

Draft of Chapter 13

Corporate Governance in the Shadow of Geopolitical Risk

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“American industry is today, in many ways, facing the most critical period in all its history.”
— John Weinberg, *Status and Functions of Corporate Directors* (1948)

In 1948, John Weinberg, then a Princeton undergraduate, offered a prescient diagnosis of American capitalism in his senior thesis. His observation, made in the immediate aftermath of World War II, reflected a deep awareness of the interdependence between corporate leadership and national well-being. Eight decades later, his words resonate with renewed urgency. The challenges facing American industry today—ranging from geopolitical instability and technological disruption to climate risk and social fragmentation—suggest that Weinberg’s call for a more responsible and nationally attuned capitalism remains not only relevant but imperative.

Weinberg argued that corporate boards bear a responsibility not merely to shareholders, but to the broader public. “Upon boards of directors,” he wrote, “to a certain extent, rests the responsibility for American industry and therefore the welfare of the whole country.” This insight, grounded in the postwar context of industrial mobilization and national reconstruction, has enduring implications. As this chapter will argue, the evolving nature, frequency, and intensity of geopolitical risk and the increasing entanglement of economic and national security interests demand a reexamination of corporate governance through the lens of what might now be termed patriotic capitalism.

This chapter proceeds as follows. First, it revisits Weinberg’s thesis in its historical context, situating his arguments within the broader intellectual and institutional developments of mid-20th-century corporate governance. Second, it traces the evolution of board responsibilities over the subsequent decades, highlighting key inflection points in the relationship between business and the state. Third, it introduces the concept of patriotic capitalism as a contemporary framework for aligning corporate governance with national priorities. Finally, it offers practical recommendations for boards of directors, including the integration of geopolitical risk into governance structures, the cultivation of expertise in international affairs, and the importance of public-private collaboration in an era of strategic uncertainty.

By drawing on historical insight and contemporary analysis, this chapter aims to demonstrate that the future of corporate governance lies not in retreating from public responsibility, but in embracing it as a strategic imperative. As Weinberg presciently noted, leadership “based not on the interest of capital or capitalism alone, but in the interest of the American people as a whole” is not merely idealistic—it is essential for long-term stability and prosperity.

A Student’s Insight, A Lasting Perspective

John Weinberg’s 1948 undergraduate thesis, *Status and Functions of Corporate Directors*, was written at a formative moment in American history—just after World War II, as the nation transitioned from wartime mobilization to peacetime prosperity. Though Weinberg was a student

at the time, his reflections on corporate governance reveal a maturity of thought that merits attention, particularly in today's complex geopolitical environment.

Weinberg's central premise—that corporate boards bear responsibilities not only to shareholders but to the broader public—was not revolutionary, but it was unusually clear-eyed for its time. He wrote, for instance, that “upon boards of directors, to a certain extent, rests the responsibility for American industry and therefore the welfare of the whole country.” This was not a sweeping claim of omnipotence, but a sober recognition that corporate decisions—especially in large, strategically significant firms—can have national consequences.

Another passage worth revisiting is his assertion that “the decisions of [business leaders] are important today as never before.” In 1948, this reflected the urgency of postwar reconstruction and the emerging Cold War. Today, it resonates in a different register: the interconnectedness and interdependencies of global markets, the fragility of supply chains, and the strategic importance of technology and energy sectors all underscore the weight of boardroom decisions.

Perhaps most prescient is Weinberg's suggestion that directors should have “an understanding...in the whole field of world affairs and its potential influence upon American industry.” At a time when globalization was still in its infancy, this was a forward-looking observation. In today's world—where geopolitical risk is structural, not episodic—it reads less like a recommendation and more like a necessity.

To be sure, Weinberg was not writing as a policymaker or seasoned executive nor is this a sustainability credo as is it defined today. His thesis does not offer a blueprint for modern governance. But it does provide a useful lens through which to consider the evolving role of corporate boards. His emphasis on leadership that balances economic performance with public responsibility concerning bad actor threats remains relevant, especially for multinational firms whose operations intersect with national security, international diplomacy, and global stability.

