

— A SELF-ASSESSMENT

The Operational Risk Velocity *Diagnostic.*

A fifteen-minute look at risk that's moving fast in your business, risk that's moving slowly, and which of the two is more likely to take you by surprise.

TWO SPEEDS OF RISK

Most operational risk shows up in two speeds, and the speed usually *determines whether you'll see it coming.*

Fast risks announce themselves. A vendor goes out of business. A key employee resigns. A breach happens. A client fires you. The signal arrives all at once, and the response, whether good or bad, is whatever your business has prepared for the moment.

Slow risks don't announce themselves. They accumulate. Margin compresses by half a point each quarter. Vendor consolidation gradually leaves you with one viable option. Technical debt deepens. A regulatory landscape shifts underneath you. By the time the signal becomes loud enough to demand attention, the response is no longer a correction, it's a rescue.

Human attention is calibrated to fast change. We notice the alarm, not the drift. Most people track fast risks closely and slow risks loosely, often without knowing it. The risks that take down businesses are usually the ones that had been visible for years to anyone watching for slow change.

This diagnostic walks through five domains and asks, in each, what's moving fast and what's moving slowly. The goal is a clearer view of both kinds of risk, and an honest look at where your view might be incomplete. Give yourself about fifteen minutes, or more if you want to dig deeper. There is no score. The point is to think intentionally about your business, not to be measured.

HOW THE RATING WORKS

Each question gives you *three options*.

For each question, pick the option that describes your business today — not the version you're working toward, and not the version you'd describe to a client. Trust your first instinct. The pattern across your answers matters more than any single one, particularly the pattern of where you marked Exposed for slow-moving risks you hadn't been actively tracking. Each question is tagged either Fast risk or Slow risk so you can compare the two when you've finished.

 EXPOSED

Exposed

There is meaningful risk here, and the business is not well positioned to absorb it.

 MANAGED

Managed

The risk is real, but the business has thought about it and has reasonable defenses or contingencies.

 RESILIENT

Resilient

The risk has been considered seriously, defenses are in place, and the business could absorb the shock without lasting damage.

FOLLOW ALONG WITH HEART STRONG

A fictional business, Heart Strong Coffee, shows up at the end of each domain. It's an area coffee shop with a corporate catering arm and a break-room supply business serving downtown office buildings. Use Heart Strong to follow along, then turn the same lens on your own business.

01

DOMAIN ONE

People & Knowledge

People risk has two faces. There's the dramatic version: a key employee resigns Friday afternoon. Then there's the quiet version: knowledge concentrating in one person's head over years until losing them becomes existential. The dramatic version gets attention. The quiet version usually doesn't.

1.1 **FAST RISK** If a key employee, someone whose work is essential to current operations, gave notice tomorrow, what would happen in the following ninety days?

- EXPOSED** Operations would suffer materially; we have no documented backup for what they do.
- MANAGED** There would be disruption, but documentation and cross-training would limit the damage.
- RESILIENT** The transition would be uncomfortable but absorbable; institutional knowledge does not live in any one person's head.

1.2 **SLOW RISK** How concentrated is critical institutional knowledge in your business today, and how deliberately are you managing that concentration?

- EXPOSED** Significantly concentrated in a few people, and we have not made deliberate moves to address it.
- MANAGED** Some concentration exists; we are aware of it and have begun distributing knowledge.
- RESILIENT** We actively manage against concentration; documenting, cross-training, and distributing critical knowledge is a discipline.

1.3 **SLOW RISK** When was the last time someone other than the original owner of a process actually performed it end-to-end?

- EXPOSED** I can't recall, or the answer is "never" for several critical processes.
- MANAGED** Within the past year, for most critical processes.
- RESILIENT** Recently and routinely; we treat redundancy in execution as a discipline.

HEART STRONG COFFEE

Their head barista runs the catering operation — recipes, equipment setup, client relationships, the lot. Everyone knows she's essential. What nobody has noticed is that the gap between her and the second-most-knowledgeable barista has widened every year for four years. Each new procedure or recipe goes into her head. Each training shortcut shifts more of the operation's reality onto her shoulders. The fast risk is her resigning. The slow risk is that even if she stays, the business has become structurally dependent on a single point of failure that grows more concentrated every quarter.

WHERE TO POINT YOUR ATTENTION

Most owners can identify their fast people risk — they know who would be hard to replace. Far fewer have a clear view of which knowledge is silently concentrating, in whom, and how quickly. The slow version often hides behind the fast version's *reassuring presence*.

NOTES FOR THIS DOMAIN

02 DOMAIN TWO Vendors & Suppliers

Vendor risk follows the same two-speed pattern, and the slow version is often more dangerous because vendor relationships *feel set-and-forget*. They aren't.

2.1 **FAST RISK** If your most critical vendor — software platform, primary supplier, fulfillment partner — went offline tomorrow for a week, what would happen?

EXPOSED Operations would stop or degrade significantly; we have no immediate alternative.

