

R is for Risk

Elements Star Leadership Newsletter

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Are you ready to take some risks in 2012 that will lead to rewards? This is the 18th edition of the Elements ABC's newsletter and it is dedicated to "R" - for Risk. There is a low risk in reading this, and a high risk for success by implementing the risk-building exercises!

In this edition there are tools for managing risk, using examples such as when asking for a raise, and trying to cross the streets of Trinidad. You'll find info and links on how to build your risk muscles in the "Risk Gym" section. As always, you'll also find my favorite quotes on risk, and a few video links. I end with my upcoming events.

I am in the process of reconfiguring my online presence, in all the different places it appears. My intention is to become more focused on and interactive with your needs - how to serve you better. Only 8 more letters till I finish the ABC's! As always feedback is welcome. And, back to serving you better, I will foot the bill for a nice lunch with you if you will allow me to question you about your company's leadership training and coaching needs.

Here's to a calculated risk taking 2012.

I wish you the best!

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Building authentic leaders with sustainable destinations

Risk - Is it Failing or Succeeding?



Risk and failure go together like salt and pepper. You can't think of one without the other. Merriam Webster defines risk as, "the possibility of loss or injury." If

Merriam were an optimist, the definition of risk would be, "the possibility of gain or improvement." Risk is frequently discussed in association with teenagers, insurance, investments, and the medical field - less so in other areas of our lives and jobs.

Risk can be small and personal like trying a new food, or larger like moving to a new country, scaling mountains, or quitting a job without a new one lined up. Crossing the street in Trinidad is a risk; it took me a few visits before my attempts ended in success!

Each individual has a different tolerance for risk taking and it varies with each situation. A leader's ability to effectively take risks is a

strong measure of competence. Fearless risk taking is a quality embodied by top leaders, according to Adam Bryant who wrote *The Corner Office*.

Many leaders themselves don't perceive or talk about risks. They just act, moving ahead on a path towards an end point. Those who teach and study leadership are the ones who do more talking about risk. Many times when leaders are asked about the risk of a situation, they will reply, "There was no choice, it had to be done." Leaders are focused on the opportunities and outcomes. Leaders address the need and take the risk when necessary - to be more efficient, to better understand, and to bring their team along with them.

The good news is that risks can be analyzed, planned for, and in some cases reduced. A person's tolerance for risk can be increased. Beliefs about risk are varied. Here are some common beliefs about what risk is and what it is about:

- *Necessary evil*
- *Uncomfortable part of moving forward*
- *Opportunities and possibilities may open*
- *Challenges to accept and conquer*
- *Lessons to be learned*

Good leaders naturally and unconsciously embrace risk and believe it is necessary. Risk taking is accepted and embraced by strong leaders.

Risk tolerance is like a muscle that can be extended and made stronger. Exercising and strengthening the risk muscle is a combination of experiencing it, planning for it, and analyzing it. I facilitate an online course about risk, and included in it is this [simulation](#) of a project, with you as the manager and a whole team of avatars.

The intention is to get you to experience the project's risks and how you react to them. Your grade is dependent on how you deliver. Can you deliver the project on time, on budget and with all the features? What type of risks are you as a project manager/student willing to take? This method of experiencing risk is a type of learning that is equally as important as being an armchair risk taker. Pilots train in simulators too, the intention being that when a situation arises, the pilots know what to do so well that they no longer have to think about the appropriate response. Responding skillfully has become a "reflex" for them.

Risk and Street Crossing in Trinidad



Risk can be broken into two components - probability multiplied by impact. In Trinidad an average of 200 people a year die in [traffic accidents](#). Hence the probability of a pedestrian (me!) getting hit by a car was "High" during my four visits there. The impact of being hit could be my life, which

I would also label as "High" in this personal risk-assessment project! In the town where I live, there have been 0-1 pedestrian deaths in traffic accidents over the past ten years. The probability is "Low" that I would get hit, and the impact (losing my life) is "High." Then we could add in other factors like the amount of time I am out walking, the areas I walk in, and the days and times I am out walking, e.g. rush hour would increase the probability of being hit. Crossing the street as a pedestrian in Trinidad has a "High x High" rating and at home my crossing has a "Low x High" rating. Hence in Trinidad I needed a plan to mitigate the risk.

The plan was this: do not cross the street at rush hour; walk down streets with less traffic and cross the street in those locations; make eye contact with the drivers before crossing; follow other people across the street. The plan was worked on and successfully executed. I came home alive and unscathed by automobiles. Crossing traffic is a contact sport in Trinidad; it's highly risky and required a plan in order to mitigate the undeniable risk.

Using probability multiplied by impact is a tool that project managers use in assessing risks for their projects. It helps them decide what areas are the riskiest and need the most focus. The higher the probability/impact rating the more likely it will cause a problem for the project, and so a plan should be developed for it. This assessment tool can be used for any type of risk, not just projects. I ran a webinar a while ago in which I applied this tool to the scenario of asking for a raise. Email me if you want this example.