In this light, it is reasonable—not radical—to suggest that boards of major corporations should treat geopolitical awareness as part of their fiduciary and stewardship duties. This does not mean politicizing the boardroom or substituting business judgment with foreign policy. Rather, it means recognizing that in a world of strategic competition, economic interdependence, military threats, and regulatory complexity, good governance requires a broader field of vision.

Weinberg's thesis reminds us that the responsibilities of corporate leadership are not static. They evolve with the times—and the times are always changing.

History Did Not End After the First Cold War

After winning the Cold War in 1989, the West embraced the mistaken notion that we could dismiss traditional forms of great-power competition and balance-of-power diplomacy. That misguided consensus was based on two faulty assumptions: first, that America's victory in the Cold War was absolute, ensuring its unchallengeable supremacy for decades; and second, that the “rules-based” world order we were building would be both popular abroad and uncontroversial at home.¹

That new world order also ushered in an extended era of globalization complete with increasing economic and trade dependencies. Consequently, globalization provided significant advantages for corporate leaders, while pressing geopolitical concerns were dismissed as relics of the past.

But contrary to expectations, History did not end in 1989; rather, the decades-long illusion of a stable, globalized order was dismantled by Russia's invasion of Ukraine in 2022.² Then a series of simultaneous geopolitical crises in Europe, the Middle East, and East Asia, brought a new and critical inflection point in geopolitics and the political economy.³

Heretofore, there had been a tacit assumption that discrete flashpoints might disrupt business operations temporarily but would eventually subside. The reality today is that those flashpoints have evolved into long-term, systemic challenges that define the global business environment.

Contemporary crises are not temporary disruptions; they underscore fundamental failures of deterrence and mark a new geopolitical paradigm that businesses and governments must confront. John Weinberg's thesis goes further to suggest this is a failure in the business community to recognize the importance of corporate governance in the larger context of the global totalitarian threat and attacks on the free enterprise system.

Historically, military confrontation has been the primary concern when evaluating geopolitical risk. However, the concept has expanded. For example, the recent US administration's approach to tariffs as a tool for economic and diplomatic leverage demonstrates how economic policies can introduce new layers of uncertainty. Geopolitics is directly influencing supply chains, free trade agreements, export controls, and foreign investments, making risk management more complex than ever.

This is a classic wake-up call. The business community must recognize these military and economic risks are no longer isolated and cannot be summarily dismissed as it once did; they are interconnected and systemic. Heretofore, the default setting was to treat corporate governance as de facto apolitical, seeing geostrategic influences agnostically and antiseptically or at least as one-offs and novel. That indulgence is over.

Today's geopolitical risk requires continuous adaptation rather than reactive crisis management. Passive monitoring of geopolitical developments is no longer sufficient; companies must actively embed agility and resilience into their operational frameworks, supply chain strategies, investment decisions, and risk management protocols.⁴ Companies that fail to integrate geopolitical considerations into their long-term strategic planning will not only face sudden and severe disruptions but may also suffer financial instability, reputational damage, and regulatory penalties.⁵

For corporate boards, these developments necessitate a reassessment of their long-term global exposure. Boards must rigorously assess vulnerabilities in supply chains, energy dependencies, and foreign investment portfolios, evaluating their exposure to potential settlement outcomes.

In Europe, for example, NATO countries are making commitments to increase defense spending and assume greater responsibility for their collective national security. This shift has significant implications for boards overseeing multinational companies. Defense contractors, cybersecurity firms, and logistics providers will likely see increased demand as European nations prioritize military readiness. Additionally, financial institutions and investors must reassess their portfolio strategies, as heightened defense spending may drive economic realignment within the EU. Finally, companies operating in Europe must anticipate potential regulatory shifts, such as

new restrictions on technology exports, changes in dual-use goods classifications, and increased scrutiny of foreign direct investments in sectors deemed critical to national security.

Historical Context: Lessons from the Past

To be sure, the concept of geopolitical risk is not new. We've been here before and seen this movie in a manner of speaking. Throughout history, businesses have been affected by global conflicts, economic nationalism, and shifts in power dynamics. During World War II, companies had to rapidly adjust to wartime production, while during the Cold War, businesses had to navigate restrictions on trade with the Soviet bloc. To be sure, corporate governance decisions in those eras were shaped by viewing the corporation as, in its own way, engaged in the conflicts as well.

