

Calculated Risk: Good Surprise, Bad Surprise: The Law of Unintended Consequences



By

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When my son was just learning how to run, he often took a tumble. Occasionally, he would fall down a bit hard and though he wasn't really hurt, the shock and the injustice of the accident would bring him to the edge of tears. On these occasions we would try to diffuse the situation by saying, "That was a bad surprise!" He would stop to consider this for a moment and, finding himself in agreement, would often forget about the fall, get back up and start running again.

When we are young life is full of surprises and, for most children in America today, most of them are good surprises — holiday gifts, a birthday party, Spring, seeing a butterfly for the first time, chocolate. For a child, life is bursting with possibility and potential.

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But something happens to us as we get older. We become not so much risk averse as we become surprise averse. "I don't like surprises — good or bad," a boss once told me. "What? Who doesn't like good surprises?", I asked myself. Yet it is true. It is not that we don't like to get good news, but it is disconcerting when things don't turn out as we expect, even when they turn out better than we expect, because it spoils our delusion that we are in control of our lives.

Of course, it turns out that we are only good at avoiding surprises if we are successful at avoiding life. When we face reality, we must admit that most things that life throws at us are beyond our control. While the pundits talk about the importance of being "proactive" such advice ignores the fact that the universe is already well in motion. We cannot help but react. We can, however, choose *how* we react.

Everyone is familiar with the old phrase, "If life hands you lemons, make lemonade." I would like to update this cliché with a new formulation which, if nothing else, sounds a bit more scientific or perhaps worthy of one of those little books one finds at the checkout counter in airport bookshops:

1. Be prepared for the unexpected.
2. It's all unexpected.

Our actions and decisions don't always work out the way we think they will and what often seems to be a mistake can be for the best — or not; it depends on how we react.

National Public Radio (NPR) commentator, Lester Reingold recently illustrated this principle with the example of the Empire State Building in New York City. Originally the building was designed to have a flat roof and be just a tad higher than the Chrysler building. But the designers wanted to decisively exceed the height of the Chrysler

building and so they designed a new pinnacle for the structure which they intended would be used as a dock for dirigibles, the huge hydrogen airships of the day.

The dirigible dock proved to be unworkable (so did dirigibles for that matter), but the soaring spire turned out to be an excellent radio and television antenna. In addition, it gave the building its distinctive look that kept it a New York City landmark long after it had been surpassed as the tallest building in the world. Good surprise.

On the other side of the coin is the tragic story of the *S.S. Eastland*. In the wake of the *H.M.S. Titanic* accident, laws were passed which required all ships to have sufficient life rafts for all passengers. Ironically, the *Eastland*, which was already somewhat unstable, could not bear the weight of the additional rafts and in 1915 the ship capsized in the dock drowning more than 800 people in the Chicago River. Bad surprise.

In spite of the amazing strides of science, in spite of our relentless study of history and our overwhelming compulsion to control our environment, human beings still have a very poor track record of being able to predict the future. What does this mean, practically speaking? It means that life is uncertain and things rarely turn out anything like what we expect. *Things virtually never turn out exactly as we expect.*

Also important to keep in mind is that the bad surprises are often not all that bad. A friend of mine who works in the insurance industry says, "If a situation can be fixed with money, it's not a problem; it's an expense." And most things can be fixed with money. The exceptions are loss of life, injury to physical or mental health, and damage to reputation.

One definition of risk management is that it is a discipline for dealing with uncertainty. Managing risk is like an elaborate chess game. Who can foresee the end game? The person who is living life is the one who approaches each situation without determining in advance whether it is good or bad. Rather, he or she brings a fresh, unbiased perspective to each move and asks not just what is on the board, but what do I bring to it. Or, as I once heard a 35 year-old woman with early onset Alzheimer's disease say, "You play the hand that is dealt you."

So, if we can't learn to enjoy them, we should at least get more comfortable with surprises. Life is full of them. Good surprise? Savor it for all it is worth. Bad surprise? Get back up. Keep running.

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