

Orange Flags:

One of the most common orange flags I come across when assessing a CEO is a lack of candor.

I was watching a recent interview, and while the words were technically right, it all felt performative — a little off — though I couldn't quite put my finger on it. Then he pulled out a Ray Dalio book, and I stopped immediately. There's a good chance he'd been coached on what investors want to hear and had spent a lot of time rehearsing. This doesn't mean he's a bad person or even a bad CEO, but if I were a shareholder, I wouldn't feel confident I knew who I was really partnered with. And that raises the risk of getting shaken out of the stock at precisely the wrong time.

Think about the CEOs who've created the most valuable companies. They're unusually pragmatic. They use clear, direct language that helps others understand what they're trying to build and improves trust and alignment. There's purpose and urgency, but also a sense they don't take themselves too seriously. It's not hard to see why employees, customers, and suppliers get on their bus.

One of the most valuable traits an investor can have is understanding who they are — which includes knowing what they will and won't do. It means sticking your neck out for what you believe in and expecting the same from the CEOs you partner with.