During World War II, U.S. corporate boards were deeply enmeshed in geopolitical strategy, albeit under the auspices of national mobilization. Companies like Ford, General Motors, and Boeing restructured their operations to support the Allied war effort, often at the direction of federal agencies. Board decisions during this period were not merely about profitability but about alignment with national security priorities—an early example of how geopolitics could override traditional corporate governance concerns.

In the Cold War era, multinational corporations faced a different kind of geopolitical calculus. Boards had to navigate the risks of operating in or near the Soviet bloc, manage exposure to nationalization in newly independent post-colonial states, and comply with U.S. export controls and sanctions. The rise of defense contracting and the military-industrial complex also brought geopolitical considerations directly into boardrooms, especially for firms in aerospace, telecommunications, and energy.

The 1970s energy crisis marked another inflection point. The OPEC oil embargo and subsequent economic turmoil forced boards to confront the vulnerabilities of global supply chains and the strategic importance of energy diversification. Many companies began to integrate geopolitical risk into their long-term planning, recognizing that global political dynamics could have immediate and material impacts on operations and profitability.

The post-9/11 era including increasing cyber-attacks introduced a new dimension of geopolitical risk – warfare by other means – that reshaped boardroom priorities across industries. The terrorist attacks of September 11, 2001, catalyzed a wave of regulatory, security, and operational changes that demanded board-level attention. Companies with global operations had to reassess physical and cyber vulnerabilities, while sectors such as aviation, logistics, finance, and energy faced heightened scrutiny and compliance obligations. The creation of the Department of Homeland Security and the passage of the USA PATRIOT Act introduced new legal and ethical considerations for boards, particularly around data privacy, surveillance, and international partnerships.

The 2008 financial crisis exposed vulnerabilities in global economic interdependence, leading to a renewed focus on economic sovereignty. Indeed, John Weinberg writing in his *Status and Functions of Corporate Directors* in 1948 noted these challenges saying:

American industry is today, in many ways, facing the most critical period in all its history...Upon boards of directors, to a certain extent, rests the responsibility for American industry and therefore the welfare of the whole country. The decisions of [business leaders] are important today as never before.⁶

Arguably, we're watching a historical sequel. History doesn't necessarily repeat itself exactly, but it does tend to rhyme.

The geopolitical risk we face now is at least as great as what we faced in WWII when we confronted and defeated Italy, Germany, and Japan. The primary difference is that WWII was a large-scale kinetic war fought between clear alliances. Today's conflicts are largely hybrid — economic, cyber, and political warfare dominate instead of direct large-scale military confrontations. However, some similarities exist in terms of economic warfare (sanctions, trade restrictions) and ideological divides.

When compared to the first Cold War, today's geopolitical risk is arguably greater because we now face multiple adversaries rather than just one major one like the Soviet Union and we are so economically linked. While there are strong parallels between the Cold War and today's US-China rivalry — particularly in terms of economic and technological competition — unlike the Cold War, where the US and Russia had little economic interdependence, the US and China are deeply economically intertwined, making direct conflict much riskier for both sides. Additionally, today's world has more regional conflicts and non-state threats, making it more chaotic than the Cold War's structured competition.

Indeed, the clearly defined rivalries of the past have given way to multiple spheres of influence and power struggles, shaped by new dimensions of power, such as cyber warfare, economic dependencies, and non-state actors. Unlike the Cold War, which was largely a bipolar struggle between the US and the Soviet Union, today's world is multipolar. The US, China, Russia, the European Union, and regional players like India and Iran all exert influence in diverse ways. This makes geopolitical calculations far more complicated — there isn't a single dominant rivalry but rather a web of competing interests.

Amid this mosaic, China is an interesting case study. Its ascent as a global economic superpower has redefined strategic and financial landscapes, challenging established norms in trade, security, and diplomacy.⁷ Over the past two decades, many corporations have expanded operations in China, benefiting from lower production costs and access to a vast consumer market. However, increasing tensions between the US and China have forced companies to reconsider their dependence on Chinese manufacturing. The semiconductor industry is a prime example, with major firms now shifting production to the US, Taiwan, and other allied nations to mitigate geopolitical risks.

