Risky Business

by Tom Johnson – SSF Trustee

The movie "Risky Business" was an entertaining look at what can happen when you get involved in something you really do not understand. The lead character kept getting deeper and deeper into a quagmire of his own making. All while trying to get accepted into Princeton University, an Ivy League school. And the hijinks ensued.

The investor, Warren Buffett, famously said that "Risk comes from not knowing what you're doing". He also postulated that making decisions on speculation and emotion rather than sound technical reasons greatly increase your exposure to risk.

Our sport of soaring, as well as financial investment, involves an element of risk. Understanding where the risk comes from and how to avoid or mitigate the risk is essential to good airmanship and financial well-being.

The Aviation Instructors Handbook (FAA-H-8083-9 page1-2) defines risk as "the probability and possible severity of accident or loss from exposure to various hazards".

In the air or in the market, we all can agree that because we have identified that some risk will be there in some form, we need to manage the risk. Risk Management (FAA-H-8083-9 page1-3) is defined as "a decision-making process designed to identify hazards systematically, assess the degree of risk, and determine the best course of action". One of the key principles is defining for yourself what your unacceptable level of risk is. Is it heading out into the blue over unlaudable terrain, or trying to stay up as the thunderstorm approaches the field, or investing a large sum of money on a friendly stock tip?

The principals of risk management demand that you whether flying or investing:

1. Accept no unnecessary risk. Do not put yourself into a situation where your skill level, recency of experience, or familiarity with the sailplane are not up to dealing with the risk you are accepting.
2. Make Decisions at the Appropriate Level. Simply put, you need to be Pilot-in-Command. Do not let someone else who is not PIC make the decision for you or lead you into a situation in which you cannot cope.
3. Accept the Risk when the Benefits Outweigh the Cost. Flying a new-to-you sailplane for the first time on a gusty crosswind day or going long on that alpaca farm deal is not a good idea. All identified benefits should be compared against all identified costs.
4. Integrate Risk Management into ALL Levels of your Pre-flight Planning. Risks are more easily assessed and managed in planning for your flight. Be proactive rather

than reactive to risk management. Changes to your plan made in the flight tend to be more reactive than proactive and are difficult to identify and execute. However, any time you identify and mitigate a safety risk, appropriate and effective risk management has taken place.

Once you have identified a risk, you must assess the risk and how it will affect you. You then must develop a plan to avoid or mitigate the risk. Use all the resources you have at your disposal to develop your plan. Other sailplane pilots in the air, ground personnel, Air Traffic Control, etc. All of these resources can help you develop the plan, but it is up to you, the Pilot-in-Command, to decide and implement the course of action you deem prudent.

This may sound striking familiar to Aeronautical Decision Making (ADM). It is! ADM is a learned skill. When I was learning to soar a long time ago, glider ADM was mostly learned through experience, osmosis, and stories from other people. I cannot remember specific ADM training or techniques.

We highly encourage you to develop your risk management skills using a scenario-based training (SBT) format. Put yourself in your sailplane and play "what if". What if I am 10 miles out and a storm is approaching the field? What if the soaring is just getting good and my passenger starts to feel queasy? What would you or what can you do? ADM is a perishable skill and SBT can help you keep the skill fresh.

Do not discount the tremendous effect External Pressures have on your decision-making ability. "Get-home-itis" is the most prevalent example. Your ability to perceive that the risk may far exceed the reward can be negatively impacted by your external pressures. Learn to identify your external pressures before you take-off. If I must have the sailplane back in the trailer to make a 6PM dance recital, do I really want to be planning a 4PM landing?

Management of external pressure is the single most important key to risk management because it is the one risk factor category that can cause a pilot to ignore all the other risk factors.

Use your ADM skills to develop personal minimums. Develop these minimums in the comfort and privacy of a safe place. Get your coffee, put on "Walker, Texas Ranger", and systematically develop your personal minimums. At what altitude do I stop thermalling and accept the land-out? How much wind is too much? What are my "Go/No Go" criteria for a mechanical issue on my sailplane? When am I too fatigued or ill to safely fly?

Once you have defined and established your personal minimums, stick to them.

Use your aircrafts Pilot Operating Handbook (POH) to develop checklists you actually use. Use the POH to develop checklists for each phase of flight. If the ABC checklist or CB-SIFT is not to your liking, develop a checklist that covers the items you deem necessary. Use your checklist like your safety and well-being depended on it.

It is remarkable that almost all of the principles identified here work in soaring as well as investment.

Follow Mr. Buffett's advice and learn what you are doing. Knowledge is key to risk mitigation and management. The better informed and prepared you are to identify, assess, and mitigate the risk, the better pilot you will be. Remember, risk management as part of ADM is a perishable skill that must be practiced and nurtured.

So learn to manage the Risky Business, and a degree from Princeton may be in your future.