

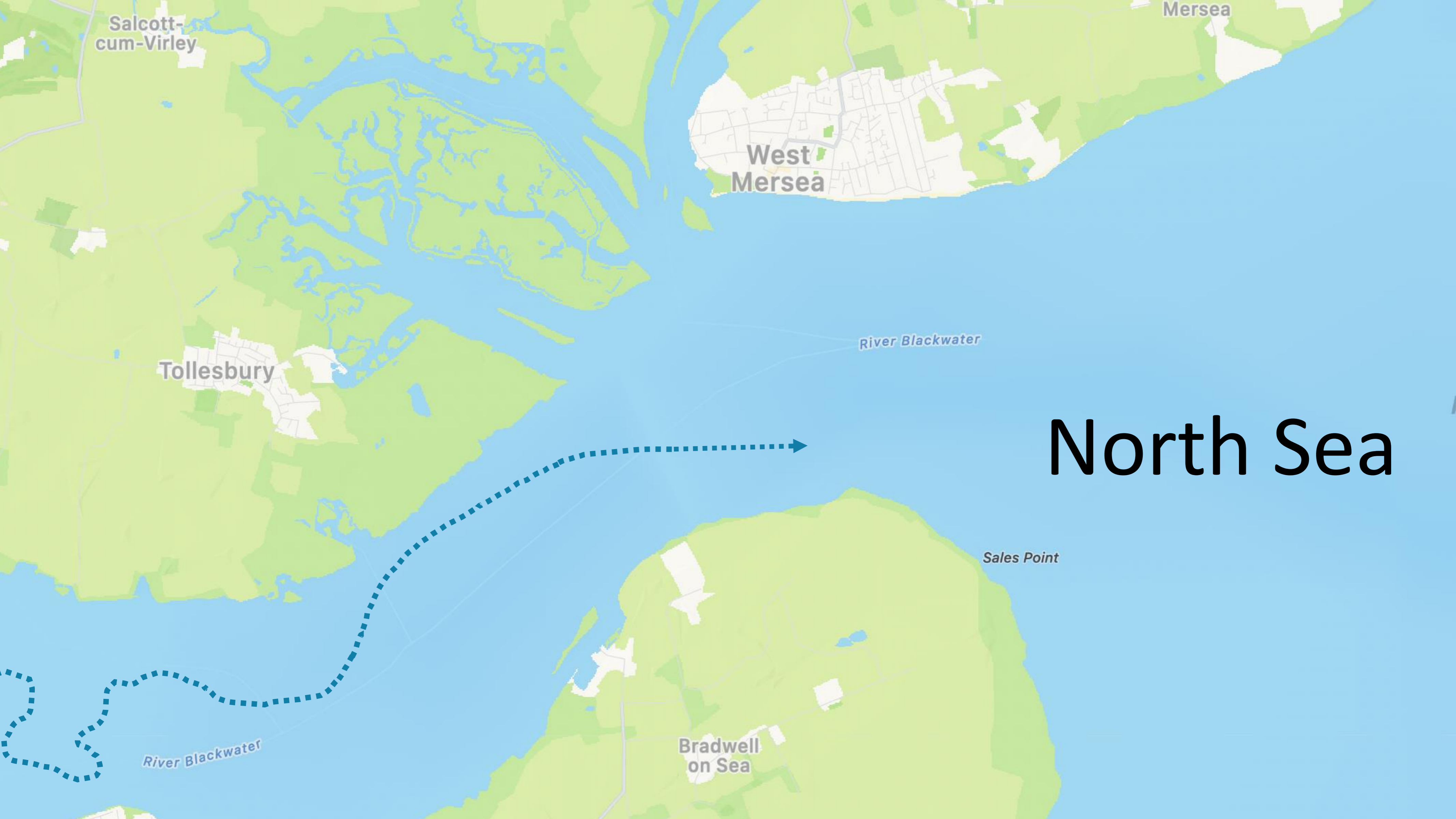


UNDERSTANDING YOUR TEAM RISK TYPES TO MAKE BETTER DECISIONS

Geoff Trickey







Salcott-cum-Virley

Mersea

West Mersea

River Blackwater

Tollesbury

North Sea

Sales Point

River Blackwater

Bradwell on Sea

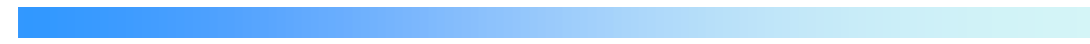


Without that insight:

No amount of:

- Creative thinking and innovation
- Physical effort and determination
- Collaboration and team-work
- Desire to find a solution
- Initiative or problem solving.....

.....could ever have enabled a successful outcome.



THE UNDERCURRENTS OF DECISION MAKING

GROUP DECISION MAKING

Recognising the problem (But not the answer)

- Boards
- Working parties
- Committees
- Armed Response Units
- Governments
- Research teams
- Bureaux
- Focus groups
- Football teams
- Pandemic Managers
- Nominal Group Technique (NGT)
- Delphi Technique
- Majority rule
- Consensus
- Group decision support systems (GDSS)
- Decision trees
- Red Teaming

BENEATH THE SURFACE

- Feelings
- Values
- Opinions
- Allegiances
- Prejudices
- Vulnerabilities
- Sensitivities
- Strategies



... and, above all, individual propensities for risk taking.

THE PROPOSITION

In group decision making, what happens on the surface is always subject to powerful undercurrents.....

... the risk dispositions of group members.

2,600 YEARS AGO – WISDOM OF THE GREEKS

DUALISM:

- Plato 428 BC
- Aristotle 384 BC
- Descartes 1641
- Antonio Damasio 1995
- Mark Walport 2014

Mortal – Immortal
Body – Soul
Physical - Intellectual
Feeling - Thinking
Heart - Head
Intuition - Reason
Emotion - Cognition

Plato: *“two horses pulling us in opposite directions”*

THE SCIENCE

Decision-making draws on both the **Analytical** and the **Emotional** systems in the brain.

“INNOVATION Managing risk, not avoiding it”

Mark Walport, Former Government Chief Scientific Adviser

THE EVOLVING BRAIN

COGNITION
Thinking

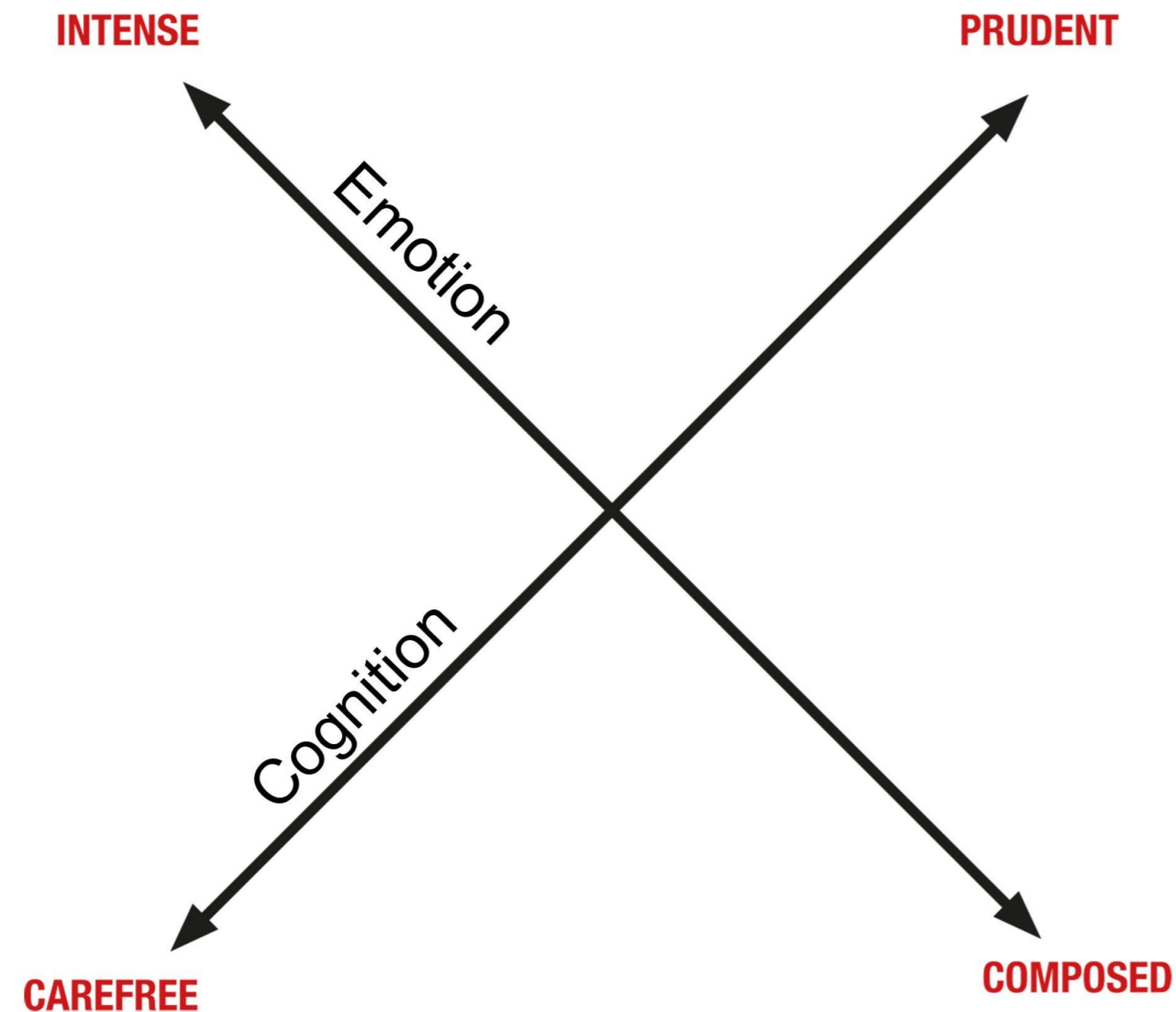


EMOTION
Feeling

ORTHOGONALITY: the Critical Importance of Separation/Independence

1. Separated by billions of evolutionary years
2. Developed independently (old brain/ new brain)
3. In “who’s in charge” antagonism
4. Zero correlation in terms of risk dispositions
5. Maximum individual variability