I've enjoyed watching the process of students selecting what they intuitively think is the largest risk in a project and then using this tool to do the analysis. Their reactions are either - "What's the point of doing the analysis, I already know the largest risk" or else they are surprised that a risk they thought was insignificant actually had a higher chance of derailing a project than they had realized. Knowing the largest potential "derailing risk event" in any circumstance is important for focus and decision making.

These risk tools are important and helpful in reducing risks. However, a significant dimension of risk that can't be overlooked is the very possible intrusion of the unknown and unplanned. No amount of planning on your part can fully eliminate this. A clear example of this was what happened on 9/11. It's hard to imagine that there was an emergency plan in place for the circumstance of planes hitting the twin towers. Readiness to handle the unknown/unplanned dimension comes down to the key leadership skills of adaptability, resilience, calm under stress, and knowledge or past experience that can be pulled up and used in real time. All of these are skills that can be learned.

Risk Gym Primer

Why don't we take risks?

1. Too comfortable
2. Too secure and safe
3. No motivation, not a priority, not important
4. Fear of failure
5. Fear of the unknown
6. Fear of what other people will think
7. Don't know how to proceed
8. Don't believe or know you can
9. Not confident enough
10. No clear outcomes to focus on

What are the benefits of taking a risk?

1. Possible success
2. Learning what you can and can't do
3. Learning how it works
4. Learning a way to do something better
5. Unexpected improvements
6. A way to get unstuck
7. A way to move ahead
8. New discoveries and insights
9. Opening up a new possibility
10. The chance to take another and different risk

How can you strengthen your risk taking ability?

The gym has a variety of workout programs that will be built for you as an individual after we first do an assessment of where you are now with your current level of risk taking.

Step 1 - Assessment

How do you rate yourself and your ability in these three areas of risk?

1. Knowledge of risk planning and analysis tools, and your ability to use them
2. Beliefs, thoughts, and emotions associated with risk (feel free to use the ones listed above in the "Why don't we take risks" section)
3. Skill strengths that are associated with risk takers
 - Resilience
 - Ability to rebound after failure
 - Adaptability
 - Perseverance
 - Ability to handle adversity
 - Embracing and welcoming change
 - Fearlessness
 - Desire to not accept just "good," wanting "great"

Step 2 - Create a Personal Risk-Building Program

Our risk-building program will start you off with smaller steps and build you up from there.

Here are three approaches to risk:

Get out of your comfort zone. See how Wynn did it in her adventures.

<http://www.win-coaching.com/adventures.htm>

"How Leaders Can Minimize Risks," a *Harvard Business Review* article.

<http://hbswk.hbs.edu/archive/4209.html>

"How to Manage Risk like a Rock Climber" by Jim Collins

<http://www.theglobeandmail.com/report-on-business/careers/careers-leadership/the-lunch/jim-collins-managing-risk-like-a-rock-climber/article2249853/>

Your risk plan will include doing something new and different every day. Some examples:

- Remove the word "no" from all your communication
- Say "yes" to things that are difficult for you
- Send an email to a mentor or famous person
- Drive or walk a different way from a regular location
- Research, read, and learn about the thing that scares you most
- Tell five people your most important goal or vision for the future or ask them about theirs

Step 3 - Implement

Risk is a skill that can be built with a regular workout schedule. Start with small risks that push you a little bit outside your comfort zone. The goal is to move your comfort zone further out. Do it every day for a month and reflect on your experiences daily. To practice risk will reduce fears, build confidence, and expand the boundaries of your comfort zone.



Risk Quotes and You Tubes

You have to risk going too far to discover just how far you can really go. --*T.S. Eliot*

Most people can do extraordinary things if they have the confidence or take the risk. --*Philip Andrew Adams*

Man cannot discover new oceans unless he has the courage to lose sight of the shore. --*Andre Gide*

Often the only difference between a successful person and a failure is not that one has better abilities or ideas, but the courage that one has to bet on one's ideas, to take a calculated risk - and to act. --*Andre Malraux*

It is only by risking our persons from one hour to another that we live at all. --*William James*

Take calculated risks. That is quite different from being rash. -- *General George Patton*

Yes, risk-taking is inherently failure-prone. Otherwise, it would be called 'sure-thing-taking'. -- *Jim McMahon*

Life = Risk (1-minute video):

http://www.youtube.com/watch?v=Y6hz_s2XIAU

Michael Jordon on Failure (30-second video):

<http://www.youtube.com/watch?v=45mMioJ5szc>

Upcoming Events

Corporate Education Public Training

<http://www.corpedgroup.com/>

- Coaching Skills for Project Managers, Waltham, MA - Feb 23
- Effective Communication and Influencing Skills, Boston, MA - Feb 27, 28
- Leading & Developing High Performing Teams, Waltham, MA - March 20, 21
- Leadership and Communication Skills for PM, Chelmsford, MA - March 22
- Facilitation Skills for PMs, Chelmsford, MA - April 6
- Working in a Matrix Organization, Chelmsford, MA - May 10
- Effective Communication and Influencing Skills, Waltham, MA - May 14, 15
- Coaching Skills for Project Managers, Chelmsford, MA - June 12