

Reducing Conflict 80 The Role of Risk

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What is the role of risk in our lives? Most of us were taught at an early age to do our best to avoid risk. That is why Mom always told us never to run with scissors.

It is prudent to be aware of things that could go wrong and harm us. On the flip side, if we always take the safest path we will not get very far in life. We also won't have much fun.

There is some balancing of risk versus reward that goes on in our subconscious nearly all the time. These thoughts usually occur subconsciously.

The role of risk is to allow more conscious decisions

In life, there are thousands of things that can work against our success, our health, and even our life. Risk is that thought pattern that alerts us to potential dangers so we can improve our batting average. We take most actions out of habit or rote. The role of risk is to ring a little bell inside our heads to think about our underlying assumptions.

An example of risk

Alphabet, Google's parent company, recently announced it would lay off 12,000 employees. Sundar Pichai, CEO of Google, had to try to explain the inability to predict a slowdown after unprecedented growth in 2021. In a recent article in Inc. Magazine, the explanation was as follows:

“How is it possible that the CEO of a trillion-dollar company wasn't able to foresee that economic trends born of a global pandemic weren't likely to continue once people, you know, started going outside again? I mean, all he would have had to do is type ‘will the pandemic economic growth continue?’ into Google's search field, and he would have seen that most economists were predicting more than a year ago that growth was slowing.”

The ability to see around corners

Colin Powell had a nice way of expressing how to deal with risk in hiring people. In his article, *18 Leadership Lessons* he wrote the following description.

“Powell's Rules for Picking People: Look for intelligence and judgment, and most critically, a capacity to anticipate, to see around corners.”

The secret sauce here is to raise assumptions to a higher conscious level. Know when there is a risk in front of you.

Keep an eye on shifting momentum

When trying to anticipate risk think not about what you can see and focus on what you cannot see. It is like Wayne Gretzky's famous quote,

"I skate to where the puck is going to be."

To be successful at that, you need to pay attention to the forces that are acting on the puck.

Risk is unavoidable; Managing it well is genius

We are surrounded by risk all of our lives. The venue does not matter. It can be playing with other children, raising a family, managing a group, or introducing a new product. Some people cringe because of the unknown. They fear the risk and cower over what might happen to them. I believe that reaction takes the zest out of life. It also abdicates responsibility.

Of course, it is foolhardy to throw caution to the wind and just go for it. That is a formula for ultimate failure. Rather, take the road of being curious about what might happen. Some things are predictable, like climate change.

The ultimate risk is to our home planet

If you have not felt the signs of caution about our environment, then you are living under a rock. Our spaceship is changing so visibly and demonstrably that it is impossible to ignore.

When you try to endure the extreme drought of the past years it shows ignorance. Mother Nature is sending us signals all over the planet. Recently a huge chunk of the polar ice cap broke off and became an iceberg. If you live anywhere near water, you should be able to see the risk that is in front of you. We already have massive flooding to contend with. What will it be like in a decade? Move to higher ground while there is still time.

Embracing the role of risk

You can go overboard and withdraw from the world, or you can take a more pragmatic approach. Try to pay more attention to the signals that are all around you. Those factors give real clues to your future. For leaders, it is especially important to be well informed not only about current conditions but also momentum. Spend energy reading and discussing future trends so you can see where the puck will be.

Conclusion

The information in this article is about awareness. Life is not a random walk around the park. The trick is to not panic with every prognostication, but be aware of the potential of each one. Information is the remedy that you use to harness the power of risk.

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