognize and repair insufficient governance and build risk management practices that effectively worked across organizational boundaries, including global peripheries.
3. Recognizes Emerging Risks and Opportunities– Due to the interconnectedness of global conditions, emerging risks threaten organizations stability in increasingly

complex and rapidly impacting ways. Risk leadership in firms must not only be aware of global trends but also be adaptive, setting and practicing contingency plans that will allow for agile changes in operations when necessary. Emerging risks may also bring about opportunities. As an example of global economic risks, the 2007-2009 global financial crisis sent credit markets and consumer spending into unexpected patterns that continue to effect individuals and businesses today. However, ECS entered the digital e-commerce marketplace with opportune timing. With retailers spending less on traditional, brink-and-mortar stores and consumers demanding internet based commerce solutions, ECS entered the market in time to launch a new service delivery model. Also taking advantage of global resources and emerging technologies that support systems development activities, ECS used technical innovation and process standardization to improve their services.

4. Collaborates Externally – In the wake of emerging and global pressures, firms need to expand risk leadership and connect with external partners, stakeholders, and even competitors to fully evaluate risks and potential options. Understanding the external landscape is not a new concept, however engaging with other firms who face common risks is increasingly necessary to sustain supply chains, maximize productivity and react to potential threats. Rapid marketplace changes and technology innovation pressure firms to adapt, innovate, and create new solutions. ECS learned significant lessons when risk leadership practices did not include external collaboration. The unexpected purchase of a corporate partner and ally left ESC untethered to a large, stable revenue resource. Additionally,

ECS was not fully aware of marketplace shifts, leaving them vulnerable and needing to diversify strategic options. External collaboration, in this case, could have informed risk leadership practices and allowed for proactive planning instead of urgent reactive responses.

5. Leverages Intellectual Property (IP) - Seen as an organization asset, IP includes processes and products that are original creations of an individual or a firm. Unique solutions to problems that support the advancement of a firm's objectives, deliver value, and differentiate from competition, may be utilized to not only drive revenue but also contribute to risk leadership practices. As an example, ECS leaders and employees developed a proprietary, global systems development model that allowed them to produce quality software products with engineering consistency. The differentiator, or IP, in this case, included the ability to work across time zones to gain efficiencies. While competitors and clients recognized the risks and difficulties of this practices, ECS honed a process and applied continuous improvement practices to improve their IP and reduce risk of project failure. As external firms assessed this value, the IP enhanced ECS market value and was represented in the acquisition offer.

6. Employs Corporate Social Responsibility (CSR) – While many companies practice some form of CSR and make important contributions to the societies and environment, a risk leadership lens may extend the benefits of this values-driven practice. Some argue that investing in CSR may be distracting to business objectives, however making contributions to societies where business is practiced brings ancillary risk leadership benefits. As an example, in trying to adapt

benefits to meet the needs of employees, ECS contributed to the broader health and wellness of elders, parents of employees many times located in remote Indian villages where healthcare is scare and costly. As a long term benefit of this localized CSR example, employee engagement and retention rose over time. Noted in participant interviews, leadership built trust and demonstrated caring action that positively impacted employees and their families. ECS leaders may have unwittingly practiced risk management through their unique demonstration of social responsibility.

7. Incents Ethical Behavior – Taking into consideration political and cultural influencers, risk leadership must effectively promote, educate, and incent ethical behavior within firms and within the network where they operate. Without clear direction from the senior most risk leaders, ethical cracks may deteriorate the foundation of any firm. Working across cultural borders, ECS leaders assumed that ethical decisions would prevail, based largely on perceived trust among partners and executives. However, clear mutual understanding of ethical behavior and expectations of leaders was not established. Governance and open lines of communication that allow for reporting unethical behavior are countermeasures that may identify and reduce losses. Risk leadership practices that effectively address ethics, values, and trust support organizational goals and promote understanding where global, cultural differences exist.
8. Develops Cultural Intelligence – Acting globally is common today across industries, however the ability to understand cultural distinctions and effectively transition these learnings into organizational values, collaboration, and trust is

illusive to many organizations. Risk leadership practices must develop a "Cultural Intelligence" at all levels of leadership. ECS executives utilized cultural leadership experiences to build a team that supported the organization's mission. However, partners and key management acted to undermine the organization partially motivated by cultural and power influencers. Risk leadership practices may benefit from a deeper understanding of cultural and history, supporting a key leadership capability of trust.

