



Mikhael Lalwani | The Business of Uncertainty

Practical Insights on Business, Risk, Growth And Resilience

Risk vs. Uncertainty

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Executive Summary

Most companies don't fail because they mismanage risk; they fail because they mistake uncertainty for risk and freeze. The single biggest threat to a business is the **Assumption Gap**, the distance between what your operational dashboards report and what is happening in a changing environment. Managing risk relies on checklists and data; navigating uncertainty demands fast executive decision discipline, reading subtle warning signals, and cutting losses before they multiply.

Mind the "Assumption Gap"

The **Assumption Gap** is the hidden space where enterprise value is destroyed. It occurs when an organization continues operating based on a corporate playbook that is no longer valid.

An example of the Assumption Gap is the acquisition of a substantial strategic minority stake in **Alpha Energy (a major tier-1 coal producer)** by **Beta Logistics (a regional infrastructure and haulage conglomerate)**, which illustrates how the "Assumption Gap"- the friction where enterprise value erodes due to outdated strategic premises plays out in heavily regulated, capital-intensive sectors. For years, Alpha Energy operated under the corporate playbook assumption that low extraction costs, top-tier reserves, and substantial balance-sheet liquidity were sufficient guarantees of operational continuity and strategic independence. However, the external reality shifted as critical administrative mechanisms, specifically government-mandated annual production quotas, became increasingly tied to regional infrastructure control and broader political-economic alignments. When Alpha Energy's requested quota expansions stalled, its reliance on this legacy assumption left its primary operating subsidiaries exposed to administrative paralysis.

Initially, Alpha Energy's management treated the regulatory delay as a routine administrative bottleneck, responding within the standard legal framework by declaring *force majeure* across its primary mines to suspend commercial delivery obligations. This tactical response highlighted a deep Assumption Gap: leadership failed to recognize early that an unapproved production quota in a tightly controlled market is not merely a legal or bureaucratic hurdle, but an existential operational threat that cash reserves alone cannot resolve. By attempting to navigate the impasse through contractual notices rather than addressing the underlying shift in supply-chain leverage, Alpha Energy suffered market volatility and severe operational risk as mine output remained legally capped.

The consequence was a rapid corporate pivot that reshaped the company's capital structure and governance dynamics. Within days of the *force majeure* declaration, Alpha Energy's controlling shareholders agreed to sell a 30% strategic equity stake to Beta Logistics via a Conditional Share Purchase Agreement (CSPA). Shortly after the agreement was executed, regulatory authorities approved the pending production quotas, allowing Alpha Energy to lift *force majeure* and resume full operations. This outcome demonstrates how an unaddressed Assumption Gap can force even market-leading resource producers to yield significant structural leverage and long-term upside to integrated regional players who hold operational control over critical supply-chain choke points.

The Two Domains: Managing Risk vs. Navigating Uncertainty

Managing risk in the boardroom involves bridging assumption gaps. When assessing cross-border deals, allocating capital, or optimizing supply chains, your baseline assumptions, like steady currency rates or predictable regulatory timelines, are based on historical data and benchmarks.

The gap between projection and reality is small and measurable, allowing scenario modeling and risk mitigation strategies such as hedging or insurance to close this gap.

Navigating uncertainty happens when a systemic shock causes a catastrophic assumption gap, making foundational assumptions invalid. During sudden regulatory changes, trade freezes, or market disruptions, the playbook fails because situations and conditions have changed overnight. Historical data can't bridge this gap since prior rules no longer apply, and future outcomes are unknown. The first signal is often a growing mismatch between what the organization expected to happen and what it is actually seeing on the ground, particularly when multiple early indicators begin to contradict the assumptions behind the plan. Adaptive Leaders must discard outdated assumptions, rely on first-principles decisions, and pivot strategy in real time as new facts emerge.

Knowing When to Tap Out: Lessons from the Mat

As someone with a martial arts background, I learnt that on the mat, beginners hold on too long out of pride, assuming their position is safe until a tap or an injury forces reality upon them. Experienced martial artists recognize the gap between their plan and reality instantly and tap out early—not as a defeat, but as a fast, low-cost reset. In business, closing the Assumption Gap requires accepting a small, immediate loss on a failed premise to preserve your capital and focus for the next opportunity. **Adaptive Leaders under uncertainty require that same martial mindset: stay grounded, move with early signals, and adjust instantly.**

Beyond Data Visibility: Lessons from the Field

In my career spanning security operations, risk & crisis management, and investment advisory, the worst crises never appeared on a basic risk checklist.

- **Lessons from Operational Risk:** Risk plans work well for routine operations continuity, protecting budgets, minor legal and compliance issues, or third-party failures. They break down when unplanned shifts break your base assumptions.
- **Lessons from Crisis Work:** In high-stakes crises, hesitation widens the Assumption Gap faster than incomplete data. The real threat is rarely the identified risk, but the blind spot created when you cling to a static plan.
- **Lessons from Organization Dashboards:** Status reports only summarize yesterday's facts. True readiness requires continuously asking: *"How wide is our Assumption Gap today?"*

True readiness is not about having every risk on the checklist; it is about recognizing when the assumptions behind the plan are changing, closing the Assumption Gap, and being prepared to act before a blind spot becomes a crisis.

Four Questions Adaptive Leaders Should Ask

Before executing major strategic initiatives, require leadership to answer four core questions:

1. **"What are we missing?"** Look past standard risk registers to locate hidden blind spots.

2. **"What is the Assumption Gap on this project?"** Identify which unproven guesses could break the entire plan.
3. **"What is the data NOT showing us?"** Separate genuine early signals from operational noise.
4. **"How badly will we hurt if our base ideas are wrong?"** Ensure the enterprise can pivot without systemic failure.

The purpose is not to eliminate uncertainty before investing. It is to understand how much of the decision rests on assumptions, what could invalidate them, and whether the business has enough room to adapt if they prove wrong.

The Strategic Takeaway

Effectively addressing uncertainty requires adaptability, sound judgment, and operational resilience. Leaders must be ready to adjust to changing circumstances and stay composed under pressure. You cannot write enough risk rules to eliminate uncertainty. Traditional risk management protects what you can already see; adaptive leadership requires recognizing what may be changing beyond the visible risks. Closing the Assumption Gap enables a business to act, adapt, and remain resilient when reality exposes what it has missed.

About the Author



Mikhael M. Lalwani is a business leader and practitioner in business risk, crisis management and strategic resilience, with more than two decades of experience spanning security, operations, corporate risk, crisis response, entrepreneurship and investment.

As Founder & Group CEO of CORIM Group, he leads a multi-sector business ecosystem and works with corporate leaders on complex, high-stakes situations where decisions must often be made before the picture is complete.

His perspective is grounded in real-world operating environments. His career has moved from security and high-risk operations into corporate risk advisory, crisis management, strategic business leadership and investment—giving him a practical view of how risk develops, how organisations respond under pressure, and how leaders can build the visibility, readiness and decision discipline required to act under uncertainty.

His thought-leadership focus is the business of uncertainty: risk before crisis, decision-making under pressure, organisational resilience, human risk, leadership, and the relationship between risk and opportunity.

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