



Psychological Appraisals • Executive Search • Private Equity

From the desk of David Simpson

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“The cautious seldom err.”

—Kong Qiu (551–479 BC), Chinese philosopher

Kong Qiu, better known as Confucius, is widely considered to be one of the most influential and important individuals in human history. His teachings and philosophy greatly impacted people around the world and remain influential even today. In thinking about his quote, what catch's one's attention is that 2,500 years later little has changed. And our years of research concur.

Consider a random group of one hundred senior individuals that hold structured or policy-driven positions in an organization. If you ask them about the number of times they make mistakes, the vast majority will respond that they make more than 95% or more of all their decisions correctly. If you were to put the same query to the top one hundred CEOs in the Fortune 500, they will tell you that they only hit the mark on about 33% of their decisions. Caution and risk-taking are really just two extremes on the same continuum. The ability to use caution certainly has its place in the business world. But it is the effective management of risk that is a much more coveted and essential skill for a senior executive who is operating a company.

Risk. Understanding it. Managing it. Using it. Every top-flight executive and capable corner-office leader that I have met over the past forty years has had a firm grasp of adapting this word to their business—with exception. And when you find yourself looking to bring a gifted senior operating individual onto your team, it is incumbent to ensure the successful candidate has an elevated mastery of potential peril. How do you spot this talent in an interview? Watch for condescension, self-righteous indignation and excessive focus on the concept of fairness. Interestingly, these characteristics are side effects of a lack of risk tolerance.

Perform better!

A handwritten signature in blue ink that reads "David".