9. Demonstrates Resilience – This study found the most significant risk leadership capability demonstrated in the global, start-up organization was resilience. ECS leaders' recognized and enhanced this capability overtime. Their ability to quickly assess potential risks and current issues was a key factor to the survival of the firm. During the stark narrative of the firm, revenues, operational quality, and trust diminished to crippling levels. Leaders ability to adapt to the circumstances, understanding new risks and respond with elevated risk management practices and contingency plans allowed the firm to endure. Leaders also found a renewed awareness to the interdependencies with immediate networks and broader spans of partners and competitors. From a strategic planning standpoint, the firm's ability to not only endure downturns, but develop new strategic options, allowed them to assess alternatives that met their near and long-term objectives. Resilience, as a leadership capability, is fueled by the ability to make critical decisions, build situational awareness, and act to ensure the viability of the organization.

The Resilience Imperative

In the constantly changing global environment, leadership capabilities to adapt and survive are imperative. Organizations need to assess and respond to continually shifting risks. Related to this, resilient leaders establish communication practices and governance that support transparency and governance at all levels. Organizations that behave with resiliency understand legal and regulatory requirements, embolden ethical behavior to withstand fraudulent behavior, and adapt to current economic circumstances. Leaders possessing resilience capabilities recognize threats in a highly networked global environment.

Network structures external to organizations influence and intertwine communication, data, supply chains, services, and supporting infrastructure. To a greater extent today, vertical and horizontal models are giving way to matrixed models where organizations must employ agility to maintain internal and external working relationships. Leaders recognize the networked communities that influence their business are diverse, global, and increasingly complex. Organizations that demonstrate resilience capabilities do more than study customer habits, comply with regulations, and increase value; they continually evaluate their networks and utilize interconnected knowledge to assess the scale and impact of risks and opportunities.

Working within communities, resilient leaders pool valuable knowledge and share risk strategies. Risk leaders at all levels within resilient organizations carefully share degrees of internal intellectual property. This communal risk management may occur at the boardroom or lunchroom, across the table or across time zones. Interconnectivity between naturally collaborating firms, private and public entities, and even competitors intensifies in today's highly networked world. Yet the capacity to respond effectively to risk and change is enhanced by two factors, cultural intelligence and the ability to make decisive decisions using real options. I

present these two factors as areas for future research and development of enhanced scholarly knowledge.

Risk Leadership: An Updated Theory

Recognizing the ongoing changes in the fabric of social, cultural and leadership in public and private firms, this study sought to provide an updated viewpoint on "risk leadership" and potentially erect a theory statement. In doing so, I value the insights of researchers, scholars, professionals that informed my literature review. I also hold as a working example ECS, its leaders, employees, as well as the eternal consultants that informed this study. The following is a summary of key capabilities, roles, and practice that I offer the field of scholars and professionals for consideration and ongoing review.

Risk Leadership reflects the ideal capabilities existing within an organization on three levels: 1) executive, 2) management, and 3) employee. Executives, having the broadest view, utilize their position as board of director, owner, or C-level leader, to define the risk appetite for the organization and assess threats and opportunities that shape and impact strategic goals. The senior most risk leader visible in the organization, the Chief Risk Officer (CRO), holds a defined and many times formally titled role that directs and prioritizes the risk management activity of the organization. At the management level, risk leadership understands the strategic directive set and executes the plan while monitoring and weighing real options. This role ensures the communication flow within the organization as well as the recognition of emerging threats and opportunities. At the individual contributor level, employees equally act as risk leaders, emphasizing their unique view of customer and detail level functions that vitally inform management with precision on threats and opportunities. Significant in this three level definition of risk leadership roles is communication to inform and direct critical decision making. Risk

leadership, a capability that ideally exists across all levels of the organization, reflects a leadership capability that whose purpose ensures then resilience and sustainability of the organization. These capabilities skills allow identification, mitigation, and maximization of risks, both threats and opportunities by:

1. Demonstrative risk leadership capabilities across all levels of the organization,
2. Working effectively across organizational boundaries,
3. Recognizing emerging risks and opportunities,
4. Collaborating externally,
5. Leveraging intellectual property (IP),
6. Employing corporate social responsibility (CSR),
7. Incenting ethical behavior,
8. Developing cultural intelligence (CQ), and
9. Demonstrating resilience.

Future Research Recommendations

Cultural intelligence. Many books and articles have been written on cultural awareness and working effectively across cultures. Given the number of failed attempts to integrate India and western business operations, this suggests an opportunity for further investigation and scholarly research. Also, I suggest future research initiatives build on the concept of "cultural intelligence" as a risk management tool, facilitating both mitigation of potential threats as well as exposing and optimizing opportunities.

During my research, particularly within the content of participant interviews and leadership perspectives shared, I identified three questions that unlocked necessary communication barriers, fostered cultural understanding, built trust, and ultimately aided in the firm's resiliency. I present these here as concluding thoughts which both informed this research and also inspire future study. These questions include:

1. What is important?
2. What inspires you?
3. What improves your quality of life?

ECS leaders utilized these questions in various ways while searching for effective methods to understand employee's needs, cultural nuances, and culturally-based values. I found their learning stemmed from proactively building meaningful relationships that purposely crossed cultural and hierarchical boundaries. Taking time to experience the culture first hand, listen to stories of hardship and success, and appreciate diverse perspectives within shared struggles all led to enhanced "cultural intelligence". While this study did not embark on a deep analysis of methods of building these skills, "cultural intelligence" rose to critical level when discussing the organization's ability to recover from internal corruptions and external threats.

ECS's American leaders sought to understand the values of their Indian counterparts and employees, thus building an organizationally specific sense of "cultural intelligence". They found, through years of experience and listening that family relations, state and community alliances, and education was important. These valued constructs were revealed across generational, caste, and gender profiles. Indian workers demonstrated their pride in meaningful work assignments, being inspired by intellectual challenges that contribute to a common good. Employees predominately worked as teams, even preferring office layouts that allowed for communal work. Interview participants valued compensation, however they identified recognition from peers, leaders, and family for their accomplishments as most inspiring. Finally, addressing culture and current living challenges, leaders grew to understand that employees valued benefits and flexibility that improved their life and the lives of others.

> The biggest business risk for Western companies entering India is lack of preparation. India offers huge rewards to executives and companies that take the time to understand and respect its culture. The second risk for doing business in India for a new entrant is to assume that India is like China or another Asian country. The business culture of South Asia is distinct from the rest of the continent. With 23 official languages, India is more like a continent than a country. The third risk with India is impatience. If you are not committed to success in India, don't bother to start. It's a marathon not a sprint. Few companies succeed without major setbacks in India and most companies experience some serious surprises despite the best preparation. (Ganesh Krishnan)

As India develops economically, many challenges exist that separate those that have access to human services and those that remain in sometimes primitive conditions. Employees responded to leaders' inquiries and requested assistance with healthcare for parents, flexible

leaves to participate in local traditions including funerals and weddings, improved transportation for women, accommodations for the elderly and disabled, and legal assistance for travel and immigration. In responding to these quality of life questions, ECS leaders developed "cultural intelligence" capabilities and were able to apply these learnings to benefits, policies, as the strategic performance of the firm. As a spillover effect, the cultural awareness resulted in increased trust, enhanced market reputation, increased product quality, and high retention rates.