We are effectively operating in Don Rumsfeld's "unknown unknowns" territory⁸ with new frontiers of conflict: Cyber, Space, and AI. Past geopolitical struggles were fought through military campaigns, espionage, and economic sanctions. Today, nations can wage war in cyberspace, disrupt financial systems through hacking, and use AI to manipulate narratives in other countries. This digital dimension of geopolitical risk makes it more pervasive and harder to contain. Unlike traditional warfare, cyberattacks happen instantly, and attribution is often difficult. Meanwhile, astro-politics is now a reality. We presently dominate in space, but China is making substantial investments to catch up.

And finally, in the post-9/11 era, the early 2000s were dominated by counterterrorism and asymmetric threats. While terrorism remains a concern, today's geopolitical risks involve more state-based conflicts and economic struggles rather than purely ideological battles against non-state actors.

Meanwhile, the international institutions created to address these risks no longer enjoy the cachet they once did. During the Cold War, institutions like NATO, the UN, and various arms control treaties helped mitigate the worst risks. Today, many of these institutions face declining influence, with countries like China, Russia, and even some Western nations challenging global norms. The breakdown of these diplomatic mechanisms makes risk management much harder.

The pace has only intensified. There are more frequent and overlapping crises. In past global conflicts, there were often distinct periods of tension followed by resolution or de-escalation. Today, geopolitical crises don't seem to resolve — they evolve and multiply. The Russia-Ukraine war hasn't led to a clear settlement, Middle Eastern tensions continue to simmer, and US-China competition remains a long-term structural challenge. The persistence of multiple crises at once adds to uncertainty exacerbating the VUCA⁹ and BANI¹⁰ conditions that define today's geostrategic landscape.

Understanding these historical patterns and acknowledging geopolitical risk today is arguably more complex, widespread, and unpredictable than at many points in modern history helps boards anticipate and prepare for future risks. Although globalization once appeared inevitable and unstoppable, recent events have shown geopolitical considerations can rapidly alter economic dynamics. Boards must learn from history and implement strategies that ensure business continuity in an unpredictable world.

Unfortunately, what makes this moment in time unique is the defining characteristic of today's geopolitical risk which is pervasive uncertainty — there are no clear endgames to major conflicts, no dominant international order enforcing stability, and no historical precedent for managing risks that range widely from cyber warfare to global supply chain disruptions. Today's environment is not only VUCA, but also BANI on steroids requiring boards, as in the Weinbergs' day, to adapt to these global challenges.

For businesses, investors, and governments, this means geopolitical risk isn't just a background concern — it's a central factor in decision-making. Unlike past conflicts that had clearer boundaries, today's risks spill over into markets, technology, and everyday life in ways that make resilience and adaptability more important than ever. Yet, just as worrisome is the reality that only a small fraction of US business executives and the director population have geopolitical experience. Because they're unaccustomed to operating in this environment, they feel ill-equipped to instinctively assess and manage this mayhem.

The Role of Patriotic Capitalism in the Boardroom

To help address these realities, a new economic paradigm — patriotic capitalism — has emerged in response to these shifting global dynamics. In his time, John Weinberg characterized this as “responsible capitalism” – the notion that responsible corporate governance can contribute to national security and economic stability. He quotes Edward Stettinius, then the chair of US Steel, saying “...no longer can industry plow a single furrow toward a strictly economic objective; instead, it must manage its affairs with due regard to the whole field of human relations.”¹¹

In other words, this is a clarion call for directors to act in the national interest. This approach aligns corporate responsibility with national economic and homeland security priorities. It reflects the growing realization that businesses and governments must align their economic strategies with geopolitical realities. John Weinberg sums this up quite prophetically when he says, “It seems that

the only way boards of directors can best meet the needs of the American people, most nearly supply their wants, maintain profits, handle problems of unemployment, and face the Russian challenge, is through outstanding leadership, which accepts social responsibility. Such leadership will seek to frame constructive plans based not on the interest of capital or capitalism alone, but in the interest of the American people as a whole.”¹²

“Patriotic” capitalism — the principle that what’s good for the country is also good for the bottom line, and that the nation and its citizens are as much a key constituency as any other — is capitalism’s latest incarnation and one that is arguably eclipsing, or at least supplementing, the stakeholder and ESG debates. Indeed, the ultimate sustainability imperative in a volatile, uncertain, complex and ambiguous world is the country’s national security underwritten by all the elements of national power — economic, technical, military, diplomatic and educational.

