# Freedom and Failure: The Steward Leader as a Manager of Risk

By George Warton and Dr. Kent Wilson

**A Million Dollar Venture That Failed (Kent’s Story)**

I never thought that I would be entrusted with such a huge investment: the privilege of leading a skilled team developing a new Christian women’s magazine for a major Christian publisher. We had done as much planning as the best New York publisher would do, using sophisticated marketing analysis tools and research to project how much it would cost to get the magazine off the ground in a nationwide launch. The price ticket took my breath away­­: almost $1 million. But God had provided a donor who was excited about the ministry potential of the magazine and our Board was impressed with the concept and potential as well. Our plan involved a number of risk assessments and critical milestones where we agreed to periodically stop and compare the results against projections so that we didn’t ignore any warning signs. And so the green light was given to move ahead with the launch.

Fast forward to when issue #3 was on the drawing board. Subscriber response wasn’t as good as we had projected, but it wasn’t horrible either. We went back to our marketing plan and revised the assumptions to reflect what was actually occurring, and it showed that we needed just a little more money invested to get the magazine over a hump. The donor was willing to invest more in the project, but our Board wasn’t convinced. In a move that shocked us all to the core, the Board voted to shut the magazine down after only 3 issues and walk away from the project. I was devastated along with the entire team.

I assumed that my job was over. How could they keep me on after I had lost the largest amount of money on a single project in the ministry’s 50-year history. After a week of soul searching and writing all of the lessons I had learned from that experience, the Director of the ministry came to me with words that I will never forget: “Kent, can you tell me what you’ve learned from this experience? [I showed him 15 pages of lessons learned] Then I’d like to know what you are going to work on next. This experience has been expensive for all of us, and it would be a shame to lose you now after all that you’ve learned from it.” That was pure grace in the face of failure.

**The Concept of Risk**

# This paper attempts to understand the concept of the steward leader as a manager of risk. How does the steward leader approach the management of resources that belong to another when the investment of those resources can as easily result in loss or reduction as gain or multiplication? When resources are “put to work” and invested by the steward, the intention is that there will be gain, with the output larger than the input. But good intentions don’t always translate into gain. Sometimes good ministry ideas don’t work out, and investments are sometimes lost. What is the steward leader’s role in risk?

Webster’s dictionary defines risk as “exposure to the possibility of loss, injury, or other adverse or unwelcome circumstances.” Risk is a negative possibility, a chance that things will not work out as planned. Risk is generally approached with two processes: “risk assessment” (planning that gauges the degree of possible loss, such as building a tower or going to war in Luke 14:28, 31) and “risk mitigation” (taking proactive steps to reduce the possibility of loss, such as Saul’s armor on David in 1 Samuel 17:38). Risk is hypothetical, the chance of loss, whereas failure is a perceived result where loss has already occurred.

The thesis of this paper is that on the surface, the Christian steward leader may not look like he or she is approaching risk any differently than the secular leader. But the steward leader is driven by completely different character traits, spiritual realities, and relationships than the non-Christian leader. The steward leader may still engage in risk assessment and mitigation, but he will do so with freedom and trust because of who his Owner is.

### Secular Approaches to Risk

Allen, at al.[1](#_ENREF_1) assert that risk management starts with uncertainty between leaders and followers which is then driven by ambiguous outcomes related to entrepreneurial investing in markets with promising technology and new processes, indicating a reasonable but not assured return on investment. Risk is a two part problem in this construct, with ambiguous personnel relationships on the one hand, and market place uneasiness on the other. Zahra[14](#_ENREF_14) relates risk with entrepreneurism when he points out that “entrepreneurship centers on recognizing and exploiting opportunities by reconfiguring existing and new resources in ways that create an advantage. Pursuing such opportunities is risky because their duration and the payoff from them are unknown”[14](#_ENREF_14). This definition utilizes the broader term “resources” which includes both the human factor and market place uncertainties. It moves the risk discussion from a strictly fiscal and infrastructure perspective to include people and how to best draw out “resources” for the best return on investment. While the marketplace can be challenging when dealing with entities such as capital, infrastructure, and developing technology, when the human element is included, it’s as though we have gone from a straight addition problem to one of logarithmic proportions. The human element seems to be a confounding independent variable that is often unpredictable, and makes risk management more of an art than a science.