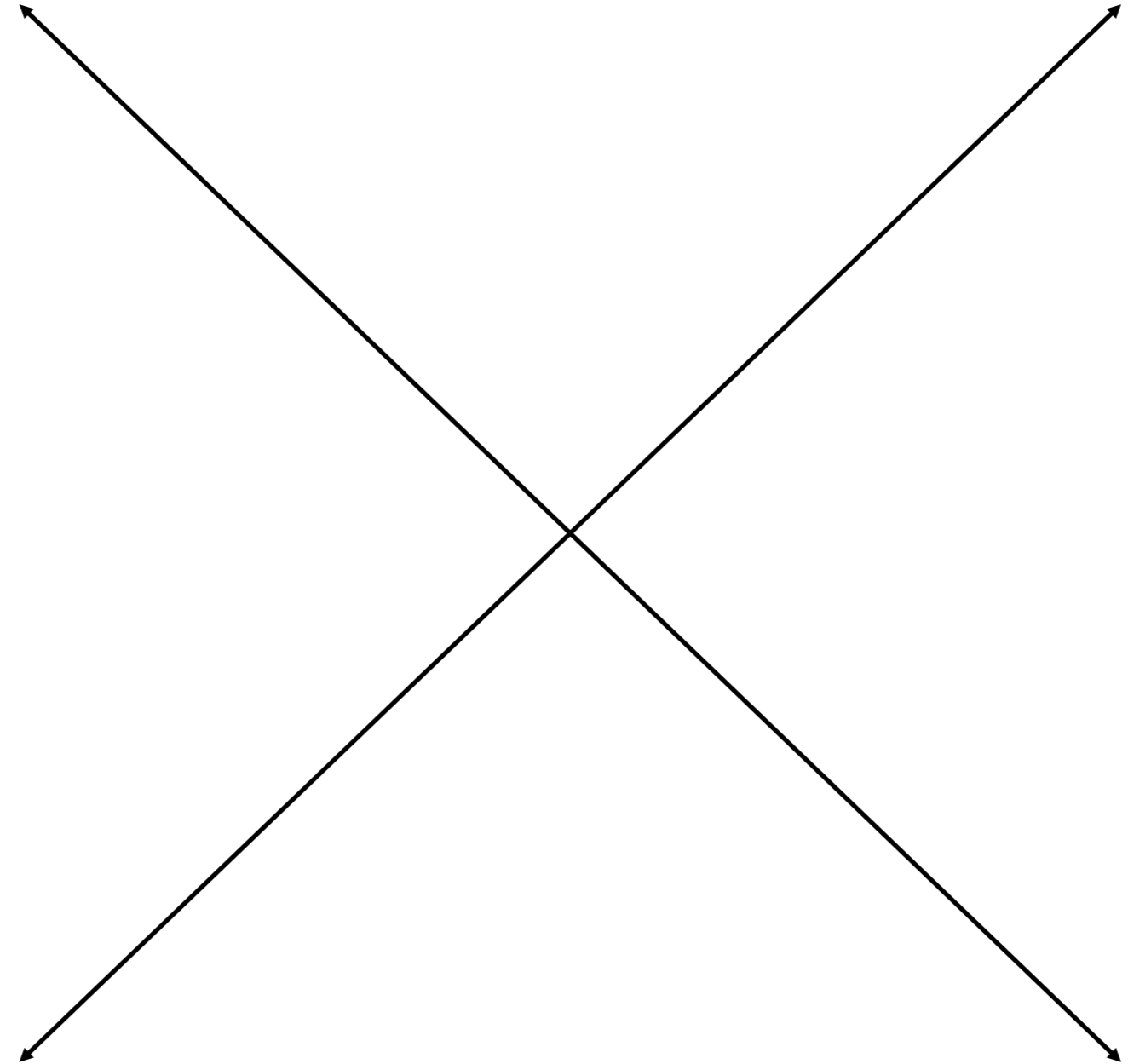
MEASURABLE ASPECTS OF RISK PERSONALITY

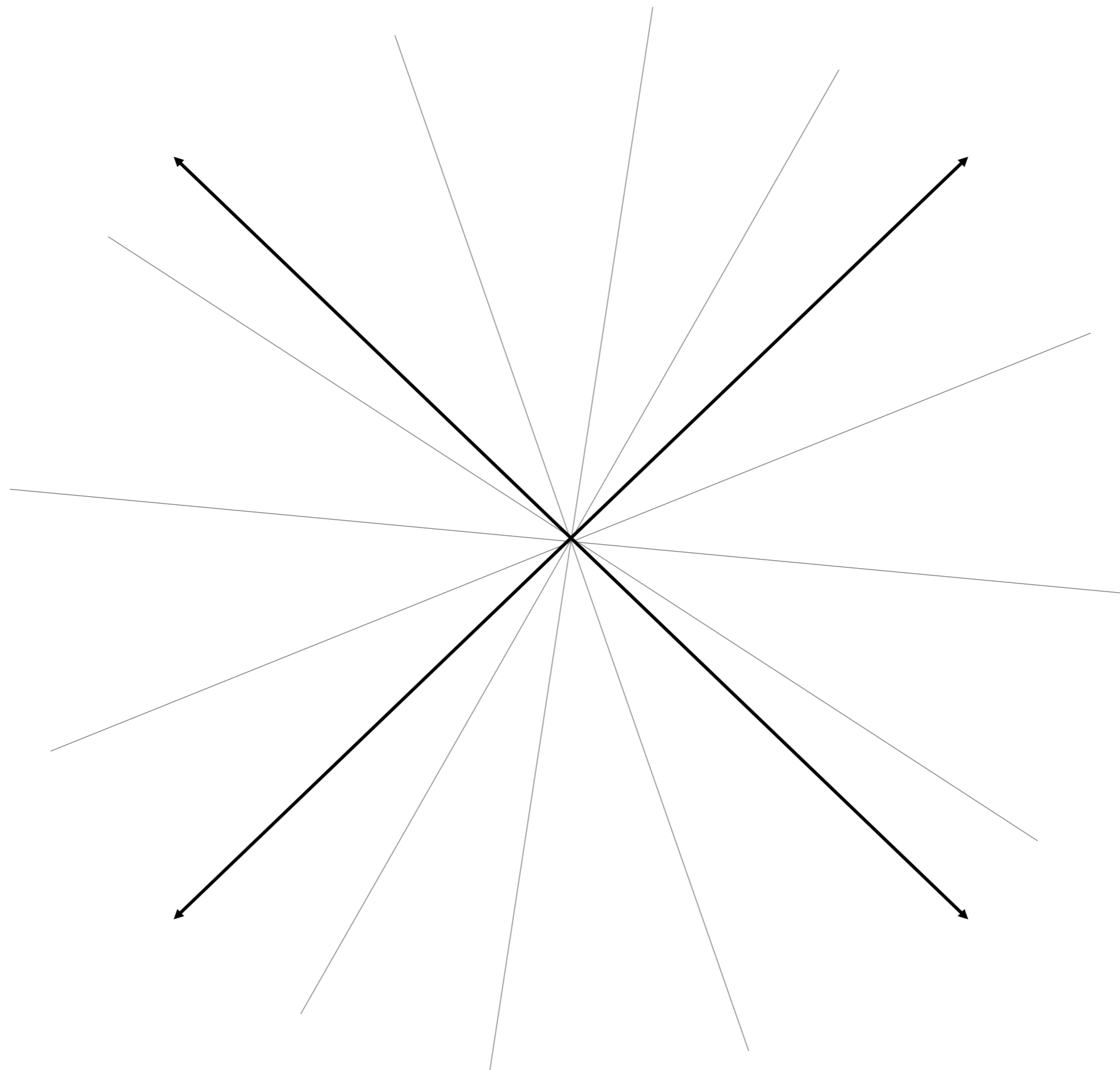
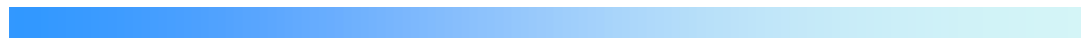


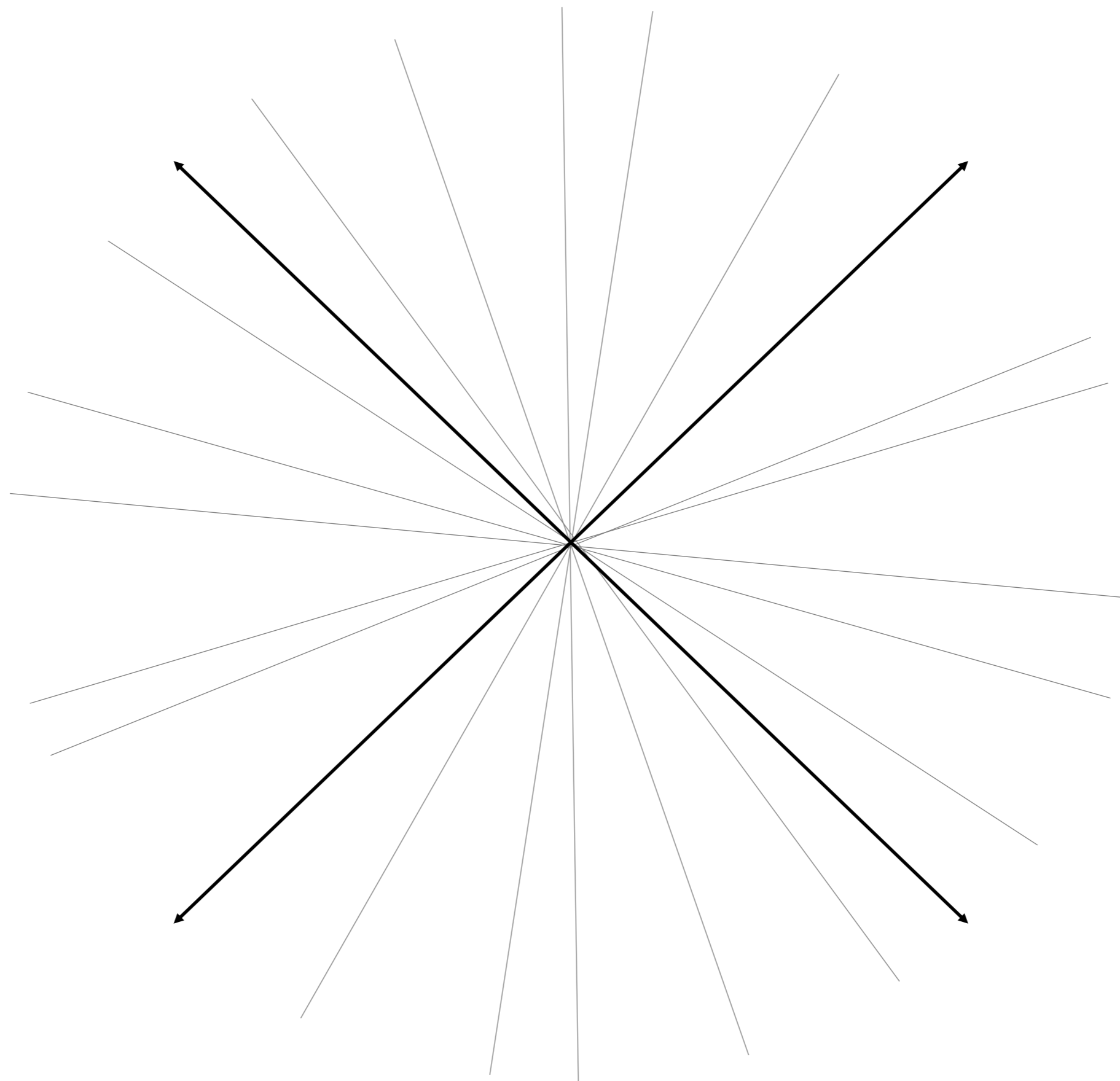
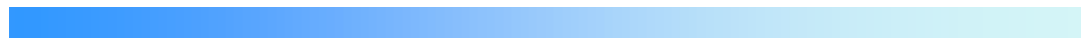
Two bi-polar scales:

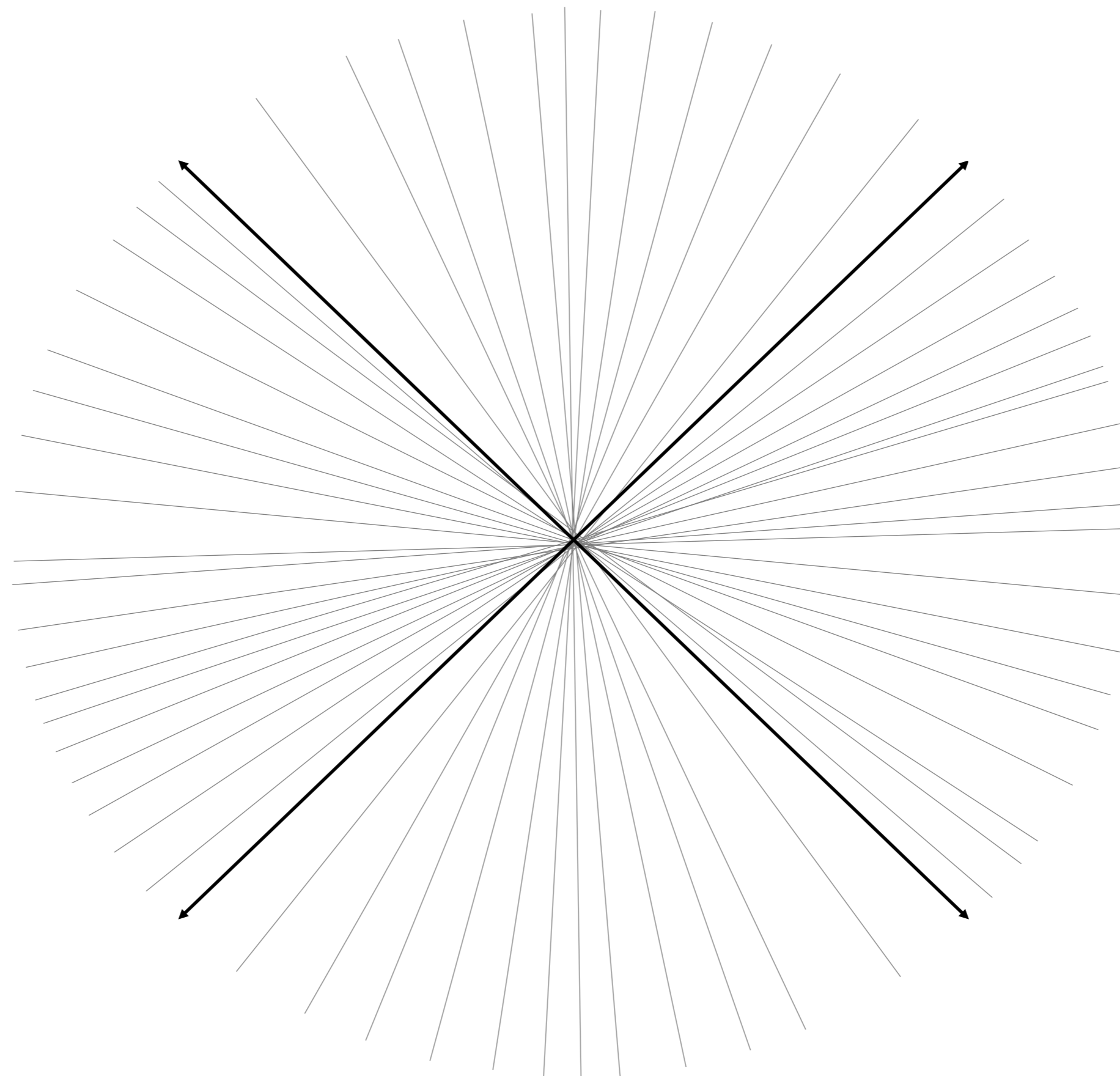
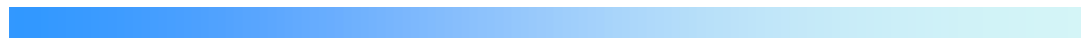
EMOTION: visceral, unconscious, automatic, quick and prone to error.

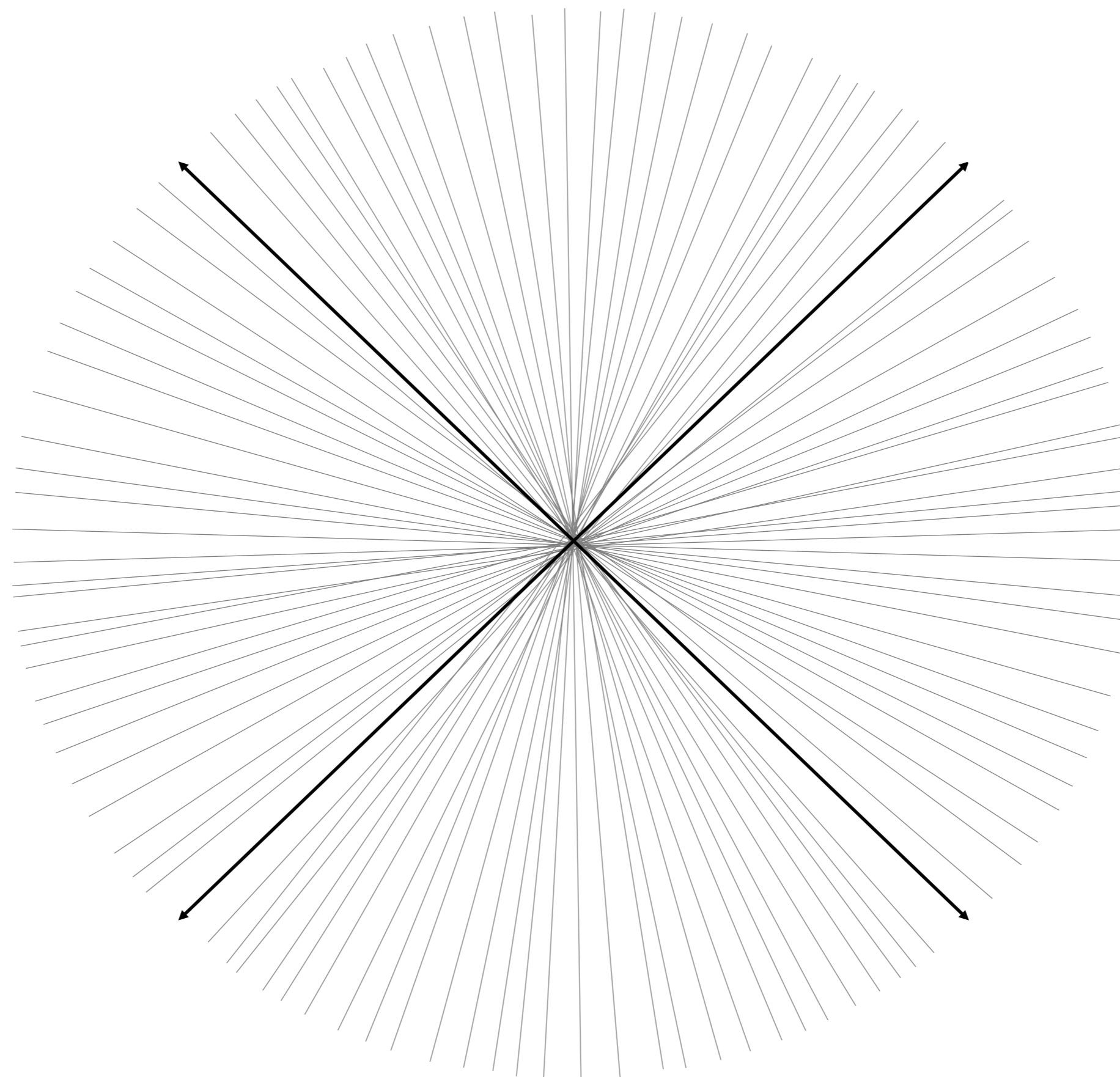
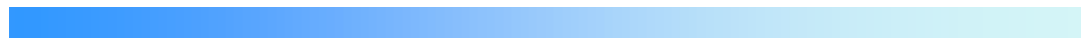
COGNITION: mental, conscious, controlled, and unemotional.



