

# Disrupt Yourself Podcast

## EPISODE 100: TAKE THE RIGHT KINDS OF RISKS

Welcome to the Disrupt Yourself Podcast. I'm Whitney Johnson. I think, write, speak and live all things disruption and sometimes that means disrupting the format of this podcast, which is what we're going to do today. In [Episode 80](#) we gave you a preview of an online course we're developing. It's been our most downloaded to date. So, in celebration of our hundredth episode, and as a way to say thank you for listening we're going to pick-up where we left off.

In [Episode 80](#) I provided an overview of the Seven Point Framework of Personal Disruption. In this episode we'll do a deep-dive on Accelerant Number One, taking the right kinds of risks. Not just taking risks but taking the right kinds of risk.

So let's kick-off by starting with the word 'risk'. Typically when you hear someone say, "This is risky," there's this emotional, visceral reaction. Danger. You're flung back to your childhood. "Don't cross the street, hold someone's hand, Be careful."

According to the dictionary, 'careful' means full of care. When people say, "Be careful, they think they're protecting us," But frequently they're inadvertently filling us with fear and concern about the risk of taking risks. And yet you still do. It's astonishing actually. All of us everywhere, all the time, take risks because somewhere in our genetic make-up, and across the animal kingdom, there is an inclination to take risks. To lose in order to win. To go down in order to go up.

A very simple example of this is the rainbow fish, commonly known as the guppy. What the research tells us is that male guppies who take risks, they mate better. They engage in something called predator inspection behavior which is basically guard duty for their school of fish. A few of them break-away from the group, approach the predator to obtain information. In taking this risk the guppy is more likely to get eaten, but the male guppy that takes this risk is more attractive to females, and therefore more likely to reproduce to evolve. It might get eaten, but fortune favors the brave guppy. Fortune can favor you too, if you can overcome your fear of taking risks.

I realize it's possible that you love taking risks. Let's go parachute off a learning curve. If that's you, you are what social scientists Tory Higgins and Heidi Grant call 'promotion focused' which is awesome. But the reality is that most of us are prevention focused. I know I am.

A few years ago I was scheduled to do a webinar, I was procrastinating, not preparing other than saying things to myself like, "If you prepare, you're going to be great," and other such bromides. The result being that I didn't prepare. When I told my truth-teller what had happened, also known as my husband, he said, "Don't you know by now that you motivate yourself to prepare by reminding yourself of all the bad things that will happen if you don't prepare?"

We like to win, we like to be prepared. We like to be brave and do guard duty. But according to behavioral economist Daniel Kahneman and Amos Tversky, we hate to lose. It's called 'loss aversion', meaning if there were a coin-toss and I told you you would lose \$10 if it was tails, you will only take the bet if you knew that if you win you would get more than \$20. So for you

to lose then where you are today, which may not be great, but it is where you are, what you stand to gain has to be at least two times more exciting for you to even consider it. Which is obviously the purpose of this episode. For you to realize that what you gain isn't just two times of possibly ten times, maybe even twenty times more exciting.

So now let's put these concepts to work. Think about something that you've wanted to do, or been meaning to do, but you haven't started. Or you haven't fully shown-up, because you were afraid, you were being careful. Once you've thought of what that thing is, and don't think too long, now ask yourself why. "Why haven't I don't this?" Say it out loud, name your fear. Fear starts to dissipate when you name it. Now that you have the answer, ask yourself why again. And do it five times. This is the Five Why's Technique that was established by Toyota. They used it to get at the root cause for a failure on the manufacturing floor. They knew that the answer to the first why is not the actual reason why.

This is true with us, with you as well. I recently had a conversation with a gentleman who was at the top of a learning curve. He wanted to do something new but he said he couldn't. He couldn't afford to. Except that he had 10 years worth of savings in the bank. When he asked why, and why, and why again, he realized it's wasn't about the money. Instead he was afraid that he would lose his identity. Who would he be if he was no longer at the top of his current learning curve. I love what Richard Rohr had to say about this in his book *Falling Upward*. He says, "The human ego prefers anything, just about anything to falling, or changing, or dying."

Once you know the real reason why you aren't willing to take a risk you can play a little trick on yourself. Instead of focusing on what you'll gain, I want you to focus on what you'll. Make a list of the bad things that are going to happen to you if you don't take a risk, if you don't start doing the thing that you want to do. Make it scary not to change, make it scary to do nothing. Whether it's finding a new job, choosing to be kinder, traveling to a place you've always wanted to visit, starting a business, or spending more time with people you love. If you are prevention focused like most people, having that list will give you the motivation you need to get started.

