BUSINESS STRATEGY & GROWTH

Are there Rewards in Risk-Taking?

By Leyla Hussein • 20 August 2019

A business owner I know sat across from me a few years ago, coffee going cold, trying to decide whether to remortgage his house to chase a contract that might treble his company or might sink it. He wanted me to tell him it was a good idea. What he actually needed was to think clearly about the risk, and that is a much harder thing to hand someone.

Do you take risks? Do they feel too daunting? Or do you take them often and quietly wonder why the rewards never seem to match the nerve it took? Knowing when a risk is worth it is genuinely difficult. We all hear how the great entrepreneurs got there by betting big, and it is tempting to copy the model wholesale. But does that mean it is right for you? And on the other side, does playing it safe every single time actually serve you either?

Plenty of successful leaders got where they are by doing what they are good at, over and over, which is about as safe a route as exists. So which one wins, the bold path or the careful one? My honest answer is neither on its own. The move is the **educated risk**, the one grounded in your own judgement and logic rather than in hope.

The debate

Constant risk-taking is a gambling game. You might hit the jackpot eventually, but usually only after you have lost several times over. For a lucky few it lands on the first or second throw and the company never looks back. The trouble is that it is not reliable, and the odds of **meeting failure** again and again are painfully high. It does not care how many risks you have taken or for how long. Sometimes you are simply unlucky. What you will always come away with, though, is a lesson.

The safe route is not the answer either. Failure is where a huge amount of opportunity actually hides, and if you never reach for it, or you see it and will not grab hold, you never learn from your mistakes. On top of the missed chances, playing safe is slow. A lot of young companies that grew fast on the back of one brilliant idea then stalled, and the reason is often that they never took enough risk to understand the forces in their market that could turn against them. Risk teaches you where the danger is, and that lets you adapt before it arrives.

So where does that leave you

Do both, but understand the size of the bet you are placing. Take educated risks. Do not keep flinging yourself at ventures convinced you will be the exception who finds instant success, because that almost never happens and there is no secret code that summons it. The unglamorous truth is that hard work balanced against a life you can sustain is what produces success, and then produces it again. It is reliable, and it is deeply rewarding. It also sharpens your craft and builds your understanding of the environment you are operating in.

Picture a multiple-choice exam. One person guesses their way through every question and gets a fair few right. Another answers each one with a clear explanation and a worked example. Both can end up with correct answers. But which of the two would you rather trust with something that mattered?