focus

mangeris

Create a context that encourages people to take **calculated risks**

Stakes

In today's fast-changing world, leaders and managers must constantly make critical strategic decisions and take initiatives whose outcome is uncertain, as they develop new products and services, establish new organizations and processes, tackle new markets, etc. However, many promising initiatives are nipped in the bud by pressure to produce immediate results or the fear of being penalized for failure. It is therefore essential that companies create an environment that encourages people to take informed, reasonable risks and reassures them that are allowed to make mistakes.

Four recommended measures

Support risk taking

Encourage real freedom of expression

Many people hesitate to express unconventional ideas for fear that their superiors and peers will perceive them as mounting a personal challenge.

- **Explicitly encourage** people to critique and challenge ingrained habits, e.g.: Demonstrate that you are open to contradiction, raise sensitive points yourself and encourage subordinates to share their opinion.
- **Don't react abruptly** when someone contradicts you or points out flaws in your reasoning. e.g.: Before responding, start by thanking the person for his or her input.

Moderate pressure to produce immediate results

Projects with uncertain outcomes are considered particularly risky when rapid results are expected.

- **Adapt your performance metrics**. Profitability and revenues are rarely the right standards of measurement for projects that are just getting off the ground. In the initial stages, it's better to set objectives that focus on progress, learning or the improvement of selected indicators. e.g.: Media impact, absenteeism, etc.
- **Spread accountability for risk**, e.g.: Spread the risk between the project leader and a steering committee in charge of validating key steps.

Change the way failure is regarded

Fear of the career repercussions of failure is the leading reason people hesitate to take risks.

- **Clearly express and demonstrate by example** that people will not be penalized for taking "calculated" risks that fail.
- **Show how failure can be a good learning opportunity**, e.g.: Organize debriefing sessions; underline the skills and experience acquired from failed initiatives, etc.
- **Don't hesitate to celebrate the end of projects**, even if they don't succeed; you will thereby help people free proud that they participated rather than simply regret that they failed.

Reward risk taking

People should be rewarded more for the time and energy they've invested in a risky project than for the result achieved.

- **Revise your recognition and reward system if necessary**: If you give promotions and raises only to those involved in successful projects, you will discourage people from taking on more risky endeavors.
- **Publicly express your gratitude** to people who volunteer to manage risky projects or who take the initiative to put forth innovative ideas.