

3 Things You May Not Have Heard About Taking Risks

Mark Zuckerberg wasn't afraid to risk a \$2 billion investment in Oculus that didn't pay off What are you afraid of?

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In 2014, Mark Zuckerberg invested \$2 billion in the startup virtual reality (VR) platform, Oculus. Observers, including the media, expected that Facebook would reap the same high ROI it had recorded on Instagram and Whatsapp. However, the company's investment resulted in a downturn of fortune.

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In fact, CNBC called Facebook's \$2 billion investment in VR "one of Mark Zuckerberg's rare mistakes." And the business site had reasons for making that assertion: Oculus didn't generate much buzz. And Facebook lowered the prices of its products to make it more attractive to buyers – but to no avail.

Nobody seemed to want VR – at least Oculus's version.

However, this misstep wasn't unique to Zuckerberg. While Oculus still exists, Altspace VR, which ran one of the most popular social VR experiences, actually closed operations because of the slow growth of the VR market.

It's almost difficult to believe that Altspace VR once raised \$10 million in funds.

So, why did Zuckerberg knowingly take the risk to invest in

something consumers were clearly not ready for? Was it overconfidence? Was CNBC right that Zuckerberg had made a mistake?

“The middle name of entrepreneurship”

Taking risks is the middle name of entrepreneurship. Most successful entrepreneurs, at some point, are seen as daring or even downright crazy. But it's those risks that have taken businesses to where they are today.

You too may be questioning your ability to take risks and how they will affect your standing as an entrepreneur. However, you may need to face those risks head-on to be successful.

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The reason why most people shy away from risks is that they are not well-informed about what risk-taking entails. Fortunately, here are three things they – and you – should know that may change your mind about risk-taking forever.

1. Risks are not taken at a whim

Many assume that when the occasion demands it, the typical perpetual risk-taker jumps in without thinking. But that's far from the truth. Risk-taking requires careful thought, planning and hard work. Nothing is achieved by accident.

As entrepreneurship professor Leonard Green told *Forbes*, “Entrepreneurs are not risk-takers. They are calculated risk takers.” In short, they move toward their goals, learn along the way, make adjustments where necessary and take action.

Green calls this the “Act. Learn. Build. Repeat”

model. Careful preparation is what makes these people stand out from other so-called risk-takers.

Down the road, as lessons are learned, backup plans can be set up to help minimize risks. For example, on its own, an online business comes with a lot of risks. One of those risks, an article on Quttera pointed out, is what it called “brute force attack. A real entrepreneur would have factored in and disarmed such risks, instead of shying away from what might prove to be a lucrative venture. That’s why smart entrepreneurs protect their businesses with different forms of insurance covers.

2. No matter what the outcome, risks almost always yield dividend.

Successful risk-takers look at the long-term gains while others consider the losses. Such risk-takers don’t measure gains in monetary terms. For them, “gains” also include valuable lessons learned from failure.

So, whether their risky venture turns out well or not, they win both ways. They either make millions or they learn something that’s worth millions.

For example, Zuckerberg knew the risk he was taking when decided to invest in VR. VR was a foreign concept at the time, and basically untried. But the Facebook founder dived in, nonetheless, because he recognized VR’s potential.

In other people’s view, the investment in Oculus was a failure, but Zuckerberg saw the long-term gains. He was confident that in about five or 10 years VR would “get to where we all want to go.” That was his thought about how the VR industry would evolve and he seems to have been right.

Adrian Chan, head of marketing at ImmVRse, a Blockchain-VR platform, told *Medium*: “When Zuckerberg invested billions into

a VR Startup in 2014, very few people believed in the potential of virtual reality. We have recently witnessed multiple milestones being reached in the development of VR, with technology giants swiftly moving into the industry, as Oculus Rift, Samsung VR and HTC Vive were all released last year. Suddenly everyone wants a piece of the pie.”

In fact, *Forbes* recently released a list of five ways VR is making higher profits.

3. Feel the fear but do it anyway.

You may have planned everything or have a backup in place, but for some reason, something still is keeping you from taking action. That force is fear, and it’s so strong that you can feel paralyzed.

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The truth is that daring entrepreneurs feel afraid, too. They also feel doubtful and overwhelmed at times. Therefore, the only thing that sets them apart from others may be that while they feel the fear of the risks they’re about to take, that doesn’t stop them from taking action anyway.

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