In that context, it’s prudent for the business community to engage regularly with policymakers and regulatory bodies, be part of a coordinated leadership effort with government leaders domestically and globally, inform public officials about diligently thinking through the potential consequences of their decisions, and create an economic strategy that aligns with our diplomatic and national security policies – to be on the same page, as it were. In effect, good governance at the board level supports a strong economy in the aggregate. A strong economy, of course, enables a strong America and funds a formidable defense deterrent, an ironclad insurance policy. That’s important because our ability to be influential in supranational matters we care about — whether it’s human rights, climate change or many other topics — depends greatly on our total soft and hard geopolitical power.

Again, this is not a novel concept but one that has returned to prominence, the denial by some notwithstanding, and, it’s one John Weinberg duly noted in explaining boards’ responsibility in maintaining economic stability and acting in the interests of the country.¹³ Professor Dael Norwood is also an advocate of this notion when he says, “directors should maintain a broad outlook and believe in America’s future [and be] stewards of national values.”¹⁴

We saw this on full display during World War II and the Cold War when we strategically applied our military, economic and diplomatic might in a coordinated manner and in concert with our allies to defeat our adversaries. These historical examples exemplify patriotic capitalism in action. Then as now, in eras defined by great-power competition, this concept recognizes the interrelationship between economic security, national security, and energy security¹⁵ and the fundamental principle that we don’t have the luxury of compartmentalizing and condoning bad actor behavior — as some governments and businesses have in recent times, which likely incentivized more hostile acts. It will require the united front we displayed decades ago if we are to succeed in this post-neoliberal world and prevail in a potential Cold War II scenario.

For US-based boards and management teams, patriotic capitalism in practice means prioritizing domestic supply chain resilience, engaging with policymakers, and ensuring corporate strategies do not undermine national security interests. It’s about helping secure the vitality and vibrancy of the American economy — one company at a time. Professor Norwood suggested as much in declaring “the work of a corporate director [is] deeply connected to the nation’s future.”¹⁶ It also acknowledges that public officials and business leaders are both in the global-security and the domestic-prosperity business,¹⁷ which requires that they function as mutual force multipliers and avoid working at cross-purposes.

John Weinberg aptly describes it this way, “An additional area where directors should have an understanding is in the whole field of world affairs and its potential influence upon American industry.”¹⁸ For example, the US and its allies are actively working to counter economic dependencies on adversarial nations, making it imperative for companies to reassess their global footprint. This is particularly relevant in critical industries such as technology, defense, and energy, where geopolitical tensions can directly impact business viability.

Boards must now consider their role not just in terms of shareholder value but, as John Wienberg suggested, stewards of economic stability within a broader geopolitical context. This shift demands closer coordination with government agencies, increased investment in secure and sustainable supply chains, and proactive engagement in shaping policies that influence international trade and security. Indeed, both Sidney Weinberg and Professor Norwood envisioned “corporate directors [working to shape] the future of business and society.”¹⁹

Key Geopolitical Risks Boards Must Address – Both the Urgent and Important

As outlined, the current geopolitical risk landscape is an urgent and important concern for corporate directors and boards because it directly impacts nearly every facet of business strategy, operations, and long-term growth. Unlike past periods where geopolitical risk was often a consideration for specific industries — like defense or energy — today, it touches all sectors. No one is immune to its impact. This is an “unknown unknown,” one that is extraordinarily difficult to predict or plan for, the type that is not only disruptive but destructive, the type that can be existential. So boards must be proactive rather than reactive, integrating geopolitical risk management into their core governance responsibilities.

