



A step-by-step guide on

encouraging healthy risk-taking





For your business to grow and stay competitive, you'll need to take risks.

In this guide, we'll walk you through how to encourage your team members to take risks and how you can support them by cultivating a safe work environment, offering resources and learning opportunities, and acknowledging their efforts.

Steps

- 03** Establish a culture of psychological safety
- 04** Define acceptable risks and boundaries
- 05** Provide support and resources
- 06** Encourage incremental risk-taking
- 07** Recognise and reward risk-taking
- 08** Learn and iterate

Establish a culture of psychological safety

Psychological safety may be one of the most important aspects of an effective team – [research](#) has found that 89% of American employees claim it's essential for business leaders to create a safe and respectful workplace.

A team that exhibits a culture of psychological safety is one where members feel comfortable expressing themselves and challenging the status quo without worrying about being ridiculed by peers or punished by superiors.

When employees feel safe and secure, they are more comfortable taking risks, and increased risk-taking can increase innovative approaches.



To establish a culture of psychological safety, first, evaluate your team in its current state. Are employees' ideas quickly dismissed or left unacknowledged? Are team members receptive to their peers' ideas and questions? Or are mistakes ridiculed rather than constructively discussed?

To make improvements, consider following these strategies for work wellbeing amongst your team:

Foster open communication:

Let team members know that their ideas are welcome in meetings and that it is okay for them to approach you and other team members with questions and ideas.

Offer alternative methods for idea sharing:

Some people aren't comfortable sharing ideas in front of a group or on the spot, so consider offering alternatives such as email or chat.

Check in regularly:

Rather than formal sit-downs, which may make some employees uncomfortable, consider checking in with team members casually on a regular basis to gauge how they're feeling.

Lead by example:

Handle ideas, suggestions, questions or criticism without ridicule, punishment or retaliation.

Recognise and eliminate harmful behaviours:

If you see divisive behaviours such as gossip or exclusion, you might sit down with the individuals involved and remind them that those behaviours have no place on your team.

Define acceptable risks and boundaries

There can be no innovation without taking calculated risks, and **risk-taking in business doesn't mean wildly leaping into the unknown.**

Before you set your team free to experiment, you might consider outlining some boundaries and helping them discern what makes a risk acceptable.

Communicate that they are free to take risks within these parameters and encourage them to approach you if they have ideas that might stray from them.

To make sure everyone is on the same page, you might consider holding a meeting during which you:

- establish healthy risk criteria
- communicate organisational goals for risk-taking
- outline boundaries and constraints
- take questions and ideas from team members



During this meeting, provide your team with risk-taking examples and discuss what makes some risks strategic and others too risky.

For instance, say your company has a goal to increase its market share by 20%. Leadership wants this done by expanding their product offering into new geographic regions.

An unhealthy risk-taking approach could be copying competitors and choosing to enter the same markets without conducting research and analysis and without tailoring your product to suit the region's needs.

Use risk-taking examples that reflect the goals you discussed in the meeting. And, importantly, communicate your trust in your team members' abilities to reach these goals.

Provide support and resources

To show that you're committed to supporting your team's risk-taking endeavours, you might consider providing resources to increase their chances of success. There are many ways you could do this. Here are a few examples:

- Creating an 'innovation fund' to finance new experimental projects
- Providing access to training and development opportunities
- Encouraging collaboration between junior and senior team members
- Encouraging collaboration between different departments
- Rethinking how you approach failures – **rebranding them as opportunities to learn, grow and reassess strategies**

Shifting your organisation's mindset regarding failure may also improve team members' psychological safety at work. Team members who worry less about the negative repercussions of failure may be more likely to take risks and learn from strategies that didn't work.