Recapping quickly then, if you want fortune to smile upon you, you will need to take risks, to be neither comfortable nor safe. If you are prevention focused you will motivate yourself to take these risks by making it scarier not to take the risk, asking yourself questions like, "What bad thing will happen if I do nothing?" "What future will not happen if I stay where I am."

So, now that you're ready to take risks, what's the right kind of risk? Two kinds of risks in particular that I want you to think about. The first is competitive risk which involves head-to-head competition. Market risk, which is about creating a whole new arena of competition. A simple story illustrates the difference. One of my friends, Kathleen Peterson, she has triplets. When they were 11 years old they wanted to earn some money so they set-up a lemonade stand. They could've set it up in front of a grocery store where they knew there would be customers, but there was also going to be a lot of competition for that lemonade. So, they set-up next to the high school football field after practice on a hot summer day. These kids intuitively understood market risk, as did their mother. They didn't know if there would be customers, but there was no competition either. So when customers did show-up, the entire market was theirs for the taking. They made \$75 in about 20 minutes. 11 year olds.

So what does this look like for you personally? Let's first understand competitive risk more clearly. There's definitely an opportunity but there's lots of competition. You're competing against 10, 20, 50 people for a single, big opportunity. That's brutal math stacked against you. A typical example is competing with many other people for a new job. One person gets the job, the others don't.

Another example of competitive risk is when you get a job only to realize that there's somebody already on staff that thinks the job you were hired to do is their job. I saw this happen with one of my corporate clients. In this case the incumbent won,

the new hire lost. But the veteran was bloodied in the process, losing significant political capital. With competitive risk it's a win-lose outcome.

If you think about your life, you've competed a lot, but if you want to win more you should add in more market risk. Disruption theory states your odds of success are six times higher, and revenue opportunity 20 times greater when you do. How is that huge factor reward possible? Because market risk is about creating a new arena of competition in virgin, or green field territory. There's no official posting, or even a job created, but you creatively see a gap and are able to articulate how to fill it. If you can create the market and then create a job in that market, then you're likely to get that job.

Let me give you an example from my own career. When I worked on Wall Street in banking, our bank was acquired. There was a shake-up and my boss was fired. They probably would have fired me too but I had stronger reviews, and I was pregnant, so I was moved. A more accurate terms would be that I was shoved into equity research. I was supposed to cover the cement and construction sector, but they already had a cement and construction analyst. So how could I find and take on market risk? Play where no-one else was playing? It turns out there were a number of media companies going public, and no analyst to cover them. Rather than knocking on a cement door that was closed, I built my own media door. And whereas it might have taken me several years, if ever, to become a top-rated analyst in the construction sector by taking on competitive risk, by taking on market risk, playing where no-one else was, I became a ranked analyst in just one year. By building my own door – and this is important – I built a door for my company. When you play where no-one else is playing you find a place for your company to play, the organizations you work for to play. Because the fundamental unit of disruption again, it's the individual.

Another example of taking on market risk is something I learned from John Buchan about NBA basketball star Steph Curry. Curry has built his career on taking shots that other people don't. Three point shots from a crazy distance. Defenders didn't traditionally worry about contesting these long-distance shots, low percentage of why bother? But Curry practiced and practiced until they weren't low percentage for him. His game is a great example of assuming market risk. Rather than going head to head with other players in the crowded key under the basket, hoping to make the shot in the midst of heated competition, taking on competitive risk, he set-up shot play where others aren't. Thirty feet from the basket. He's made a career out of playing where others are not.

Right now in your life, in your work, how could you like Steph Curry take on more market risk? Play where others are not. Where can you do this? You might now be doing market risk, I'm going to do it! But here's a quick word of warning. Even though market risk is less risky. The odds of your being successful are higher, like a moth to the flame we come back to competitive risk. It's a siren song. It may be more competitive but it feels less risk because it's more certain. Our lives are about reducing uncertainty. With competitive risk there's a job posting, there are financial projections. We like knowing that 10 other people are applying, that there are projections for a product. This tells us it's for real. Plus competitive risk is like going into battle, there's an enemy, there's opposition and adrenaline surges, which is oddly reassuring. But in the end that's the problem. Because competing head-to-head with an established business and incumbent with 50 other applicants, it's tough. Like I said, brutal math.

