



# THE ART OF RISK

by Kayt Sukel



## Overview

The author delves deeply in the modern science of risk-taking. She pulls in neuroscience, psychology, and interviews with successful risk-takers (e.g. neurosurgeons, Special Forces officers) to offer an integrated treatise on *The Art of Risk*.

### PART 1 - RISK, NOW AND THEN

#### Chapter 1. Confessions of a Reformed Risk-Taker

The author has noticed herself becoming slightly complacent in her middle-age. She wonders *when* her risk-taking ability had changed, and, more importantly, *why*. We are actually “*terrible at calculating the actual probabilities of specific outcomes.*” We are prone to biases, heuristics, and short-cuts. There is an entire field dedicated to decision neuroscience. We make thousands of decisions each day to maximize (albeit subconsciously) our odds of achieving our goals.

#### Chapter 2. What Is Risk Anyway?

When faced with a choice such as a potential career change, we are envisioning our future salary, future enjoyment, and a myriad of other subjective factors. Words such as “scary”, “ambiguous”, or “exciting”, are our attempt to define our subjective thoughts. Successful risk-takers aim to avoid situations which have “*a significant probability of resulting in a negative outcome.*” It used to be believed that business decision-making was about always minimizing risk. However, these days it is more about learning to *moderate* the inevitable risks which come in business.

### PART 2 – NATURAL-BORN RISK-TAKERS

#### Chapter 3. Risk and the Brain

When a woman the author interviewed was faced with the decision to join a new startup or keep her existing job, her mind thought about her past experience in a

startup. She used words such as “*young, vibrant company*” and “*shared mission and camaraderie*”. And yet she tempered that with the instability that a startup contains, and the fact that she’d have to uproot her life.

Our brain’s risk-evaluating system is the mesocortical limbic pathway. It contains our “reward” center, and our center for “calculating predictability”, made up of:

- Basal Ganglia (indulgences such as food and sex)
- Prefrontal Cortex (rational calculations)
- Limbic System (emotions and memory)

The basal ganglia (our “reptilian brain”, or “gas pedal”) pushes us towards our desires. The prefrontal cortex is a more rational center, tempering our desires through logic, judgment, and reason (“brake pedal”). The limbic system works with memory, instinct, emotion, and rewards, essentially linking the gas and brake pedals.

Each decision is run through our brain, calculating the subjective values we place on our desires. We weigh factors (such as similar situations from the past), and decide on which action has the highest probability of leading us to our goals. By placing too much weight on our desires, we become too risky; by placing too much weight on rational analysis, we play it too safe.

*“Yearnings can be tempered by reason and experience; our more prudent judgments softened by desire and need.”*

#### Chapter 4. Risk and Genes

Each of us has a slightly different “algorithm” through which we run our decisions based on our genes. Dopamine (the pleasure hormone) is released when we get a good result from a decision, while serotonin is “*a fellow transmitter, is often described as a dopamine brake.*” More serotonin decreases risk-taking, while more dopamine increases it (yielding thrill-seeking behavior). Different genes have different effects (such as the “warrior gene”), but overall a given gene has a



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