More specifically, key geopolitical risks for boards to monitor include:

- *Supply Chain Vulnerability and Business Continuity*
 - The weaponization of supply chains,²⁰ as seen in semiconductor restrictions and energy shortages, requires companies to diversify suppliers and develop contingency plans. The US-China trade tensions, the war in Ukraine, and Middle East instability have all disrupted critical materials, from semiconductors to energy resources.
 - Nearshoring and "friend-shoring" have become essential strategies to reduce reliance on adversarial nations.
 - A systematic, data-driven evaluation of supply chain dependencies is essential, allowing boards to pinpoint vulnerabilities at every stage of production, distribution, and logistics.²¹
- *Regulatory and Trade Policy Uncertainty*
 - Tariff wars, sanctions, and export controls shape market access. Boards must stay ahead of shifting regulations and assess how trade policies impact their operations.
 - Trade restrictions are increasingly being used as a geopolitical tool, affecting global competitiveness. Boards must implement compliance frameworks particularly in industries like finance, technology, and manufacturing, that ensure adaptability to new regulations and access to markets.

- Emerging trade restrictions require continuous monitoring and compliance adaptation.
- *Cybersecurity, Technological Warfare, and Data Protection Risks*
 - Cyber warfare, increasingly weaponized by state actors,²² has become a defining element of global conflict, threatening industries from financial services to healthcare and critical infrastructure.²³ These nation-state cyber threats are escalating, making cybersecurity a board-level concern.
 - Companies must invest in advanced defenses including threat detection, crisis response, and workforce training against cyber espionage and infrastructure vulnerabilities.
 - As cyberattacks become more sophisticated, boards must ensure their organizations are not only reacting to threats but proactively preventing them.
- *Market and Investment Volatility and Capital Risks*
 - Geopolitical tensions drive market instability. Whether it's energy price fluctuations from Middle East conflicts, supply chain issues from China, or currency volatility due to economic sanctions, companies must navigate unpredictable financial environments.
 - Economic decoupling between the U.S. and China is reshaping global investment patterns.
 - Boards must stress-test financial strategies against potential geopolitical shocks.
 - Boards should consider the risk of capital flight and market fluctuations when engaging in global business ventures, particularly in regions with high geopolitical tensions.
- *Shareholder and Stakeholder Expectations and Reputation Risks*
 - More than previous eras, some consumers, investors, and employees increasingly expect companies to take stands on global issues such as human rights, environmental policies, and international conflicts. Boards must carefully balance these pressures while protecting shareholder value.
 - Transparency in corporate governance and political engagement is now expected, making it imperative for boards to craft clear, well-communicated strategies for handling geopolitical crises.
 - A misstep — whether through inaction or taking too strong a stance — can result in reputational damage, regulatory scrutiny, and even consumer backlash.
- *Talent and Workforce Disruptions*
 - Global instability affects talent mobility, hiring, and workforce operations. Immigration policies, regional conflicts, and regulatory

changes influence companies' ability to attract and retain skilled workers.

- Boards must anticipate and mitigate talent risks in geopolitically sensitive regions.
- Boards should develop policies that support workforce stability, including relocation assistance and risk assessments for employees working in high-risk zones.

How Boards Should Integrate Geopolitical Risk into Strategy

To ensure resilience in this volatile landscape and reduce exposure, boards should prepare and adopt the following best practices:

- *Establish Geopolitical Risk as a Core Governance Priority*
 - Consider assigning a dedicated committee or task force to monitor geopolitical developments. Subscribe to reputable geopolitical intelligence sources.
 - Implement structured processes for reviewing geopolitical risk data and making informed decisions in response to evolving threats. Embed geopolitical risk into the organization's Enterprise Risk Management (ERM) framework. Treat it as a standing part of ERM and not just a headline risk.
 - Map the organization's dependencies by geography, supplier, and regulatory environment. Identify "single points of failure" and consider diversification strategies.
 - Receive regular updates on geopolitical developments relevant to operations, supply chains, and strategy.
 - Regularly update risk assessments and integrate findings into corporate strategy. Assess risk through financial, operational, reputational, and regulatory lenses.
 - Create an internal geopolitical risk dashboard, leveraging data analytics and real-time intelligence, that allow boards to stay ahead of emerging threats.
 - Ensure geopolitical risks are regularly discussed in strategy meetings and that organizations engage in stress-testing for worst-case scenarios.