Encourage incremental risk-taking

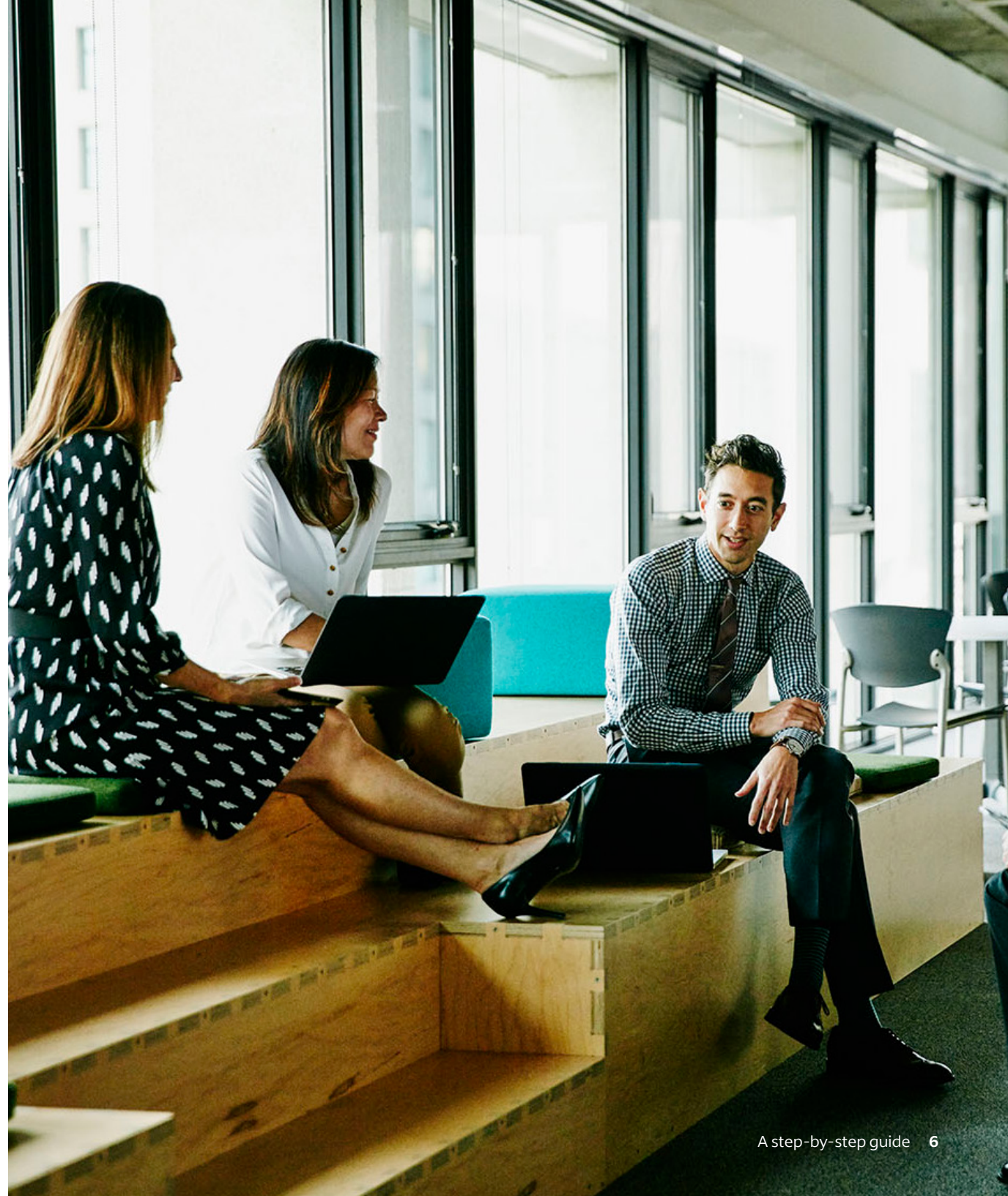
When putting your team's new risk-taking mentality into practice, consider starting small and working your way up.

Identify and take small, calculated risks and take time to test assumptions, gather feedback and evaluate the results.

Apply this information to the next strategic risk.

This will help your team familiarise themselves with how it feels to take risks.

It may also help them understand how to independently evaluate which risks are worth taking and which are not and how to apply what they learn to future endeavours. This may result in team members who are more autonomous, accountable and innovative.



Recognise and reward risk-taking

Find tangible (rewards) and intangible (recognition) ways to acknowledge an employee for being a strategic risk-taker.



Acknowledging your employees will show them that you value their risk-taking efforts and empower them to continue. As a bonus, **employees who receive regular recognition are more likely to stay on.**

Rewards and recognition are highly personal, meaning that different team members may prefer to be acknowledged for their work in different ways. For example, it's possible a team member would rather sit down and have a coffee with you to discuss what they're doing well than be given a gift card for their favourite coffee shop.

Keeping this in mind, some ways of demonstrating your appreciation could include:

1. monthly team recognition for successful risk-taking endeavours at team meetings
2. peer-to-peer recognition, where team members celebrate successes together
3. offering bonuses or time off for reaching milestones or important deadlines

Consider your organisation's budget and the desires of your team to create recognition and rewards that are appreciated and effective.