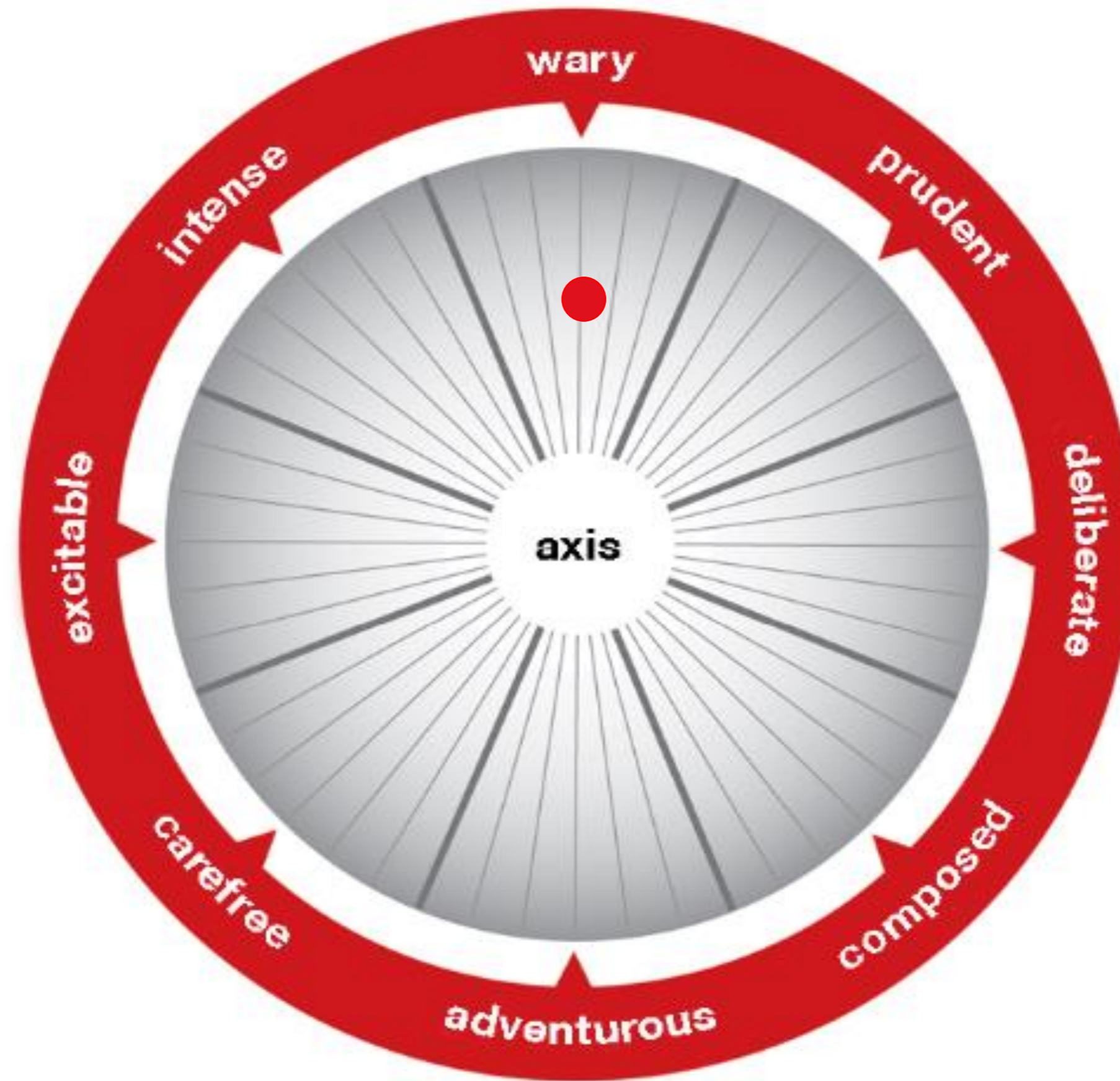




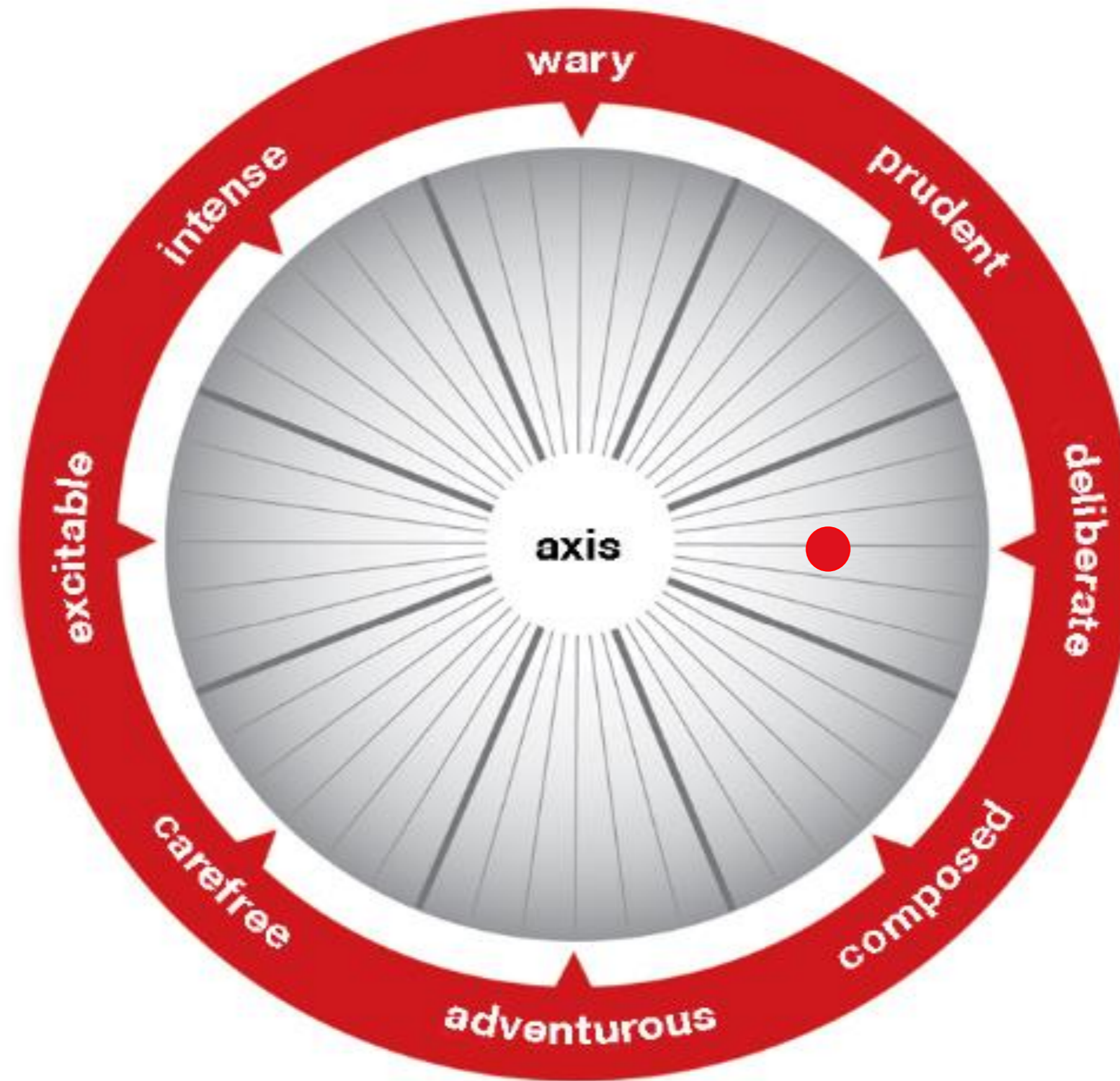




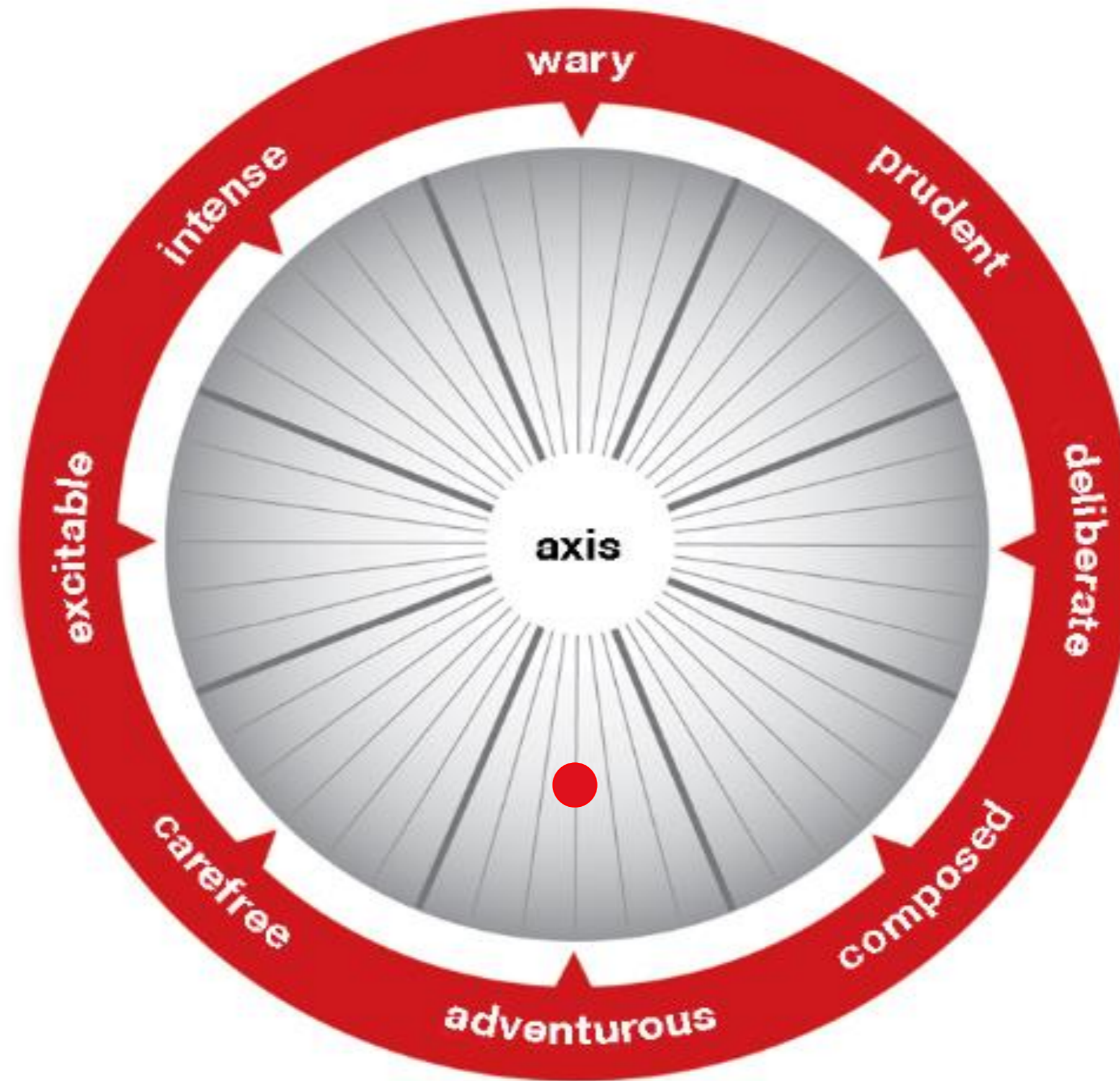
THE RISK TYPE COMPASS