As an extension of corporate social responsibility (CSR), leaders develop cultural capabilities and apply them may find enhanced CSR practices for their organization. Global firms, as reported by the World Economic Forum's "Global Risks Reports 2016 11th Edition", expect to experience an interconnected web of global threats (World Economic Forum, 2016). Future research that positions cultural intelligence as a key to understanding diverse perceptions on these risks may assist already strained societies, as well as the organizations that serve them. Further, United Nations representatives conveyed the ongoing need to attract ongoing collaboration between the private, business community, government bodies, and international social service organizations, including those administered by the United Nations (S. K. Junge, personal communication, June 16, 2016). Such collaboration could be enhanced by further study into what I introduced as the concept of "cultural intelligence" or "CQ".

Real options decision making. As previously explored in the analysis of this report, real options decision making was a fundamental and useful method for ECS leaders to weigh risk and opportunity in making strategic decisions. This concept stems from researchers' recent convergence of risk management and strategic planning which illuminates the continued absence of management practices which effectively and practically guide leaders in critical decision making (Andersen & Schroder, 2010). Future study that expands on practices that deal

effectively with risk and comprehensively embed real options theory in to corporate decision making introduces the potential for new theory which I refer to as the Real Options Decisions Model (RODM).

Using RODM, organizations may benefit from a toolset that merges risk leadership, strategic goal-setting, planning, critical decision making and monitoring. The threading of these practices in a practical manner for use in multiple sized, private or public organizations, provides a linkage that has not been found in my review of critical literature. Additionally, in my own leadership and management consulting experiences spanning over 30 years, I observed organizations struggling to make decisions and monitor critical initiatives. Research that further develops new theory on RODM may merge existing theory from financial options, CMMI, and ERM proposing both a relevant conceptual framework, but importantly a methodology that may be useful to organizational practitioners.

Personal and professional implications. During the time of this study, LeoCorp celebrated the growth and future promise of the India operation. Their joint cultural success indicated an ongoing organizational, cultural, and leadership maturing process that informed this study and inspired me to continue to think critically and extend my research and professional ambitions. The results of this study will continue to live through two paths. First, I will share this report with ECS leaders and participants in gratitude for their contribution. I hope that the analysis may be of value to them and provide reflection and learning respecting their individual context. Second, I will utilize my own growing understanding of risk leadership within my future career endeavors. Empowered with new knowledge, I will further develop my risk leadership capabilities, particularly the key capability of resilience, as well as develop emerging theory and practice on CQ and RODM.

At this phase of my career, I find myself ever grateful for the opportunity of education. This is gift, instilled on me through my parents, continues a family legacy and personal commitment to learning. In "stopping to think" about the next chapter in my career, I intend to continue to merge my academic pursuits and professional endeavors, gaining understanding, developing knowledge, and most importantly contributing to others in ways that may improve gender equality and opportunity.

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APPENDIX

Appendix A

Interview Consent Form

Consent Form

Risk Leadership in in Global Information Technology Firms

IRBNet Tracking Number: 909964-1

You are invited to participate in a research study about leadership capabilities demonstrated in global information technology firms. You were selected as a possible participant because you have direct or indirect knowledge of a firm being studied. You are eligible to participate in this study because professional or personal experiences. The following information is provided in order to help you make an informed decision whether or not you would like to participate. Please read this form and ask any questions you may have before agreeing to be in the study.

This study is being conducted by Patricia Connolly Stephan affiliated with the College of Education, Leadership and Counseling and the Opus College of Business at the University of St. Thomas. This study was approved by the Institutional Review Board at the University of St. Thomas.

Background Information

The purpose of this study is to gain knowledge on risk leadership capabilities as informed by a case study. The context of the study will be global information technology firms, specifically REV Solutions, operating in the United States and India. Leadership capabilities may be studied using risk management, cultural, social and ethical lenses.