MANAGED We could function in a degraded mode while we executed a backup plan.

RESILIENT We have tested alternatives and could continue operating with limited disruption.

2.2 **SLOW RISK** How deliberately do you manage drift in your critical vendor relationships — lock-in, dependency, and cost creep?

EXPOSED Drift has accumulated across one or more dimensions, and we are not actively tracking it.

MANAGED We are aware of where drift is happening and reviewing it, though not on a regular cadence.

RESILIENT Lock-in, dependency, and cost creep are tracked deliberately and managed against.

2.3 **SLOW RISK** How recently have you actually tested a vendor alternative — not just researched one, but run a small pilot or proof of concept?

EXPOSED We haven't tested an alternative in years, if ever.

MANAGED We have evaluated alternatives on paper recently.

RESILIENT We have run real tests, even small ones, and know the cost of switching.

HEART STRONG COFFEE

Their POS provider has raised prices three years in a row. Their primary roaster has gradually become 80% of their bean inventory. Their espresso machine service technician is still the same person, two hours away. None of these changes were dramatic enough to trigger a review. Each was small enough to absorb. Their cumulative effect is that Heart Strong now has three single points of vendor failure and meaningfully less flexibility than they had three years ago, and nobody noticed because nothing dramatic happened along the way.

WHERE TO POINT YOUR ATTENTION

Vendor risk loves the slow lane. The most dangerous vendor situations are usually the ones that crept up gradually enough to never trigger a senior-level conversation. The discipline is not to eliminate dependency — that's impossible — but to know exactly where dependency is growing and to have done the work to know what comes next.

NOTES FOR THIS DOMAIN

03

DOMAIN THREE

Technology & Data

Fast technology risks are loud: outages, breaches, data loss. Slow technology risks are quieter and arguably more common: *technical debt accumulating*, platforms drifting toward end-of-life, data practices that were fine in 2019 becoming exposures in 2026.

3.1 **FAST RISK** If your business suffered a significant data breach or extended outage tomorrow, do you have a clear, documented response plan that the right people know how to execute?

- EXPOSED** No, or the plan exists on paper but has never been rehearsed.
- MANAGED** Yes, the plan exists and key people know their roles.
- RESILIENT** Yes, and we have rehearsed the plan; we know how it actually performs under pressure.

3.2 **SLOW RISK** How deliberately do you manage technical debt in your business (outdated systems, deferred upgrades, accumulated workarounds)?

- EXPOSED** Technical debt has accumulated, and we don't have a deliberate strategy for managing it.
- MANAGED** We are aware of where debt has built up and have a plan to address it.
- RESILIENT** Technical debt is treated as something to actively manage, not endure; we track it and act on it.

3.3 **SLOW RISK** Are you confident you know where all sensitive data lives in your business — not just where it's supposed to live, but where it actually does?

- EXPOSED** No; I am sure data has accumulated in places we haven't catalogued.
- MANAGED** Mostly; we have a reasonable inventory but acknowledge gaps.
- RESILIENT** Yes; we conduct periodic data inventories and act on what we find.

HEART STRONG COFFEE

Their POS holds three years of customer payment data, their marketing platform holds five years of email lists with purchase history, and their catering CRM holds detailed corporate client information including some employee dietary restrictions and allergies. Each system was set up by a different person at a different time, and the data retention has never been reviewed against current expectations. None of this would matter on a normal Tuesday. It would matter a great deal on the Tuesday they had a breach.

WHERE TO POINT YOUR ATTENTION

Technology risk has a useful shape: the fast version is whether your defense actually works, and the slow version is whether you know what you'd be defending. A rehearsed response plan is worth more than a documented one. An accurate map of where your data and technical debt actually live is worth more than the version on the org chart. Both kinds of knowledge are built deliberately, not discovered in a crisis.

NOTES FOR THIS DOMAIN

DOMAIN FOUR

04 Regulatory & Compliance

Regulatory risk is asymmetric. Fast regulatory events — an audit, a complaint, an incident — are visible and force a response. *Slow regulatory drift* — the rules tightening underneath you, the threshold for what counts as compliant rising over time — is the version most businesses underweight.

4.1 **FAST RISK** If you received a regulatory inquiry, customer complaint to a regulator, or compliance audit notice next week, would you be confident in the records and processes you'd need to produce?

- EXPOSED** No; we would scramble, and the scramble would reveal gaps.
- MANAGED** Mostly yes, though we'd find some imperfections under scrutiny.
- RESILIENT** Yes; our compliance posture is built for inspection, not just for normal operations.

4.2 **SLOW RISK** How aware are you of how the regulatory landscape relevant to your industry is shifting — not just the rules in force today, but the trajectory?

- EXPOSED** I learn about regulatory changes when they are imminent or already in effect.
- MANAGED** I track major changes through industry sources or counsel.
- RESILIENT** I actively monitor the trajectory and adjust the business ahead of changes, not in response to them.