There is one exception, one kind of competitive risk that's worth taking every single time which is competing against our own ignorance. When I interviewed [Tom Peters for Episode 53](#) ... He's one of the preeminent management thinkers of our time. Tom shared that he scaled-back work significantly for a year in order to study. He realized he'd gotten behind, he wasn't up to date. So here is at the top of his game and he takes himself to school. Few of us will do this, few of us can do this, in fact it's not necessarily advisable to do this, but it is advisable, even critical if you want to go to the next level to compete against your ignorance. Five, 10, 15 minutes at a time.

Now that we've defined competitive and market risk, how to avoid this siren song of competitive risk, why the odds are in your favor when you take on market risk, let's now really focus on market risk. What this can look like for you - at work in particular. To walk you through this I'm going to tell you several stories. Story Number One is how you can play where no-one else has thought of playing inside of your current organization.

Craig Hatkoff was about to lose his job. It was 1980, interest rates were over 20%. It was causing tremendous pain in the banking industry. But then, during a brief window of reprieve, he had the idea that his bank could guarantee loans. But rather than actually lending the money, they would secure funding for the loans from other parties. This would alleviate the pain-point caused by their high interest obligations. His idea, now known as Letters Of Credit In Lieu Of Funding, became a crucial financial instrument and saved his job. Every organization has pain-points begging for someone who will embrace market risk to find a cure. Today Hatkoff is a successful investor, philanthropist, and co-founder of the Tribeca Film Festival in New York.

Example Number Two is playing where no one else has thought of playing by creating an opportunity, or role for yourself in an organization you want to work for. That's what [Sarah Feingold](#) did. Sarah was a Corporate Attorney, she also loved to make jewelry which she sold on Etsy. When Sarah saw that Etsy was launching new policies ... At this point Etsy only had about 15 employees. She wrote to customer service to offer her suggestions given her legal expertise. When they brushed her off she contacted the founder directly and spoke to him. After she hung-up, Sarah started thinking. I can add value to this company and they need the value I can add. So she books a flight from Rochester, New York to New York City, calls the founder back and says, "Hey, I'm coming down for an interview. You need in-house counsel, and you need it to be me." Sarah handcrafted a role for herself and spent nearly a decade at Etsy.

Example Number Three is finding ways to put market risk into a highly competitive situation like when you're going after a big job. You compete for it in a way that no-one else is. Like [Alison Levine](#). Alison studied communications and marketing at the University of Arizona. Worked in sales and then gets her MBA at Duke. Alison wants to work on Wall Street but she didn't go to an Ivy League undergrad. She didn't work in finance before grad school. How can she then employ the principles of market risk to compete for this job? During breaks, while her classmates were going to recruiting events, Alison was climbing mountains and writing postcards to recruiters. "This is Alison Levine here from the 20,000 foot camp of Okangogwa, Argentina. I know my roommates are visiting you right now, I wish I could be there, but I'm in this tent getting ready for a summit bid. But I'm really looking forward to meeting you when you come to campus and recruit." She would then hand the postcard to someone who was hiking down the mountain and ask them to mail it for her. By approaching the job search process in a way that no one else was, she stood out. Alison got a job at Goldman Sachs, the most prestigious bank on Wall Street.

Example Number Four is you take on market risk by doing jobs that no-one else wants to do, you do the grunt work. There is one caveat here for women, doing office housework is not necessarily going to get you where you want to go. So it's going to have to be work that's strategically important. But here is the example. Here is the example. It's via Ryan Holiday in his book [Ego Is The Enemy](#) and it's about Bill Belichick, the Superbowl-winning Head Coach of the Patriot's football team. Belichick made his way up the ranks by doing a job that at the time no-one wanted to do. His first job was for the Baltimore Colts, one he volunteered to take without pay. It was analyzing film. Everyone thought it was beneath them, they were too good for it. Belichick determined to become the best at it. His insights provided ammunition and critical strategies for the game. He was soon getting paid.

In addition to these four anecdotal examples, brain science supports market risk over competitive risk. The stressed-out, on guard, or fearful state associated with competition wears down your cognitive functioning over time. Because it's like going into battle, your nervous system mobilizes the body for a fight releasing cortisol. Your body likes it initially. This is why

soldiers in combat are so effective their first month on the front lines. But as the cortisol rush levels-off, cognitive functioning deteriorates, judgment deteriorates. The immune system deteriorates. And you get cranky, moody, even depressed.

Market risk is much healthier. It restores you emotionally and physically. Researcher Kennon Sheldon and his colleagues found that self-expression and creativity can make you more agreeable, cheerful, open, even responsible. We perceive the new as risky but our brains are telling us something different. It's the Mother Nature loophole again, don't take risks, but really do.

As you evaluate your own opportunities, assessing what risks to take, here's a checklist for you which we will include in the notes.