In order to manage the challenges of risk, theorists and practitioners have introduced various theoretical approaches to explain how humans can be managed. One of the more famous theories is **Theory X** which posits that most employees are largely selfish in their view of work[2](#_ENREF_2), [7](#_ENREF_7) and thereby not trustworthy. This is manifested within the context of **agency theory**[6](#_ENREF_6), [9](#_ENREF_9) where the owner or principal contracts with the manager or agent to accomplish work that will hopefully be completed to the satisfaction of the principal. Given the cost of implementing barriers to prevent the agent from taking untoward actions is not efficient either fiscally or from a human resources perspective, **stakeholder theory** was added to agency theory with the definition expanding from owners, board members, and stockholders to virtually anyone with a vested interest to include workers, customers, and financiers. The manager or agent was obligated to establish processes and procedures that would coalesce all the varied interest of the stakeholders in such a way that there was a minimum of conflict. Finally, **principal theory**, which proposes that the principal is also not to be trusted, ameliorates all these conflicting organizational theories in order to somehow govern the avarice driven principals, agents, and stakeholders.[3](#_ENREF_3) The character assumed of the agent or manager in all of these theories was similar: self-protective, fearful, motivated by a scarcity mindset, and not trustworthy. All four of these secular theories of risk management also fell short of meeting organizational visions and goals, opening the door to stewardship theory and a steward leader methodology.

**Biblical Approaches to Risk**

Two parables of Jesus are a wealth of information about God’s approach to risk, which reveal dramatically different expectations from the principal or owner of the resources and the character of the agent or steward. In the Parable of the Talents (Matt. 25:14-30, Luke 19:12-27), the owner of a large estate entrusts to three stewards large sums of money to “put to work,” “conduct business,” and “gain profit from” in his absence. Two of the stewards immediately set about investing their master’s money and produce growth from their efforts as a result. The third steward buries his money out of fear for the master as well as fear of the risk of investing. From this parable we learn some important lessons about stewardship and risk:

* The master gave each steward incredible freedom to determine the best method to carry out his instructions and the acceptable level of risk.
* The master focused more on the steward’s obedience to his instructions than on the actual outcome or ROI of their investments.
* Stewardship of resources carries with it inherent risk that cannot be avoided without violating the objectives of the owner in one way or another.
* The character traits of the steward that the master commends are trustworthiness, obedience, an intimate knowledge of the master, and comfort with a level of freedom and independence.

In the Parable of the Unfruitful Fig Tree (Luke 13:6-9), a master notices a fig tree in his orchard that hasn’t produced fruit in three years. He instructs his steward to cut it down so the ground and water (resources) can be used on a new tree that will produce fruit. The steward boldly suggests an alternate plan: “Let me water and fertilize it one more year to see if the application of additional resources might produce the same intended outcome.” This parable reveals further lessons about stewardship and risk:

* The steward is given the freedom to pursue an alternate method to achieving the same objective of the master.
* The steward exercises “calculated risk” by limiting his experiment to one year and controlled the resources applied.
* Once again, the master confirms the character traits of trustworthiness, obedience to the master’s ultimate objective, comfort with freedom, and controlled risk.

From these and other biblical passages, we see that in God’s economy risk is a natural and necessary aspect of good stewardship. How the steward or agent manages risk with a spiritual perspective is completely dependent upon the spiritual character of the steward and the steward’s knowledge and relationship with the owner of the resources. Calculated risk and failure are viewed as essential learning opportunities for the steward, supporting John Maxwell’s assertion that “risk is the only way to fail forward.”11

### Steward Leader and Risk: Any Difference?

The principle difference between the secular leader and the Christ following steward leader is the indwelling of the Owner’s Spirit, who provides spiritual gifting only available to those with a singular relationship with the Spirit. Whereas the secular agent is at odds with the owner, the Christ following steward leader is united with God and can intimately know his vision and objectives. This relationship with the owner, coupled with a parallel understanding of how resources are utilized and exposed to risk, provides a level of freedom to the steward leader not afforded the secular leader. The Christ following steward leader is supernaturally empowered, and thereby should not be inclined to take a risk averse approach to decisions if being risk-averse counters where the organization can produce benefit for the Owner.