4.3 **SLOW RISK** For the regulations that apply to your business — labor, data, industry-specific — do you periodically test whether your actual practice matches your stated practice?

- EXPOSED** We assume compliance based on policies; we do not test practice.
- MANAGED** We periodically spot-check critical areas.
- RESILIENT** We have a regular cadence for verifying that what we say we do is actually what we do.

HEART STRONG COFFEE

Nebraska updated its meal and rest break recordkeeping expectations two years ago. Heart Strong's operations manual was updated to reflect the new requirements. The actual practice in the catering crew, who often work irregular event schedules, has not changed. The gap between policy and practice has been growing for two years. There has been no incident. There has also been no audit. Both of those facts are luck, not management.

WHERE TO POINT YOUR ATTENTION

The most dangerous regulatory situations are not the ones where you don't know the rules. They are the ones where the rules are clear, the policies are written, and nobody has checked recently whether actual practice has drifted. Slow regulatory risk lives in that gap.

NOTES FOR THIS DOMAIN

05

DOMAIN FIVE

Financial Position

Financial risks tend to come in both speeds simultaneously. A sudden cash crunch is the fast version; the slow version is the multi-quarter margin compression that explains *why the cash crunch happened at all*. Owners often see the fast version and miss the slow.

5.1 **FAST RISK** If revenue dropped 25% next quarter without warning, what would happen?

- EXPOSED** Layoffs or distress decisions within sixty days.
- MANAGED** Painful, but the business would absorb the shock through cost reductions and reserves.
- RESILIENT** A pre-considered set of responses would activate; we have stress-tested this scenario.

5.2 **SLOW RISK** How deliberately do you manage gross margin or contribution margin in your business?

- EXPOSED** Margin has drifted, and the cause is not fully understood.
- MANAGED** Margin is tracked, and we are aware of where pressure is building.
- RESILIENT** Margin is managed deliberately through pricing, mix, and cost; we act on drift before it accumulates.

5.3 **SLOW RISK** Do you regularly review your customer or revenue mix for quiet degradation — clients who used to be profitable becoming less so, service lines whose margins have eroded, accounts that consume more attention than they pay for?

- EXPOSED** No; we mostly look at top-line revenue and total profit.
- MANAGED** Periodically, when something prompts a review.
- RESILIENT** Regularly, as a discipline; we know which clients and lines are quietly degrading and act on it.

HEART STRONG COFFEE

Their break-room supply business has been less profitable each year for four years. The decline is gradual, about a point of margin per year, and absorbed by growth elsewhere. No quarter has ever been bad enough to force a review. The cumulative effect is that an offering that was healthy in 2022 has become a quiet drag on the business in 2026, and the owner doesn't know it because the books are reviewed at a level of aggregation that hides the trend.

WHERE TO POINT YOUR ATTENTION

Fast financial risks tend to get the most management attention because they hurt visibly. Slow financial risks are usually larger over time, but they hide behind aggregation, growth in other areas, and the absence of any single bad quarter that demands explanation. The discipline is to look at the numbers in the cuts that would reveal slow drift, not just the cuts that report well.

NOTES FOR THIS DOMAIN

AFTER THE DIAGNOSTIC

Look at your fast-risk answers and your slow-risk answers *separately*.

If your answers tilt one way or the other, the tilt itself is information. So is whatever you discover about why. Most businesses defend their fast risks more deliberately than their slow ones — not because the slow ones matter less, but because they don't trip alarms. A few questions worth sitting with:

Of the answers you marked *Exposed*, which one would have been hardest to notice on a normal Tuesday?

The drift that hides best is usually the one with no single bad day to point to.

For the slow-moving risks in your business, what would have to change for you to catch one while the signal was still *faint*?

Often it's a new cut of an existing report, or a conversation that happens monthly instead of yearly.

What's already in place that helps you see one kind of risk *clearly*?

Could that same kind of attention be turned somewhere it isn't currently pointed?

The *one risk* you'll watch for the next few weeks —

Pick the answer that has stayed with you. Watch for what surfaces.

— A CLOSING THOUGHT

The discipline of looking for *slow change* is unusual.

Most businesses don't have it, because human attention isn't calibrated for it — alarms get noticed, drift doesn't. That asymmetry is the opportunity. A business that builds the habit of watching for slow risk catches things earlier than its competitors do. Earlier means cheaper to address, more options available, less damage absorbed.

Over a year, the advantage is small. Over five years, it compounds into a different kind of business — one that has been quietly adjusting to changes its peers are only starting to notice. This is rarely framed as a competitive advantage because it doesn't look like one in any single quarter. There's no announcement, no launch, no visible move. There's just a business that keeps being in the right position when conditions shift, while others spend their energy responding to surprises that weren't actually surprises.

The diagnostic is a snapshot. The advantage comes from *making the looking habitual*.

— IF SOMETHING SURFACED

If working through this raised questions you want to think through with someone, *I'd be glad to grab coffee*.

No pitch — just a conversation about what came up and what it might mean.

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