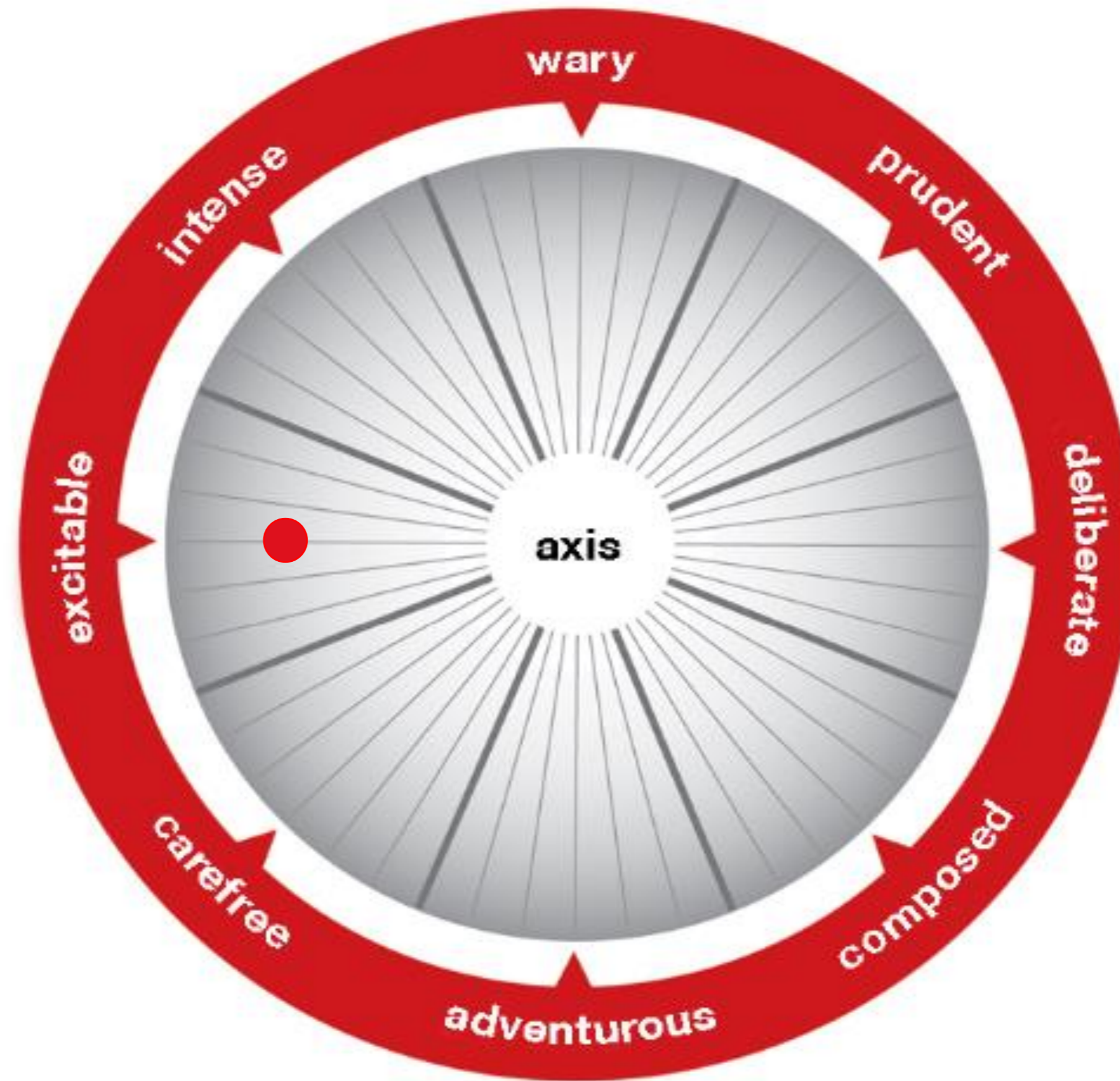
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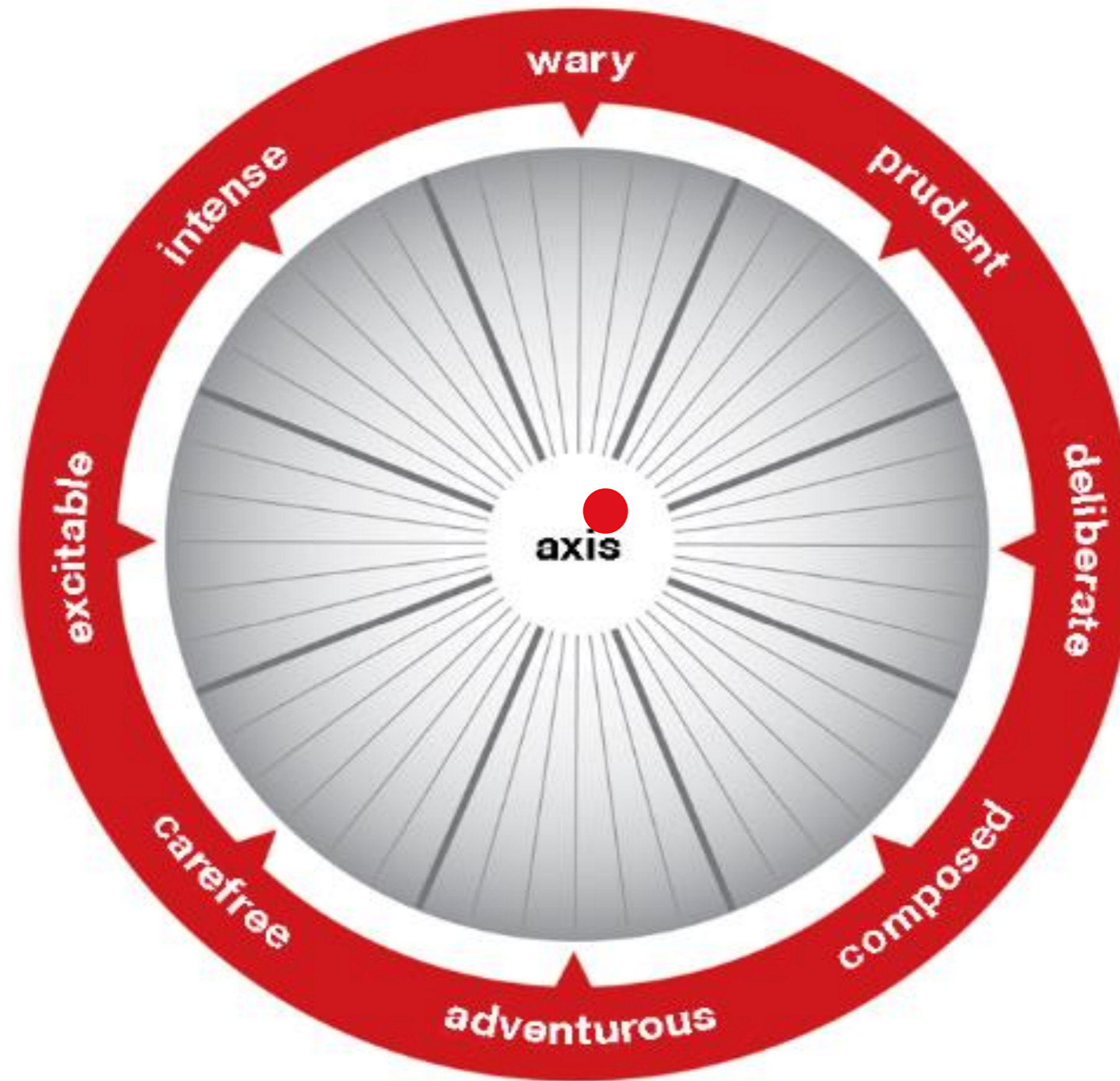
THE RISK TYPE COMPASS