This does not imply reckless abandon but rather due diligence. It recognizes that while Christ does not promise success in every business endeavor, He does expect us to utilize the gifts we are given in managing the resources under our responsibility. Piper has said, “Being a Christian should mean that our trajectory is toward need, regardless of danger and discomfort and stress.”[12](#_ENREF_12) This reflects Paul’s admonition to the believers in Corinth to move away from their self-focused perspective. For the steward leader who is free to demonstrate an understanding of risk together with God’s providence, “Dedication to the organization [Owner] is indicated when the leader takes personal risks to accomplish important objectives and does not benefit materially… A leader who makes visible self-sacrifices in the service of the organization will be viewed as more sincere and committed.”[13](#_ENREF_13) This allows followers to grow in a paradigm of freedom where errors are not career/employment ending events but rather opportunities to learn under the steward leader’s Owner inspired grace and mercy.

### Who Determines the Acceptable Level of Risk: The Steward Leader or Owner?

In secular risk management, the agent is almost always responsible for the level of risk that is assumed and is also held 100% accountable for their decisions, often with severe consequences. In God’s economy, various examples of stewards in Scripture demonstrate that the owner or master sometimes determined the acceptable level of risk. But more often, the steward was allowed to determine tolerable levels of risk qualified by several factors: the degree of independence granted by the master to the steward, and the level of the master’s trust and knowledge of the steward.

In God’s original stewardship charge to mankind to rule over all the earth (Genesis 1:26-27), his instructions were given bounded by his own example of loving care of the earth’s plants, animals, and people, thus defining the boundaries of risk that mankind was expected to honor as well. Abraham’s trust in his steward to find a wife for his son (Gen. 24:1-4) came with minimal instructions on Abraham’s part, demonstrating that he trusted his steward to make the requisite decisions about the best wife when the options presented themselves. Abraham was willing to accept the steward’s choice.

The same situation seems to hold true concerning the master’s trust in his stewards in the Parable of the Talents (Matt. 25:14-30, Luke 19:12-27). His instructions on how to invest the talents were nominal, and both stewards obviously faced challenges and risks associated with their stewardship. Interesting applications to risk management can be drawn from how the parable is told slightly different in Matthew and in Luke. In Matthew’s account of the story, each steward was given a *different* amount of money to invest, possibly implying that the master knew that the experience and skills of each were different, and thus entrusted to each amounts of money that were in keeping with the level of risk each could reasonably handle. In Luke’s account, each steward was given the *same* amount of money but two of the stewards brought back differing gains. Different ROIs generally means differing experiences with how risk affects the results of investment efforts. But the master’s equal praise of both indicates that he was not primarily concerned about their varying successes with risk, but with their obedience to his original instructions and goals.

### Failure… the Best Way to Learn

“The difference between average people and achieving people is their perception of and response to failure.”[11](#_ENREF_11) Making mistakes or failing to achieve objectives provides greater learning opportunities than always meeting with success but the requisite is an environment that allows for errors and people who understand the value of being teachable.[10](#_ENREF_10) While not exclusively a steward leader characteristic, the freedom to make mistakes, to explore an emergent process, or work outside the “box” is certainly characteristic of the steward leader. There is almost a mandate to provide opportunities for the pursuit of objectives that may fail or succeed by followers in an effort to implement the vision and goals subscribed to by the Owner-inspired steward leader.[4](#_ENREF_4) Maxwell[11](#_ENREF_11) postulates the practice of failing successfully using the acrostic *FORWARD:*

F - *Finalize* your goals. Without a definitive understanding of the end objective there is little hope of recognizing you have achieved or not achieved your purpose.

O - *Order* your plans: the process of achieving the goals with deliberate consideration of how the journey toward the goal will come about.

R - *Necessary risk*. Hand in glove with establishing a plan is action that must take place in order to bring about the plan recognizing that risk goes with any plan execution.

W - *Welcome mistakes*. Mistakes are the catalysts that help us learn and grow.

A - *Advance*. Mistakes will challenge any leader or follower, yet strength of character will likely advancethe process in pursuit of the goal.