Procedures

While performing this research, I will follow specific and approved procedures to abide by Institutional Review Board (IRB) guidelines. I participated in an online National Institute of Health (NIH) tutorial on the IRB process and gained knowledge on how these guidelines relate to goal of designing and conducting my study. I successfully completed the course and received a certificate that verifies my passing test result. My committee chair will supervise my dissertation research procedures. If you agree to be in this study, I will ask you to do the following things:

- You will be interviewed for a 30-60 time period, at a time convenient to you.
- The interview may be live or via Skype or by phone, depending on your location.

- Live interviews will be done in a neutral, mutually agreeable setting. (Settings may be a conference room, coffee shop, library, and other location.)
- Skype interviews will be done from my home or work office, where privacy of the conversation will be ensured.
- All interviews will be audio recorded and transcribed.
- You will be asked open-ended questions and you may encouraged to elaborate on responses, providing additional detail, stories or examples.
- You may be requested to participate in follow-up interviews.

Risks and Benefits of Being in the Study

The study has risks. First, the data provided by interview subjects may be sensitive in nature and pose concerns about confidentiality. Second, interview participants or readers may be able to ascertain participants in this research study. Regarding both points, I will treat all interview data, analysis, written summaries, and the participant list as highly confidential. To mitigate these risks, no one other than me will be aware of who is participating in the study. I will identify all participants and business entities in the study as pseudonyms. All data collected, notes, recordings will be stored in a password locked laptop computer or secured storage cabinet at my home office. I would be the only person to know passwords and keys.

There are no direct benefits for participating in this study. Interview participants will receive indirect benefits from participating in this study. First, participants will derive an increased awareness of case studies such as this and their professional, industry and academic value. Second, participants will contribute to a new body of knowledge that may benefit themselves and others. Third, participants may draw insights into their own professional development and leadership skills. There will be no compensation for the participants.

Privacy

Your privacy will be protected while you participate in this study. In person interviews will be held in a neutral setting in a mutually agreeable location. For phone or Skype interviews, I will participate from my home office where privacy of the conversation will be ensured.

Confidentiality

The records of this study will be kept confidential. In any sort of report I publish, I will not include information that will make it possible to identify you. To safeguard your identity, interview participants will be identified with a number and a pseudonym. Further, participant's title or position description will be coded. All subsequent notations will reflect the same. The types of records I will create include interview transcripts, audio recordings, and notes (manual or computer). Only I will have access to audio recordings, transcripts, and notes. These materials may be retained for future research. Data records collected during my research, including while traveling, will be maintained on my computer or cell phone. Both are password protected and will be secured in a safe, locked cabinet, or locked offce when not in use. All signed consent forms will be kept for a minimum of three years upon completion of the study. Institutional Review

Board officials at the University of St. Thomas reserve the right to inspect all research records to ensure compliance.

Voluntary Nature of the Study

Your participation in this study is entirely voluntary. Your decision whether or not to participate will not affect your current or future relations with any individuals, employers, cooperating agencies, or institutions or the University of St. Thomas. There are no penalties or consequences if you choose not to participate. If you decide to participate, you are free to withdraw at any time without penalty or loss of any benefits to which you are otherwise entitled. Should you decide to withdraw, data collected from you may be destroyed at your request. You can withdraw by notifying me by email, phone or in person at any time. You are also free to skip any questions I may ask.

Contacts and Questions

My name is Patricia Connolly Stephan. You may ask any questions you have now and any time during or after the research procedures. If you have questions later, you may contact me at 952-428-8068 or PatriciaMStephan@gmail.com. Also, my dissertation chair, Dr. Katherine Boyle is available at 651-962-4393. You may also contact the University of St. Thomas Institutional Review Board at 651-962-6035 or muen0526@stthomas.edu with any questions or concerns.

Statement of Consent

I have had a conversation with the researcher about this study and have read the above information. My questions have been answered to my satisfaction. I consent to participate in the study. I am at least 18 years of age. I give permission to be audio recorded during this study.

You will be given a copy of this form to keep for your records.

_____

Signature of Study Participant **Date**

_____

Print Name of Study Participant

Patricia Connolly Stephan 6-17-2017
Signature of Researcher **Date**