- *Practice Robust Crisis Governance and Develop Scenario-Based Strategic Planning*
 - Stand up a geopolitical nerve center or "war room" – an enterprise central hub that tracks new developments in global trade and other geopolitical matters to help business leaders navigate the uncertainty.
 - Conduct "war-gaming" exercises and tabletop exercises to anticipate potential geopolitical crises and their impact on operations.
 - Routine stress-testing of supply chains, financial models,²⁴ and crisis response strategies is imperative to ensure organizational resilience in

an era of geopolitical volatility.²⁵ Practice, practice, then practice some more.

- Engage external geopolitical analysts and experts to provide insights into emerging risks and global trends. Build trusted relationships with trade associations, embassies, international legal advisors, and regulators.
 - Engage in public-private partnerships or industry consortia on cross-border policy developments.
 - Ensure crisis management plans include contingencies or triggers for rapid shifts in political alliances, armed conflicts, and trade restrictions. Include clear escalation plans for geopolitical disruptions, including who within leadership handles response coordination.
- *Enhance Cyber Resilience*
 - Invest in next-generation cybersecurity infrastructure and threat intelligence to counter increasingly sophisticated state-sponsored cyber threats.
- *Diversify Supply Chains and Market Exposure*
 - Reevaluate supply chains for resilience. Do not be overly reliant on single-source suppliers from politically unstable regions.
 - Localize operations where feasible to meet local compliance and reduce exposure to cross-border tensions.
- *Strengthen Government and Policy Engagement*
 - Build relationships with policymakers to stay informed about trade, regulatory, and security policies.
 - Advocate for policies that support long-term business stability and competitiveness.
 - Actively participate in industry coalitions to shape policy discussions and protect business interests.
 - Work with legal experts to ensure that lobbying and advocacy efforts are aligned with both domestic and international law.

Conclusion: Boards Must Engage and Be Proactive, Not Reactive

In this chapter, we established geopolitical risk is no longer a secondary concern — it is a dominant factor, a core business risk, a permanent strategic concern in corporate governance. As global tensions rise, corporate resilience strategies must evolve to address new geopolitical uncertainties. Boards and management must institutionalize geopolitical risk management rather than treat it as an occasional disruption – take an anticipatory approach to global instability and prepare for disruptions before they materialize.

A comprehensive risk framework must integrate geopolitical forecasting with financial modeling, ensuring businesses remain adaptable in an ever-shifting global landscape. This continuous strategic adaptation capability enables corporate boards to adjust their strategies to

address both historical and contemporary global threats, ensuring resilience and stability. Organizations that embed geopolitical foresight into their strategic frameworks will be better equipped to anticipate disruptions, mitigate risks, and capitalize on emerging global trends. This is about embracing a long-term, resilient mindset, ensuring that their organizations are not only prepared for disruptions but capable of thriving in an increasingly complex world.

Companies practicing sound geopolitical hygiene can safeguard their operations, protect shareholder value, and contribute to broader national and economic security goals. In an era where uncertainty is the only constant, adaptability and foresight will define the most successful organizations. Boards that fail to recognize the magnitude of these risks may face existential threats to their business models and long-term viability.

Resilience in this environment can be a competitive advantage. In practice this means diversified supply chains, robust cybersecurity measures, and flexible operations. To further solidify resilience, boards – as John Weinberg urged – must also invest in education and training programs that enhance directors’ understanding of global affairs. Having board members with backgrounds in international relations, national security, or global supply chain management can be an invaluable asset in shaping a company’s geopolitical strategy.

We have examined explicit parallels between the historical challenges corporate directors faced in the Weinbergs’ era and today’s modern geopolitical risks. Thankfully, we can take a page from previous geopolitical campaigns like WWII and the Cold War and acknowledge economic and national security (including and especially energy security) are increasingly intertwined.²⁶ We prevailed in those campaigns because industry adopted a form of patriotic capitalism fueled by a sense of shared values – principles that have evolved but remain central to effective corporate governance – and aligned their strategies with government policies and geopolitical realities.

