

*Leadergy Center is an exclusive professional leadership development resource for senior executives of corporations, governments, and not-for-profit organizations. We trade in a currency of trusted relationships under-pinned by character, commitment, connection, and competence. We've taken an oath to protect American values, to uphold and protect the constitution of the United States, and to assure each and every client of ours receives our best every day.*

## Is There More Risk in Being Risk Adverse?



Everyone owns a personalized view of risk, and associated “comfort” with taking risks. What one leader perceives as risk another may be completely unaware of any perceived risk. There are many variables that go into our innate “risk equation”, and these variables can be quite distorting of reality.

Yet each day leaders make choices based on what they are seeing through their lens of “risk distortion”. It’s disheartening when we see leaders of great potential either miss opportunities, or are over-aggressive in their choices because they are judging risks inappropriately.

Our relative risk assessment capability is driven by two of the three parts of our mind. Our mind is organized in three dimensions;

Cognitive (Thinking) – Where skills, intellect, IQ reside  
Affective (Feeling) – Where values, virtues, emotions reside  
Conative (Doing) – Where action, doing, decisioning reside

Perceptions and judgments of risk are a product of our Cognitive and Affective mind, and these drive changes in our perceptions of risk over time.

For example, from birth to about twelve years of age we have very little risk intensity in our lives. For the most part our lives are secure, with minimal threats, and minimal life-impacting consequence to our actions. Sure, if we disobey parents we may get disciplined, but this consequence is not life-impacting. An injury due to carelessness in a car accident or sports accident has potentially life-impacting consequences, as does getting fired from a job due to poor performance, or making a serious mistake. As we get older, our decisions and their consequences are more impactful.

At some point in our businesses we can become “risk–adverse” as consequences may lead us to become very careful in our decisions. This is a good thing, because, after all, we are learning organisms. We should be interpreting our future decisions in part based on what we learned in past experiences.

However, due to the distortion that may occur in our Affective mind, our emotions and feelings can intensify disproportionately to the actual risk level and we become adverse to perceived risk. We’ve all heard the axiom of “no risk – no reward”, and for the most part there is significant wisdom in that. Those that risk much earn much. Those that don’t, well, generally don’t.

In a recent meeting with a respected business leader, he asked a question, “Where do I find the time to re-create my business (risk a new direction), and how does one get started?” These are two questions we’ve heard countless times. When business stalls, people are usually motivated to re-think and re-tool their approach, but by then it is often too little too late. Generally speaking, if a leader isn’t re-creating business on a continuous basis s/he will usually find their back against the wall at some point, especially when the economic cycle turns south for a season.

Why don’t leaders take more measured risk to assure a vibrant future in their business and how do you know if YOU have fallen into being risk- adverse?” Here are six signs to consider:

1. **Complacency.** Building a business and arriving at a certain level of success is hard work, but when success is achieved, motivations tend to shift to protecting that success. Leaders now have an obligation to protect the value created, and loyalty is shared between two primary directives; sustain financials and grow them, but not at the risk of losing the ground gained. It’s easy to “settle in”, and also easy to assume that what worked for us in the past will repeat success.

If you are complacent, here are a few simple signs:

- a. You spend more time in the office and less time with the customers. (More internally focused than externally)
- b. You justify being busy with less revenue producing activities.
- c. You stop asking questions, and you don’t get excited about the business.  
*Complacency is how we lose our edge in life.*

2. **Change Avoidance.** Change requires looking at your business with a fresh pair of eyes, but our perceptions can become dulled by our success. We don’t see key signals until someone points it out to us.
3. **No New Revenue.** You haven’t had a new customer or product concept in three months. If you’re selling phone booths, then you are already a victim of risk adversity. You should have had a new product when wireless technology made phone booths obsolete.
4. **Tough Questions.** You haven’t asked ‘tough questions’ regarding your business lately. We aren’t talking about the balance sheet here. Those are the easy questions, and those are historical indicators. Every balance sheet is reflecting results of what the team did. It isn’t looking forward. What do your forecasts look like, new product innovation plans, new technology emergence threats, new problems in your customers orbit? When you first started the business, all these questions were top of mind. When you stop asking them, you stop growing.
5. **Planning Energy.** You’re too busy to conduct six month, twelve month, two year or three year planning, or you avoid planning all together. Every turnaround we have led arrived at the turnaround stage because there was never a plan for growth.
6. **Only Maintaining.** Your staff is just ‘keeping up’ to maintain the business. Your organization, the people, will tell you if your culture has become risk-adverse. You have to listen with an open mind.

All great leaders want to grow their business and put points on the board but getting out of the risk-rut is not easy. Nine out of ten organizations can’t do it by themselves. The result is lost business opportunity, lost revenue, lost customers and eventually turnover of key employees. If not reversed the doors will close.

Risk- adversity is a like weight gain. One day you stop exercising and eating right. Gradually you gain weight. You need to reverse the trend. When you started your business you took risk. You knew where you wanted to go, but one day you stopped challenging status quo, and became part of the status-quo. What made you successful led you to become complacent.

Don't lose heart – the first step to eliminating the “rut of being risk- adverse” is to recognize you are in the risk rut. The second step is to re-create your business with the help of people who have demonstrated innovative leadership and vision casting, linking strategy with talent and opportunities. Outsiders have fantastic objectivity, and that is the key – an outside critical eye that can discern opportunities that you and your team may be overlooking.

## **Our Invitation**

The Leadergy® Center is a safe haven for exploration, discovery, and application of transformational leadership that delivers business results in a constantly changing world. We would like to serve you and your organization by helping you achieve 21<sup>st</sup> century transformational leadership. This may include helping you identify your unique capabilities that are currently being under-utilized, as well as that of your leadership team.

Our personal and professional lifetime commitment is to help leaders like you and your executives achieve differentiating results in relationship to bringing out the best in your people. After all, that is really what leadership excellence is about – bringing out the best in others to advance achievement of shared goals.

We want to help you mold and shape your groups leadership to accomplish that. Our focus is crystal clear. If we can help you equip and shape your organization for achieving performance firepower, then it becomes another building block in our pursuit of nation building. Our goal is to help facilitate the refinement, or possibly the re-creation of organizations like yours in ways that will utilize all its resources to achieve uncommon results through transformational leadership, thus serving future generations in a positive way.

We would love to come up alongside of you and give you some tailwind to help you lead a transformation. Give us a call today, or drop us an email, as we'd love to get to know you better, and evaluate how we may be of service to helping you live your dream, your passion, and your purpose.

For more information about us and our business please visit us at: [www.leadergycenter.com](http://www.leadergycenter.com)

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