Number One. If you're looking at an opportunity where you think you can compete and win, how can you employ market risk to increase your shot at winning. Like Alison Levine, Bill Belichick, and Steph Curry?

Number Two. If you're about to take a new job and want to assess competitive risk around that job, ask the following questions: The job that you're hiring me to do, who's doing that job now? Presumably they're hiring because there's a pain-point. How are they making the pain go away today? How is the current pain-killing person going to feel? Do they want it to be their job? If they do, here's where market risk comes into play. How might the role be restructured to do a job that someone isn't already doing? If that's not possible and you're going to take the job regardless, because you want it, beginning day one, find a way to build an alliance with this person. Otherwise, instead of spending the first few months figuring-out how to do your job, you'll be focused on vanquishing your foe. And as with the corporate client I mentioned earlier, you're likely to lose. Better off to find a place for you to play where others aren't. As Bob Proctor has said, "Amateurs compete. Professionals create."

Number Three. Another important question to ask yourself is, provided that this is a match I can win, is it something that I even want? Or do you just want to win? Which is sometimes is okay. But be clear on the emotional game that you're playing.

Number Four. Whenever and wherever possible look for market risks. Look for ways to play where others haven't thought of playing like Craig Hatkoff, or Sarah Feingold, or where people don't want to play like Bill Belichick. George Bernard Shaw said, "I don't wait for the right opportunity, I create it."

Number Five. Break-up your market risk ideas into small, ridiculously small pieces. Going back to the Sarah Feingold example. If you start with - Sarah booked a flight to New York to meet the CEO, it feels overwhelming and like a lot of competitive risk. But she didn't start there. She started by doing what she likes to do, making jewelry, selling it on Etsy, observing what Etsy could do better, writing an email. Small, ridiculously small pieces. I like to think of this as speed-dating a dream. It might seem big or far-fetched, but when you break it into small pieces it becomes a thing you can do.

In your career, in your business, how much money you earn, how successful you are, generally depends on three things. First, how much need or want is there for what you do? Second, how well do you do it? And third, how easily could you be replaced? When you play where others aren't, when you take on market risk, you raise your odds of success by six times. And if there is that market and need for what you do, because you created it, you'll be good at what you do. And therefore, hard to replace.

So market risk, good. Competitive risk, not so good. But because you've got a stake in the ground, like the elephant that we talked about in Episode 80, that mental stake in the ground that says competitive risk increases certainty and I want more certainty, you're going to resist taking on market risk. Break-down your resistance by reprogramming your subconscious mind with the power of your words. Here's how to do it.

First, write out by hand every morning, every night, "My odds of success are six times higher and I am happier because I play where others don't."

Number Two, write out by hand the quotes that we've included in this episode. Pick one or two that you especially liked. Write them three times a day. Say them out loud. Memorize them. Make them a part of you. Re-write your DNA with these ideas, with these risk-taking words.

Number Three, listen to this episode every day for a week. This is similar to what Benjamin Franklin did. He had 13 virtues he wanted to obtain, he worked on one per week, then he rotated to the next every week throughout his life.

And finally, number four, look for when what you've heard starts to influence what you do. Listening to this episode once will feel good and that's good, but you don't start to learn something until you consciously entertain what you've heard, emotionalize it, act on it, and then see a change in your results because of that idea. You consciously entertain it by listening to it over and over again. You'll know that this information is becoming yours when in the next few days, you start to play where you haven't played. You'll observe the outcome, adjust, do it again. That's when you'll know you're really starting to learn.

Now, to wrap-up, I want to share a quote with you from Jim Butcher in his book *Furies of Calderon*. He says, "The course of history is determined not by battles, by sieges or user patience, but by the action of the individual. The strongest city, the largest army is at its most basic level a collection of individuals, their decisions, their passions, their foolishness and their dreams shape the years to come. If there is any lesson to be learned from history it is that all too often the fate of armies, of cities, of entire realms rests upon the actions of one person."

There are futures of people around you – those that you know, those that you don't – that depend on you taking your life to the next level. They need you to take risks, to play where no-one else is playing. They need you to disrupt yourself.

Thank you again for being here. For listening to this 100<sup>th</sup> episode. Thank you for generously writing in notes of appreciation around what you learn, what you want more of, what you want less of. Thank you to our Producer: Macy Robinson, Sound Engineer: Whitney Job, Editors: Emily Davies, Libby Newman and Art Director: Brandon Jameson. I'm Whitney Johnson. Take the right kinds of risk and disrupt yourself.