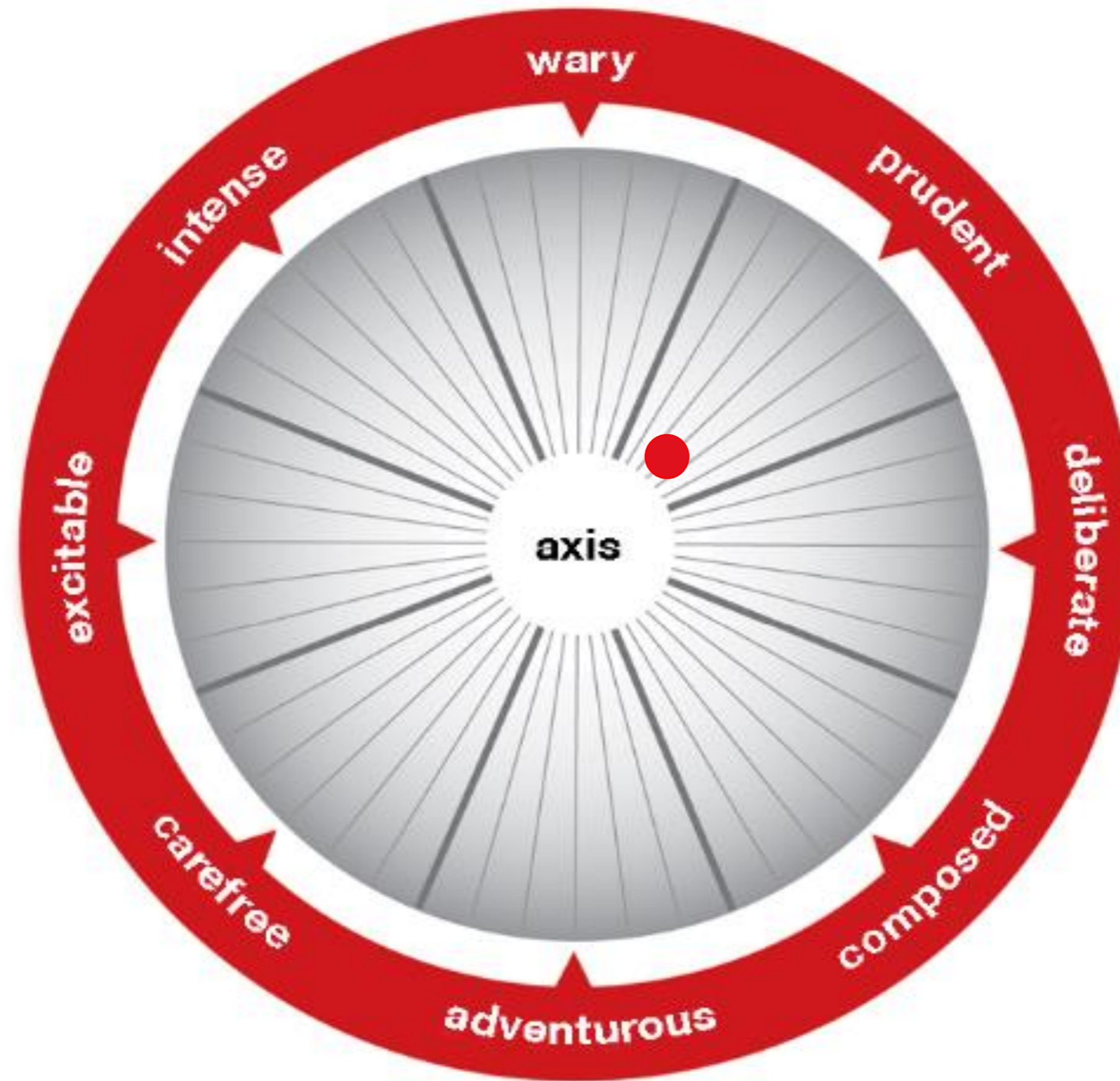
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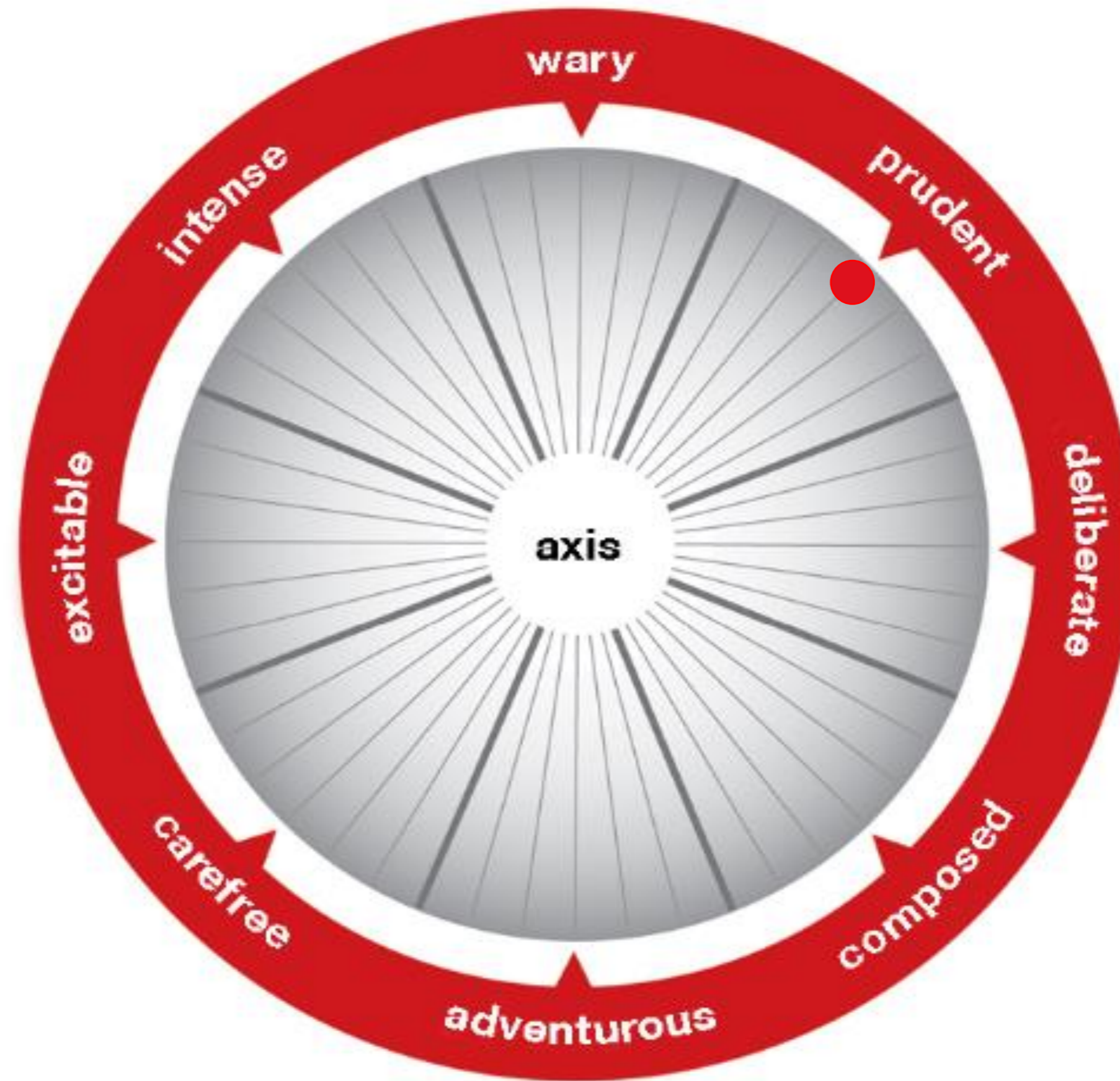
THE RISK TYPE COMPASS



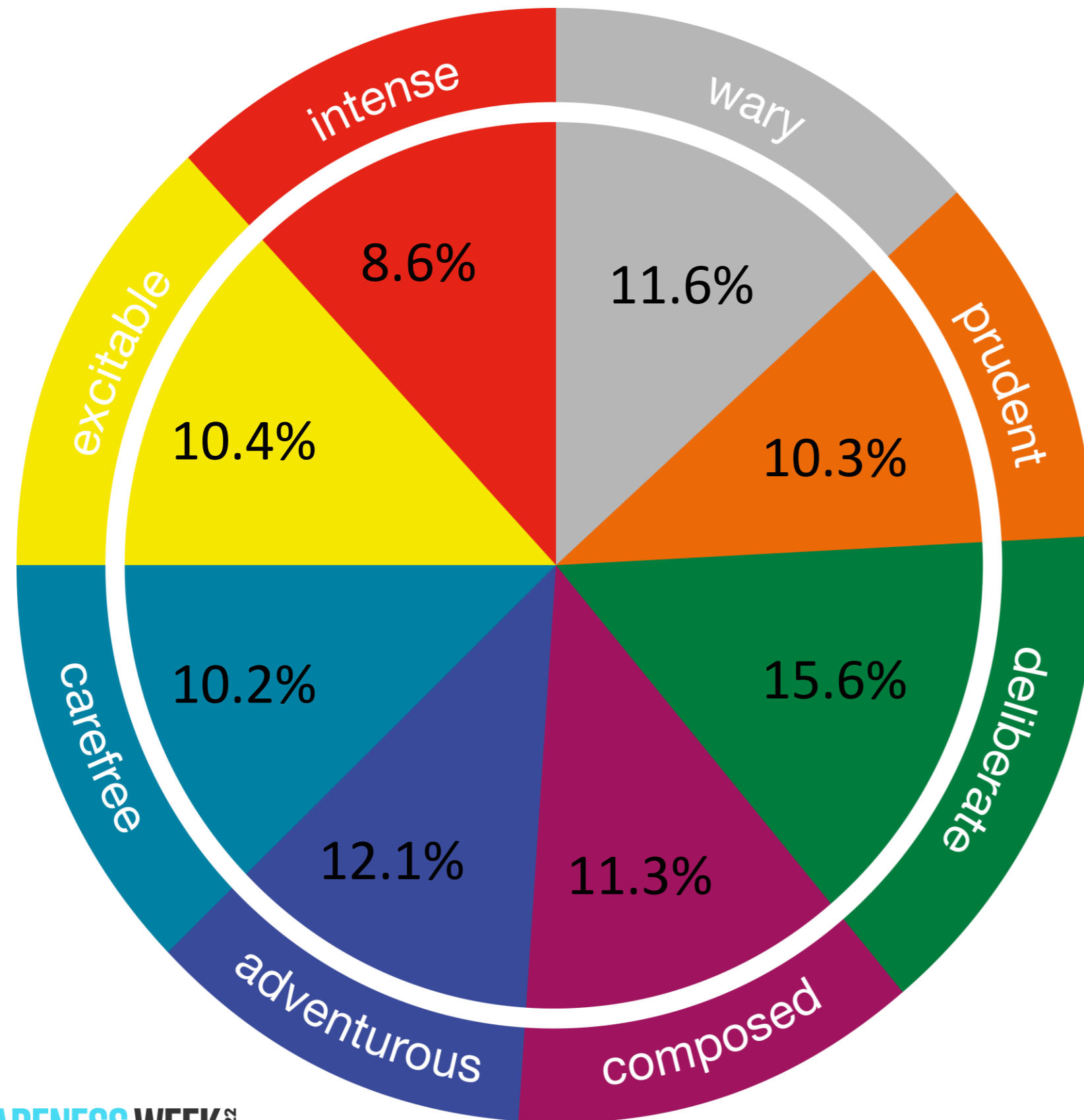
THE RISK TYPE COMPASS



THE RISK TYPE COMPASS



TEAM HOMO SAPIENS



Percentage in each of the eight Risk Types

The Axial group accounts for 9.79%

WHO BRINGS WHAT TO THE TEAM DYNAMIC

INTENSE: Anxious, expressive, vigilant, self-critical, urgent, insecure

Wary: Driven, passionate, campaigning, influencing, astute, seeks to control

PRUDENT: Systematic, literal, compliant, orderly, detailed, seeks permission

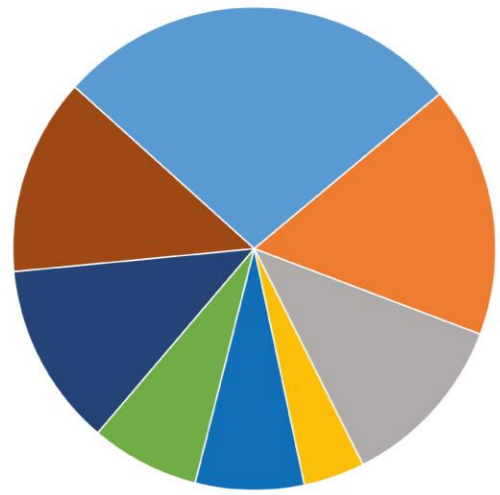
Deliberate: Consistent, stable, reliable, methodical, inexpressive