R *- Reevaluation.* Reevaluation must take place as an ongoing effort in order to capitalize on the lessons learned, both from the mistakes that were made as well as those decisions and processes that were successful. Ongoing debriefs throughout the project instills an awareness that mistakes are “okay” as long as lessons are learned and incorporated in future programmatic decisions and processes.

D - *Strategy development.* The last requirement to fail successfully requires the development of strategies that take advantage of the lessons learned of past and current efforts while considering the road ahead.

Remember Paul’s admonition: “We also exult in our tribulations, knowing that tribulation brings about perseverance; and perseverance, proven character; and proven character, hope…” (Romans 5:3-4, NASB). There’s nothing like a little character building to bring hope into our lives.

### Who Is in Charge? – The Owner, Steward Leader, or Follower?

Who controls the process of due diligence and risk management? [Goodfellow and Raynor8](#_ENREF_8) advocate a shared role in the risk management process with the owner (principal) determining the strategic level of risk and the steward leader providing the operational context from which risk will be rendered acceptable. While some would advocate moving the risk management decision entirely to the owner, this likely belies the insights gained from a sound steward leader at the helm of the organization. The steward leader provides the “hands on” expertise that serves to advise the strategic risk management decisions of the owner, if any (e.g. see the Parable of the Unfruitful Fig Tree). Adding to the discussion, the concept of the courageous follower espoused by [Chaleff5](#_ENREF_5) might be applicable with the owner, steward leader, and the courageous follower all assessing risk and establishing methods for mitigating it while maximizing net growth or outcomes. If the follower has been taught and trained to grapple with risk management within the construct of the steward leader model, then there is an opportunity for all three to share in the risk mitigation. This becomes a type of triple redundant system providing a level of freedom for the participants to move toward acceptable risk and concurrently improving the ROI.

# Steward Leader and Follower Steward (George’s Story)

Whether a leader or a follower, steward leader concepts must be part of the decision making process while in either role. Processes and outcomes must reflect the view that the physical plant, hardware, software, personnel, and infrastructure are well considered when making decisions requiring a certain level of risk. The steward is just that, a steward, and not the owner of these assets. Regardless of the possibility of losing revenue or one’s job as a result of organizational failure or hostility from the supervisor, the steward must stand in the gap and exercise sound judgment and decisions for the good of all stakeholders.

While leading a team of highly skilled and experienced aircraft maintenance personnel responsible for quality oversight of maintenance for approximately 400 aircraft, I failed miserably as a steward leader. My expectations as the “boss” was that each of the individuals under my authority was a self-starter, who anticipated my requirements for the quality assurance program requirements at all organizational levels. I felt confident that my direction of what to achieve was all that was required with little input in the way of “how to,” thereby freeing me to establish my end game objectives. Thus when the opportunity came to pass muster through an upper level corporate review, I anticipated few if any problems. However, an initial review of operations revealed significant gaps in the quality assurance oversight processes as well as in internal quality controls. At this point, I realized I needed to be a more ‘hands on” steward leader, knowing these professionals would respond to a stewarded approach to leadership vice my somewhat laissez faire attitude. A subsequent full corporate inspection of operations yielded excellent results with several commendations awarded to the quality assurance team.

On another occasion I was provided the opportunity to work as a steward “follower” within a small team of eight professional aviators led by an individual who was more of a Theory X, untrusting individual in spite of the people under his supervision who were actually peers instead of followers. As a steward follower to this “leader,” I chose to understand and document all verbal directives while at the same time surreptitiously assessing what part of the tasks could be modified in order to produce a more productive outcome. This “down low” process was mirrored by the rest of the team of aviators. I encouraged my coworkers to pursue a similar approach of compliance with the boss and at the same time taking the steps necessary to achieve sound outcomes despite his poor leadership. The mutual support among team members provided a level of freedom to get the job done while stewarding resources and thwarting the obfuscation from the boss.

The point to be made is that whether a leader or a follower, steward principles must direct the decision making process and actions taken in order to meet the expectations and vision of the owner. The steward is the individual who acknowledges the owner’s mission and objectives and pursues those despite the risk.

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