

Risk: Minimizing Exposure While Maximizing Rewards.
A Lifelong Pursuit

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and classroom talks

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The theme of my lecture tonight, while perhaps sounding like one of those talks you hear on late night television on how to become an instant millionaire, deals with what I have learned about getting the most out of life. These experiences both good and bad have left me with a wonderful appreciation for life and in turn a much richer person having had such opportunities.

Webster's defines "risk" as "a hazard; peril; or exposure to loss or injury."

This definition implies that that risk has negative connotations, however from finance, my field of expertise; we know that with risk we can expect or hope for the possibility of higher rewards or returns.

Now at this point you might expect me to go to the board or perhaps give you a set of notes so that we could spend the rest of the evening discussing the Black-Scholes equation, or the Capital Asset Pricing Model and how we could make a bundle in the market by applying these financial models to increase our monetary wealth.

But if I were really good at that, then I would probably not be in Missoula tonight. Instead I would be living elsewhere close to one of the world financial centers, trading with the intent of making large sums of money.

In fact, given the record of academics turned financial advisors I thought it would be better and more rewarding to talk about taking risks in more personal terms and the rewards that we receive when we reach out beyond our own personal boundaries. In particular I would like to discuss my experiences as I've expanded my personal envelope.

A little bit about me:

I started teaching here at The University of Montana in September 2000 after being awarded my doctorate from Florida State University.

I had originally set out to be an engineer. I earned an engineering degree from the University of Massachusetts in Amherst and worked as a manufacturing engineer for an electronics firm in Boston for almost two years after graduation. But I quickly learned that something was missing in my life, I needed a new and different challenge. I decided to pursue a lifelong dream of learning to fly by joining the Navy. This decision was to profoundly change my life and ultimately lead me to be standing here before you tonight.

This reason that it changed my life so, it was the first time I pushed myself to do something that was truly new for me. Prior to joining the Navy I had never been

south of the Mason-Dixon Line or west of Pennsylvania, I had did not know how to fly and had only been in a plane a couple of times. Today I've traveled around the world and done more thing than I ever could have imagined twenty years ago. I've gotten to know people who have had different life experiences than my own and in doing so, it has enriched my life. However doing so involved taking a personal risk, or more correctly it involved expanding my comfort zone. Something I was not always comfortable doing.

After leaving the comfort of my home I traveled to Pensacola, Florida to begin my indoctrination into the Navy via Aviation Officer Candidate School, an 18-week program that turns a civilian into a naval officer. It wasn't all fun, but I developed friendship with several of my classmates that last to this day.

Form there I went on to flight school, learning to fly both airplanes and helicopters. After flight school I went on to San Diego for training in the helicopter that I would be flying prior to joining my first squadron at NAS North Island. My tour lasted approximately 30 months. While in the squadron I thought it would be interesting to be a Test Pilot, so I applied and was accepted for the Navy's Test Pilot School.

Test Pilot School is an intense 11-month program, unlike anything else that I have ever come across, including my PhD program. It involved academics in the morning, flying in the afternoon, writing reports and studying in the evening. It also includes the opportunity to fly many different aircraft with some great classmates, some who went on to be astronauts. It did however have some inherent dangers though, unlike any assignment that I've seen here at the University, making a mistake in flight can and unfortunately did on occasion, lead to death.

After graduating from Test Pilot school I spent the next 2½ years working as a test pilot. I had the first military aircraft with GPS integrated into it. To test it out I spent over a week flying from the east to the west coast and back. You don't know what your missing until you get to see our wonderful country laid out before you from the cockpit of a helicopter!

After the test center I went on to be the assistant navigator aboard the aircraft carrier USS Saratoga (CV-60). The bridge of an aircraft carrier is not a low stress environment! It also meant spending almost 8 months gone from home while the first Gulf War went on and returning home to see my youngest daughter for the first time, who by then was 2½ months old.

During the war I watched my friends and shipmates launch off the deck of the carrier and wonder if they would return after their mission. Most people did, however not everyone was so fortunate. A few where shot down and captured and during the first evening one shipmate was shot down and is still listed as MIA to this day.

After the war I had a chance to reflect on what the experiences meant to me and what I was looking for in life. I came to the decision that my tour of duty in the Navy was over and that I should move on. I eventually settled on earning my doctoral degree in finance from Florida State University.

Now why have I spent so much time telling you my life story?

While I have found that most people find it interesting because they have had little familiarity with the military that is not my point this evening

In aviation we talk about a flight envelope, well I believe that we all have a personal envelope that we must be constantly working on or else it will contract and we will not realize our full potential!

And only recently have I been able to relate how the risk/reward relationship of finance can apply to our personal growth.

I believe that many people are afraid to pursue their dreams given the risk of failure.

But if you are afraid to fail, then you will never reach your full potential because the road of life is filled with failure. Calm seas do not make a great sea captain; we need some adversity in life to make us strong and able to cope with the unexpected.

This point was first introduced to me at the speech given at my high school graduation. The speaker challenged us to fail, because until we did we did not know our limits. As a test pilot we had no failures, just data points. Data points steered us in the right direction to find answers to the questions we were asking.

So where do we go from here tonight?

What are your personal limitations?

What can you do to overcome them?

You don't need to join the military in order to expand your personal envelope. Just come to an understanding of what your limits are today and take small steps to make the envelope a little bigger.

Now I can't imagine that anyone else would follow the same path that I have that brought me here before you tonight. The wonderful thing is there are many other roads for you to travel.

The other night I was watching the movie "Finding Forrester" on television. Sean Connery's character, William Forrester, thanks Jamal Wallace played by Rob

Brown for helping him realize his dreams or to expand his personal envelope in the winter of his life. Please don't wait till the winter of you life to learn what your full potential is.

Along the way you might get to make an impact on someone else's life and in the end I believe that we will all be a little better off, than if we had not tested our limits and taken some risk to reap rewards that no one can place a monetary value on.

May you all be able to reach out and explore your own personal limits so that you continue to grow and make the world a better place to live in. Remember, risk also can bring wonderful rewards!