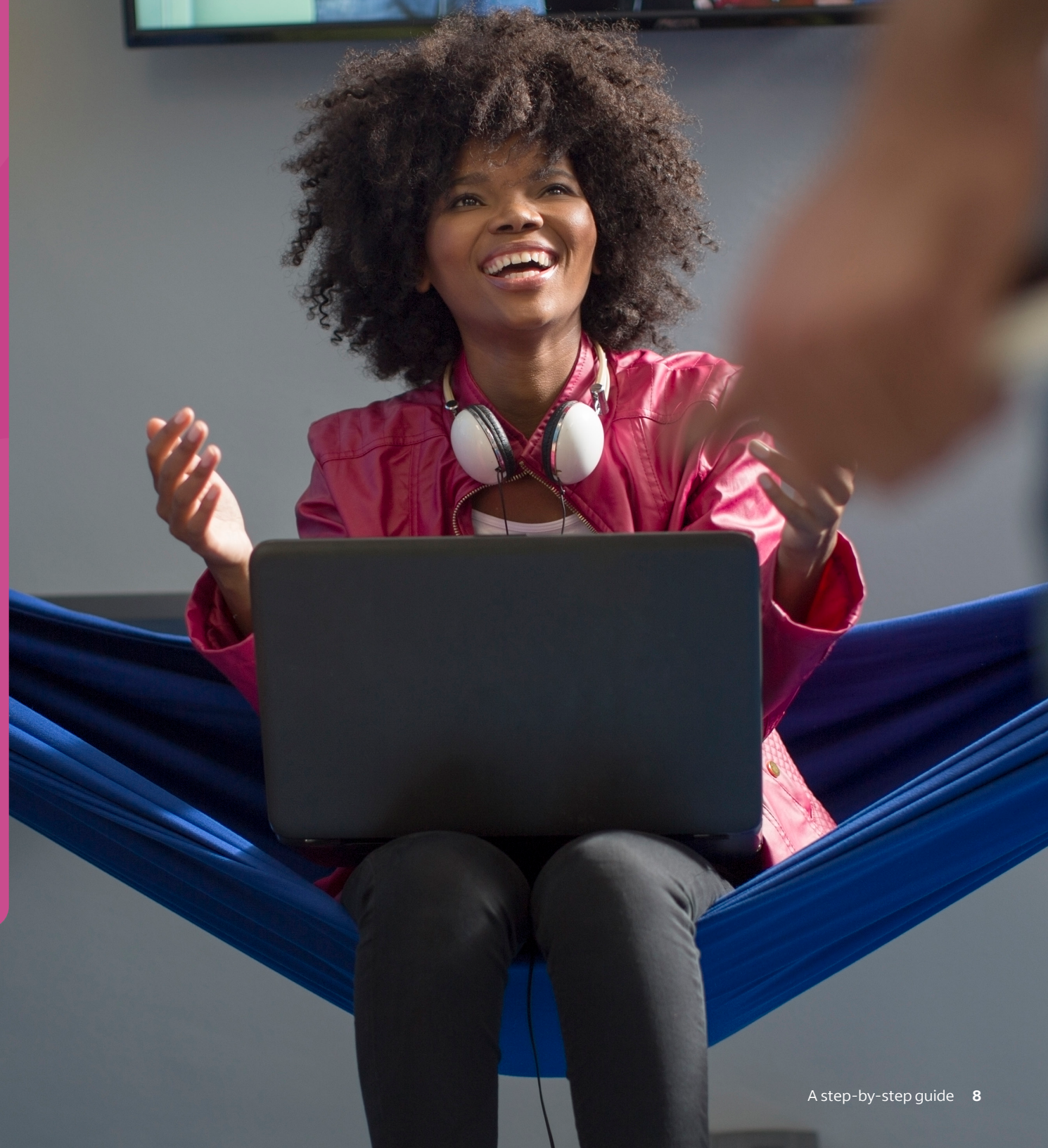
Learn and iterate

Once your team has established and participated in some healthy risk-taking routines, meet to discuss aspects that succeeded and aspects that need work.

Hopefully, by this point, your team will feel more comfortable discussing failures and be better practised at viewing them through an objective and opportunistic lens.

Based on feedback and measurable outcomes, discuss what can be learnt and work to iterate your strategies. With your team, **focus on ways you can reduce potentially negative impacts and increase positive outcomes.**

At the start of your team's transition to healthy risk-taking, you may find it beneficial to have these meetings frequently. However, as your team gets more comfortable, you might transition to informal chats with each individual and quarterly or semi-annual team meetings.



Conclusion

Creating a culture of innovation means cultivating a team of healthy risk-takers. By establishing a sense of psychological safety and removing a fear of failure, you can guide your team through recognising boundaries and assessing opportunities for taking calculated risks that have the potential to help your organisation thrive.