COMPOSED: Imperturbable, calm, unreactive, even tempered, self-assured

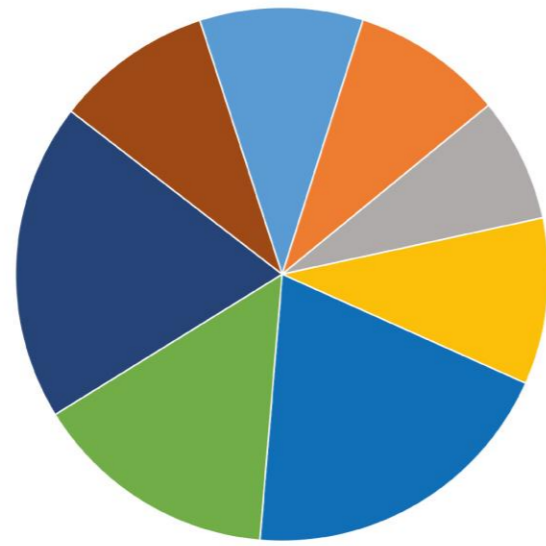
Adventurous: Optimistic, confident, openminded, enterprising, rash

CAREFREE: Curious, imaginative, opportunistic, easygoing, independent

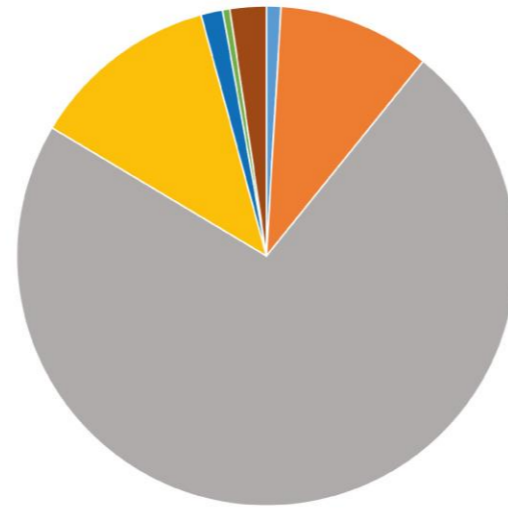
Excitable: Creative, flexible, purposeful, insistent, demonstrative



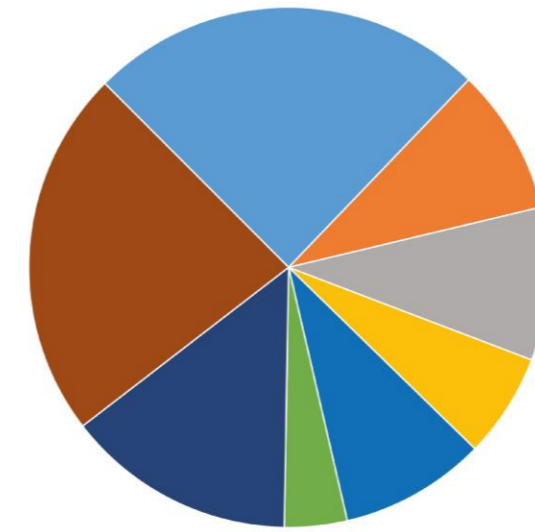
Administration



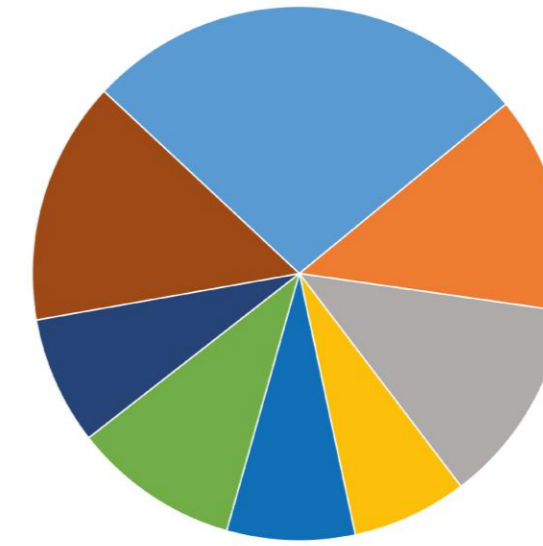
IT Professionals



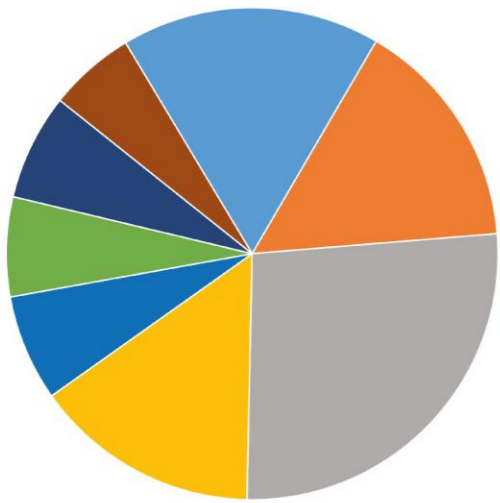
Air Traffic
Controllers



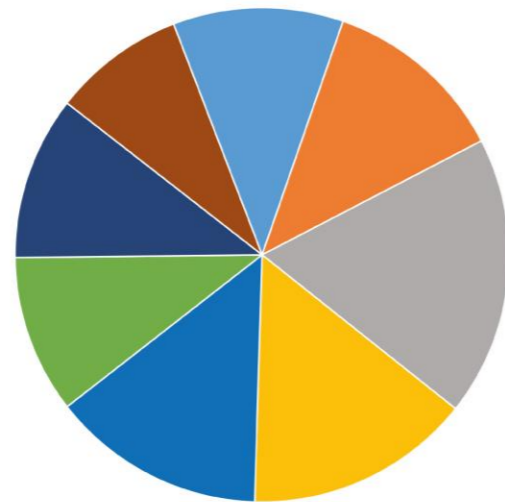
Mental Health
Professionals



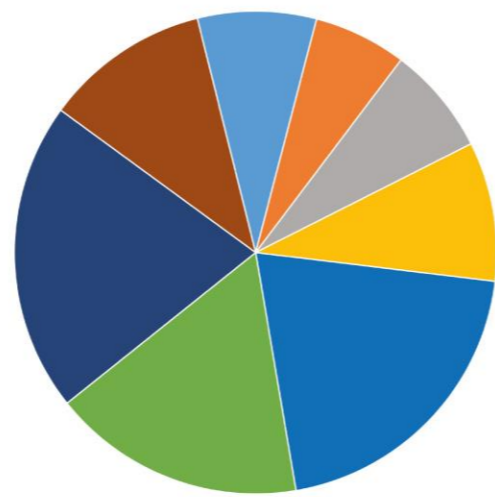
Legal
Professionals



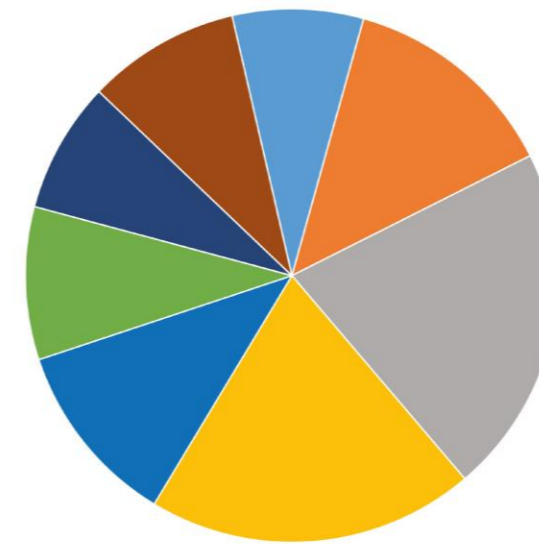
Auditors



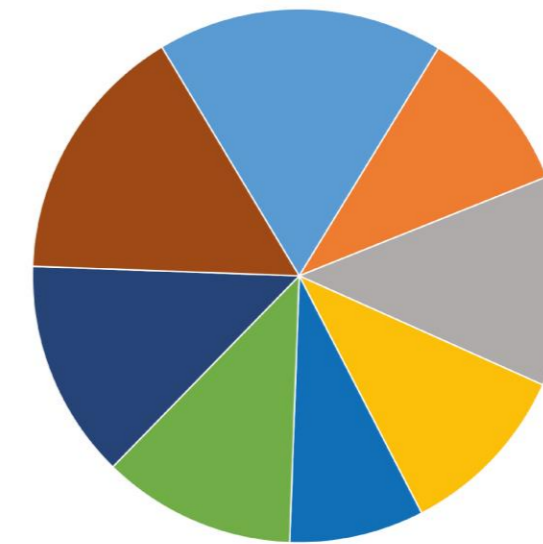
Finance
Professionals



Recruiters



Engineers



Police Officers



EXAMPLE 1: BANKING DEREGULATION

- Prior to deregulation, retail banking in the UK was exemplified by the high street bank and the persona of the local bank manager.
- After deregulation, retail banks took over the investment banks who's approach to risk then transformed banking culture and business models.
- Reliance on personal experience and intuition was replaced by probabilistic risk modeling.

