

Innovation Fallacy #1 - Risk Drives Reward

by Bill Poston



Years of sloppy thinking have left a residue that is potentially harmful to our efforts to deliver organic growth from innovation. A fallacy- an argument that uses poor reasoning- is not necessarily untrue, but when unchallenged and unproven can lead others to make bad decisions. There are a number of fallacies that pervade the general dialog about innovation. Some of them are untrue, others present false choices that can lead people astray.

One of my favorites is that higher risk reaps more reward. This position suffers from weak inference and insufficient evidence. Risk and reward are not perfectly correlated in all cases. The ideal project has tremendous reward with little risk. There are many ways to mitigate risk in an innovation initiative, but more simply, not all innovations stem from high risk projects that need to be mitigated in the first place. There are plenty of ideas with sound business cases that no one has to stake their career on.

Yes, there are many cases where a breakthrough will require substantial investment, and launching anything new comes with a certain amount of risk, however, the two variables are not perfectly correlated and increasing risk is not a requirement for increased rewards from innovation. The best business concepts are those with risk profiles that are disproportionately small relative to their potential reward.

Let's tighten up our thinking about innovation and challenge the prevailing wisdom. Fallacious thinking can get us into trouble.

More Reading

[Innovation Fallacy #1 - Risk Drives Reward](#)

[Innovation Fallacy #2 - Spending Drives Output](#)

[Innovation Fallacy #3 - Failure is Spectacular](#)

[Innovation Fallacy #4 - Innovation Cannot be Scheduled](#)

[Innovation Fallacy #5 - Structure Slows Innovation](#)

[Innovation Fallacy #6 - Process Inhibits Creativity](#)

[Innovation Fallacy #7 - Success Is Getting To Launch](#)

[Innovation Fallacy #8 - Disruption Happens Fast](#)

[Innovation Fallacy #9 - We're The Apple Of...](#)

[Innovation Fallacy #10 - The U.S. Is Losing](#)

Originally published on www.thechiefinnovationofficer.com

Originally published on June 21st, 2014

[What's your view? Add your question or comment](#)

About the Author



Bill Poston

bill.poston@kalypso.com

For the past 30 years, Bill has helped executives in technology-driven industries transform their competencies to deliver results. He is a highly regarded consultant, speaker, and writer on the topics of innovation strategy, product development, portfolio management, technology commercialization, and the software systems that enable innovation. Keep up with Bill's latest research and thoughts on innovation and the rising role of the Chief

Innovation Officer at www.TheChiefInnovationOfficer.com.