

Rewarding Risk

By Stephanie MacKendrick

The corporate scandals that have spread like a bad rash have left many shareholders and pundits alike feeling like the victims of a Bay Street (or Wall Street) version of *Punked!*, the TV show that plays nasty tricks on celebrities, then revels in the victim's distress and subsequent humiliation once they realize (on camera of course) that they've been duped.

In the wake of painful experiences, the first and natural instinct is to prevent a recurrence. Fair enough. But how do you get rid of the scummy bathwater without sucking the baby down the drain?

The intent of post-scandal measures (Sarbanes Oxley in the US, new OSC regulations here) is good; make it clear who's responsible for what and hold them to it by making equally clear the consequences for not staying with the program. Accountability is healthy and necessary. And one truly hopes tighter rules might discourage future episodes of what a recent report on Conrad Blacks shenanigan's so aptly called "corporate kleptocracy".

But if taken too far, the new rules may instead foster a culture of blame; a dark, unproductive creature. If the rules are too tough and the thumbscrews too tight, it discourages risk-taking and creativity and encourages the Teflon approach to ensure nothing sticks. If it gets really bad, decision making grinds to a total halt as people become paranoid about making mistakes, an unavoidable side-effect of making decisions. Performance is sacrificed for security. Forget speaking up when you disagree, even if it's in the company's best interests. Don't try something new in case it doesn't work out. Don't make the decision in case it's wrong.

Focusing on blame also muddies an important distinction between calculated risk and recklessness, the true beast that presses on, fuelled by greed, corruption or dishonesty, heedless of real and overwhelming risk. If we were talking about driving you could say that recklessness is to calculated risk what overtaking another car going-up-a-hill-on-a-double-line-at-night-in-the-rain is to passing a car on a dry straightaway with no other cars in sight.

Calculated risk, and the mistakes and failures that come with it, are an important part of personal growth and business success. Without risk, there is no reward. In these times, we seem to want certainty, guarantees that bad things won't happen, that nothing can fail. Sometimes this understandable desire for security makes us think weird, impossible thoughts. Like that rules will stamp out greed and malfeasance. That a tough enough stance on terrorists will eliminate all strife and threats to our security. That if we're strict enough with our schools and our children that they will never behave badly.

I think we should go the opposite way and encourage risk. Others might agree. At a reception honouring Betty Wood, (for many years in charge of the women's entrepreneur portfolio at RBC) I was encouraged by remarks from the bank's Executive Vice President, Charlie Coffey. He said that "managerial courage" needs encouragement and reward in these times, that it was important in a strong corporate culture to have managers who had the guts to disagree – constructively – with senior management and

who have the courage to take risks. When most corporate public statements seem obsessed solely with battening down the liability hatches, it was refreshing to hear someone talking about the important and fundamental role that risk plays in success.

Showing that taking risks has its rewards is also an important element of the CWC Annual Awards. They are about recognizing a leader or an organization that has “managerial courage”, perhaps championing women’s advancement when it hasn’t been part of the corporate culture. It could be a Mentor who takes a risk on helping someone else to succeed. Or a Trailblazer who has taken a chance by going into a job or a field where few women have been or who has taken other risks to clear a path for other women.

The awards - Woman of the Year, Trailblazer of the Year, Mentor of the Year, and Employer of the Year, CWC Volunteer of the Year - are a chance to recognize and reward the women of achievement in our industry and those who have supported women’s advancement. They have all taken risks, so think about taking a little risk too – just the small one involved in putting a nomination together. Because on March 8th 2005 – International Women’s Day – when CWC holds its Annual Awards Gala Dinner, you will see the rewards. Nominations are open until December 3, 2004.