Plato: “A good decision is based on knowledge and not on numbers”.

MR MANNERING



EXAMPLE 2: WOLVES OF WALL STREET STUDY

- Multiple Publications, 2016 to 2021
- 1,578 bank managers
- 165 different banks
- Tracked as they move from bank to bank
- Over 18 years (including period of the 2008 crisis)

EXAMPLE 2: WOLVES OF WALL STREET STUDY

In a banking, what drives the preferred business model?

Bank policy choices:

- Holding of liquid assets
- Reliance on non-interest income
- Exposure to off-balance derivatives
- Lending diversification
- Short term liquidity risk
- Exposure to short-term funding
- Compensation incentives

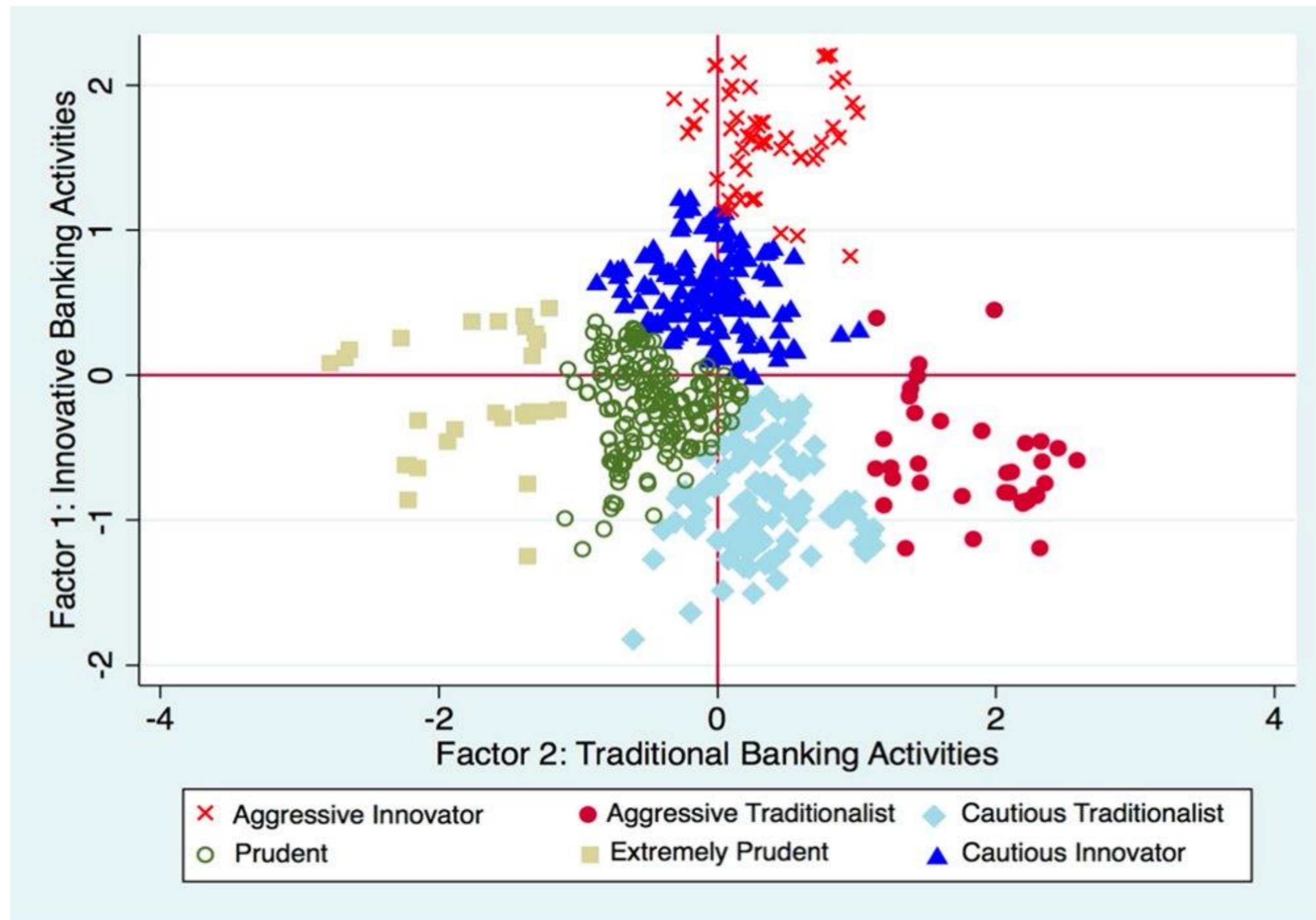
Banker demographics:

Education (MBA, Ivy League)
Career history (fast-track, non-banking, military service, professional training)

Business models:

Extremely Prudent
Prudent
Cautious Traditionalist
Aggressive Traditionalist
Cautious Innovator
Aggressive Innovator

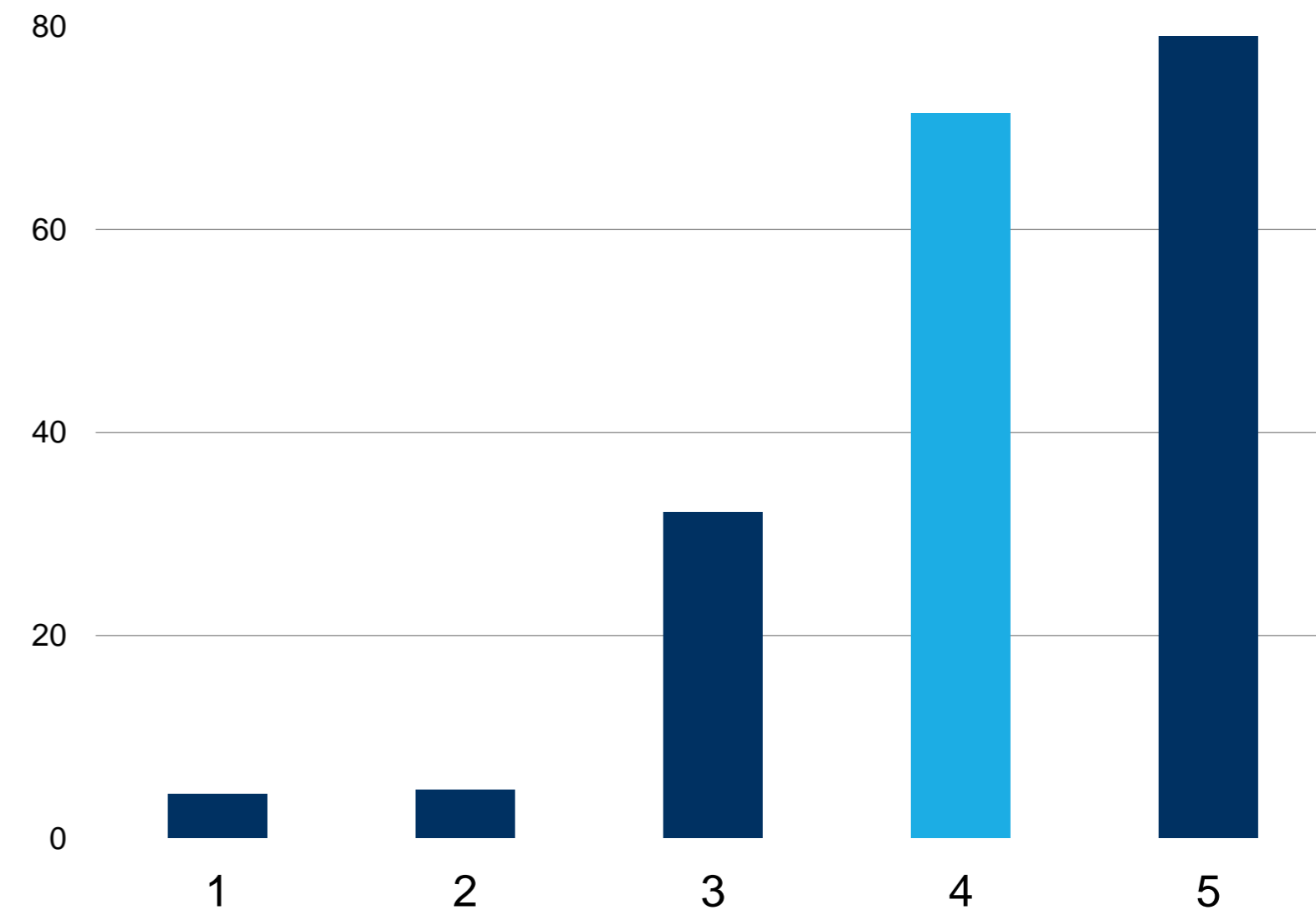
EXAMPLE 2: WOLVES OF WALL STREET STUDY



EXAMPLE 2: WOLVES OF WALL STREET

1. Compensation
2. Other manager attributes
3. Compensation + other manager attributes + controls
4. “X” Factor
5. “X” Factor + compensation + controls

Variance in business model preferences



EXAMPLE 2: What is the 'X' Factor?

- 'Tone from the top'
- Manager fixed effects
- Risk styles
- Personality
- Time-invariant manager characteristics
- Personal risk preferences
- Idiosyncratic manager preferences
- Latent characteristics

Risk Dispositions

CONCLUSIONS

Neglecting human factors in the drive to tame uncertainty

- Searching the event horizon vs who shall decide?
- Hypothetical risk vs inherent risk
- Focus on the 'WHO' as well as the 'WHAT'
- Maximising human nature

'Nature, to be commanded, must first be obeyed'

Francis Bacon, 1561 - 1626

WHEN YOU CAN MEASURE IT - YOU CAN MANAGE IT

At a personal level:

Understand the implications of YOUR OWN Risk Type

At a team level:

Risk Type dynamics are a basis for team audit and development

At an organisational level:

Mapping the risk landscape provides unprecedented possibilities for effective deployment, development and strategic planning



BEWARE OF THE UNDERCURRENT

For delegates only –
free risk type profile:

- Go to www.psy-key.com
- Enter access code
RAW2022
- Register your details
- Begin the assessment



THE END