Beyond this imperative, it is important that boards balance stakeholder pressures to take controversial positions on global issues. John Weinberg suggested as much when he called for the “harmony of interests” – “[balancing] geopolitical risks with the interests of various stakeholders, ensuring long-term stability and profitability.”²⁷ Weigh these pressures carefully, ensuring that corporate responses align with organizational mission, vision, and values and long-term strategy while avoiding unnecessary reputational or regulatory risks.

Finally, boards should approach geopolitical risk not just as a challenge but as an opportunity. Companies that can anticipate global trends, adjust their strategies, and adapt to new geopolitical realities will not only survive but thrive in an increasingly complex world. Proactive engagement in global markets, strategic partnerships with governments, and investments in emerging economies can provide a competitive advantage. Those that fail to act risk being caught off guard by the next major geopolitical shift.

In conclusion, boards must shift their mindset from passive observers to active strategists in geopolitical risk management. In an era defined by uncertainty, the most successful enterprises will be those who can strategically anticipate geopolitical shifts, harness intelligence-driven risk assessments, and position their organizations for sustained global leadership.

END NOTES FOR MONTELONGO

¹ Hal Brands, “The Dangerous Myth of American Decline,” *Foreign Affairs*, July/August 2021.

² Jeffrey Mankoff, *Empires of Eurasia: How Imperial Legacies Shape International Security* (New Haven: Yale University Press, 2022).

³ Joe Biden, remarks at Democratic fundraiser, New York City, October 6, 2022.

⁴ Martin Reeves, Annelies O’Dea, and Philipp Carlsson-Szlezak, “How Boards Can Build Long-Term Resilience,” *Harvard Business Review*, October 2022.

⁵ National Association of Corporate Directors (NACD), *Board Oversight of Geopolitical Risk* (Arlington, VA: NACD, 2022).

⁶ John L. Weinberg, *Status and Functions of Corporate Directors* (Princeton University: Department of Economics and Social Institutions, 1948), 20.

⁷ Susan L. Shirk, *Overreach: How China Derailed Its Peaceful Rise* (New York: Oxford University Press, 2022).

⁸ U.S. Department of Defense, “DoD News Briefing – Secretary Rumsfeld and Gen. Myers,” February 12, 2002.

⁹ Warren Bennis and Burt Nanus, *Leaders: Strategies for Taking Charge* (New York: Harper & Row, 1985). VUCA stands for *Volatility, Uncertainty, Complexity, and Ambiguity*. The term was introduced by the U.S. Army War College in 1987 to describe the complex and rapidly changing post-Cold War world. It was influenced by leadership theories from Warren Bennis and Burt Nanus.

¹⁰ Jamais Cascio, “Human Responses to a BANI World,” *Medium*, April 18, 2018, BANI stands for *Brittle, Anxious, Nonlinear, and Incomprehensible*. The term was coined by futurist Jamais Cascio in 2018 as a framework to describe the increasingly chaotic and unpredictable nature of the modern world, offering an update to the VUCA model.

¹¹ Edward R. Stettinius Jr., quoted in John L. Weinberg, *Status and Functions of Corporate Directors* (Princeton University: Department of Economics and Social Institutions, 1948), 24.

¹² John L. Weinberg, *Status and Functions of Corporate Directors* (Princeton University: Department of Economics and Social Institutions, 1948), 24. See the subsection “Development of Social Responsibility.”

¹³ John L. Weinberg, *Status and Functions of Corporate Directors* (Princeton University: Department of Economics and Social Institutions, 1948), 20.

¹⁴ Prof. Dael Norwood's expected chapter “The Business of Directing in a Changing World.”

¹⁵ Joel Slawotsky, “U.S. Corporate Director Responsibilities to Oversee National Security Threats in an Era of Great Power Rivalry,” *Journal of Corporation Law*, University of Iowa, 2024; and Harry G. Broadman, “Inducing U.S. ‘Economic Patriotism’ Through Outbound Investment National Security Screening,” *Forbes*, February 28, 2023.

¹⁶ Prof. Dael Norwood's expected chapter “The Business of Directing in a Changing World.”

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