

AGENDA

OPINION

A Shift from Modeling Risk to Modeling Humanity

The art and science of risk management is not always linear, or comfortable

By **Juan C. Andrade** | September 26, 2022

Entering a comfort zone often starts with discomfort.

I have spent my career seeking innovative ways to understand and mitigate risk; first working in national security and international affairs for the U.S. government, including The Executive Office of the President of the United States, and later within the insurance industry.

The art and science of risk management is not always linear, or comfortable. We learn over time and we adapt to meet the challenges facing our world.

The heightened risk environment we face today — fueled by climate change, inflation, war and the pandemic's ongoing impact — places new demands on leaders of global companies of all sizes. This is driving a greater focus on not just who we lead but how we do it, making it increasingly important that our leadership styles evolve with the challenges of this new reality. Old-school methods are simply no longer effective. We need a new approach that reflects current times and can help us to better model humanity.

Leaders today are faced with stewarding important conversations on topics ranging from the state of the global economy and social and geo-political issues to diversity, equity and inclusion and environmental sustainability. Our employees and the communities we serve expect us to have the answers to questions once largely considered outside of our purview. In a macro and social environment with no immediate, simple or clear answers, it is incumbent upon us to create our own road maps for the future.



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To thrive as modern leaders, we must become experts in empathy. We are fiduciaries and stewards of shareholders' capital, but we must also recognize that human capital is just as critical.

Employees need their leaders to be compassionate, particularly in times of crisis. This feels odd to those of us who came of age during the “work hard and don't complain” era of business. But make no mistake: Empathy is a game-changer for companies. Research shows that employees led by compassionate executives are more likely to be committed and satisfied with their job and less likely to experience burnout and turnover.

People inside and outside of their office walls want to know what a company stands for and what steps leaders are taking to make tomorrow better than it is today. I often emphasize at Everest that we are working toward something bigger, united by a mission to provide the world with protection from major risks.

I have learned to be grateful that our stakeholders raised the bar and now require more from us. The pandemic changed how we live and work, and employees are now reconsidering the role that their job plays in their daily existence. It is time to break this cycle of doubt and questioning.

The complicated social and political issues leaders face daily can make it easy to turn inward and seek out the same sources of counsel. The reality is most people hesitate to share their unvarnished point of view with “the boss.” As a result, leaders risk further shrinking their circles of trust. This makes it easy to recede into a dangerous echo chamber of the “same old” advice.

It is time to get uncomfortable while creating a new comfort zone.

This starts with embracing diversity of thought and experience, because the next generation of talent expects leaders to foster diversity, equity and inclusion in all facets of work. We all benefit from seeking out new voices for fresh perspectives and creating the opportunity for more individuals to contribute their brilliant ideas to advance a company's purpose. This is how we can achieve things we never thought possible.

Leaders who excel at adapting to change are more likely to succeed. There is no better example of this than the pandemic. Up until March of 2020, I could not have imagined how face-to-face interactions could be replicated in a remote environment.

Amid constant change, CEOs must learn to model humanity in a brand-new era of business. Doing so will leave our respective industries and the communities we serve better than we found them and help prepare the next generations of leaders for what is to come.