

Founder Engagement Risk Diagnostic

Users Guide



Version 1.0

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SME Strategic Resilience System™

Founder Engagement Risk Diagnostic

User Guide

1. Introduction

The Founder Engagement Risk Diagnostic is part of the SME Strategic Resilience System™, a suite of analytical models designed to assist consultants and advisors in evaluating key structural conditions within small and medium-sized enterprises.

While many consulting tools focus on financial performance or operational efficiency, a significant number of consulting engagements encounter challenges that originate from leadership behavior or governance dynamics.

Founder-led companies in particular can experience situations where leadership behavior, decision-making patterns, or governance structures interfere with the effective implementation of professional advice.

The purpose of the Founder Engagement Risk Diagnostic is to provide a structured method for identifying potential engagement risks that may arise from founder dynamics during consulting engagements.

2. Purpose of the Model

The Founder Engagement Risk Diagnostic is designed to help consultants identify behavioral and governance patterns that may affect the success of advisory engagements.

The model evaluates conditions that may influence:

- consultant-client engagement effectiveness
- leadership decision-making dynamics
- organizational governance discipline
- willingness to implement professional recommendations
- internal alignment among leadership stakeholders

By identifying potential engagement risks early, consultants can better manage advisory relationships and reduce the likelihood of engagement breakdown.

3. Intended Users

This diagnostic tool is designed for use by:

- business consultants
- strategic advisors
- SME advisory professionals

- management consultants
- advisory firms working with founder-led companies

The tool is particularly relevant when consultants are engaged by businesses where ownership and executive leadership are closely intertwined.

4. Model Overview

The Founder Engagement Risk Diagnostic evaluates leadership engagement conditions across multiple stages of a consulting relationship.

The diagnostic framework includes:

- initial consultation assessment
- founder response evaluation
- mid-engagement behavior monitoring
- escalation trigger identification
- founder risk scoring indicators
- diagnostic summary outputs

These components allow consultants to monitor engagement conditions as the advisory relationship develops.

5. Model Structure

The model is organized into several sections designed to evaluate engagement conditions throughout the consulting process.

5.1 Initial Consultation Assessment

The initial consultation section captures early indicators regarding the founder's engagement style and openness to advisory input.

Typical considerations include:

- clarity of business objectives
- willingness to discuss operational issues
- transparency of financial information
- responsiveness to diagnostic questions

This section helps establish the baseline engagement environment.

5.2 Founder Response Evaluation

The founder response section evaluates how the founder reacts to professional analysis and advisory feedback.

Indicators may include:

- receptiveness to professional advice
- willingness to review evidence-based analysis
- consistency of communication
- openness to operational improvement

These responses can provide early signals regarding the potential success of the engagement.

5.3 Mid-Engagement Monitoring

As the advisory engagement progresses, the model allows consultants to monitor whether leadership behaviour remains aligned with the objectives of the engagement.

Key indicators include:

- implementation follow-through
- consistency of leadership decisions
- information transparency
- engagement continuity

Changes in these indicators may signal emerging engagement risks.

5.4 Escalation Triggers

The diagnostic includes indicators designed to identify situations where engagement conditions may deteriorate.

Examples of escalation triggers may include:

- withdrawal of previously provided information
- sudden resistance to agreed improvement initiatives
- contradictory leadership directives
- breakdown in communication channels

These indicators allow consultants to recognize when an engagement may require reassessment.

5.5 Founder Risk Indicators

The model aggregates engagement observations into structured risk indicators that help summarize the engagement environment.

These indicators help consultants determine whether the engagement environment is:

- stable
- uncertain
- increasingly constrained
- structurally impaired

The purpose is not to judge leadership behaviour but to identify conditions that may affect the success of advisory work.

6. Using the Model

The Founder Engagement Risk Diagnostic can be used throughout the consulting engagement lifecycle.

Step 1 — Complete the Initial Consultation Assessment

During the early stages of the engagement, complete the initial consultation section based on observations and responses provided by the client.

Step 2 — Record Founder Responses

Document the founder's responses to professional observations, recommendations, and diagnostic findings.

Step 3 — Monitor Engagement Progress

As the engagement progresses, continue recording relevant observations in the monitoring section of the model.

Step 4 — Review Diagnostic Indicators

The model will generate engagement indicators that summarize the overall engagement environment.

These indicators can help consultants determine whether the engagement conditions remain stable.

7. Interpreting the Results

The results generated by the Founder Engagement Risk Diagnostic should be interpreted as engagement indicators rather than behavioural judgments.

The purpose of the diagnostic is to assist consultants in identifying patterns that may influence the success of advisory engagements.

The model helps consultants recognize situations where:

- advisory recommendations may encounter resistance
- leadership dynamics may impede implementation
- engagement conditions may require reassessment

This allows advisors to adjust their approach appropriately.

8. Important Disclaimer

The Founder Engagement Risk Diagnostic is intended for professional consulting use as a structured observation tool.

The model does not constitute:

- psychological evaluation
- legal assessment
- formal behavioural analysis

The diagnostic framework is designed solely to assist consultants in monitoring engagement conditions during advisory work.

9. Relationship to the SME Strategic Resilience System™

The Founder Engagement Risk Diagnostic forms one component of the SME Strategic Resilience System™.

While other models in the system analyze structural dimensions such as financial resilience, operational condition, and enterprise value, the Founder Engagement Risk Diagnostic focuses on the engagement environment between consultants and founder-led organizations.

Together, these models provide a more comprehensive understanding of the conditions that influence enterprise performance and advisory effectiveness.

10. Version Information

Model: Founder Engagement Risk Diagnostic

System: SME Strategic Resilience System™

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