

Four Ways Entrepreneurs Can Better Manage Risk—and Capture Opportunities—in Their Businesses

Key Takeaways:

- Your network, the people you know and can call on, is often a key ally in risk mitigation efforts.
- Brand capital and being seen as a thought leader can be instrumental in capturing opportunities.
- Seek out asymmetrical opportunities—business endeavors that may lead to disproportionately large gains.

We have seen that many of the wealthiest Americans—such as those with a net worth of at least \$25 million (a group we call the ultra-wealthy)—are entrepreneurs. Example: CEG Insights found that 53.4% of the ultra-wealthy CEG surveyed in 2024 indicated that they were business owners.



And in our experience, creating truly great wealth often requires taking business risks.

How people view business ventures—both the opportunities and the risks involved—can tell a lot about their prospects for generating significant wealth. The ability to be attentive to downside risks while also being on the lookout for outsized opportunities is a skill that can make a big difference to your bottom line. Another skill is understanding the advantages you possess and how to use them to make more insightful business decisions. Importantly, both of these skills can be learned and honed over time.

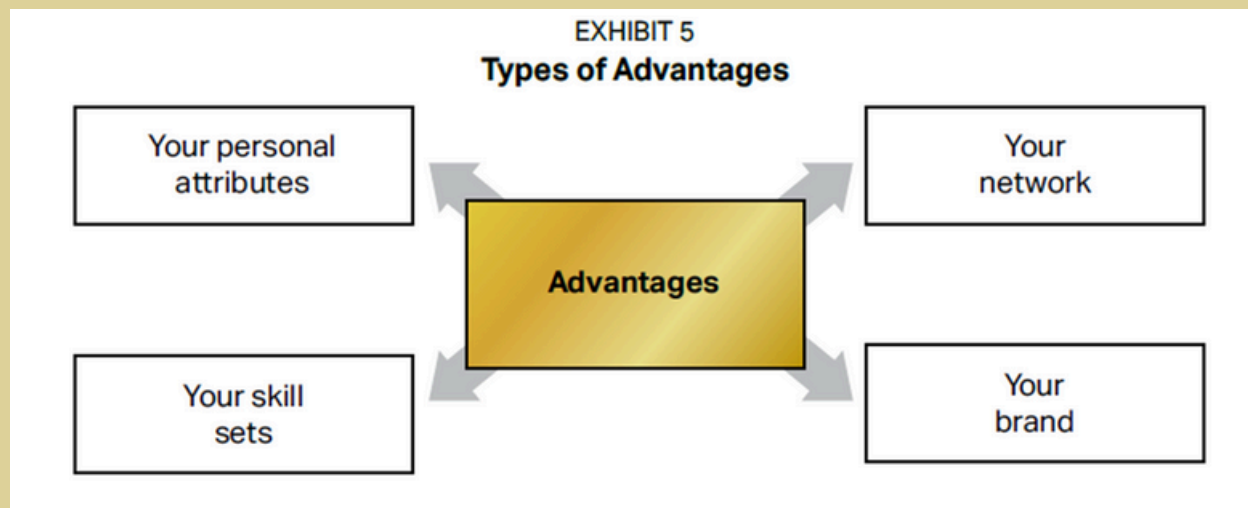
Here's a look at how people with truly significant wealth tend to navigate the world of business risks, as well as some lessons you can learn from them as you guide your own company or teams of people and other resources.

Four advantages

We find that the Super Rich tend to understand their core advantages and harness them effectively. Knowing the advantages they bring to the table, they are able to evaluate opportunities to determine how their advantages can translate into above-average returns in a business endeavor.

Through determined effort and a lot of experience, the self-made Super Rich are able to size up situations fairly quickly and effectively evaluate the levels of risk involved.

There are four powerful categories of advantages (see Exhibit 5). The self-made Super Rich have worked to understand how each of these categories contribute to their success. Moreover, they are astutely aware of the elements in each category that they can capitalize on.



Advantage 1: Your personal attributes

There are many personal qualities you might have that can potentially contribute to a company's success and consequently your success. You may have an incredible drive to excel or a tremendous intellect or an outstanding ability to build rapport with other people. There is almost always some combination of personal attributes that defines each of the self-made Super Rich, and that they strategically use to their benefit in business.

What is it about you personally that is extraordinary and can make a difference in business?

Advantage 2: Your network

A common cornerstone to business success is whom you know and can call on. The nature and quality of your network can be instrumental to your ability to add substantial value to a business endeavor. By and large, the self-made Super Rich are remarkable networkers. They are able to call on many extremely talented people to help them in their business endeavors.

Whom can you connect with for specialized information, expertise or other resources?

Advantage 3: Your skill sets

You might have a high-level technical proficiency that matches the needs of a certain company. You might be very adept at particular interpersonal skills, such as being a very talented negotiator. Your skill sets, when they address the needs of a business endeavor, can become a monumental advantage. The self-made Super Rich are quite familiar with their skill sets and know how they can be used to provide a competitive edge.

What high-level skills can you bring to a business endeavor?

Advantage 4: Your brand

More than ever before, brand capital can contribute to the success of a company. Being a thought leader, for example, regularly contributes to amazing growth in many businesses. The self-made Super Rich are very much aware of their brand capital. They know how to continually build it and how to skillfully use it.

How can your stature be used to enhance the success of a business venture?

Most people have these types of advantages or can acquire them. But while having them is necessary, it is not enough. You also need to be keenly aware of your advantages. At the same time, you need to understand how they can be applied in specific business situations. With these insights in hand, you have to take action and systematically leverage them to your benefit.

Important: While some of the self-made Super Rich have truly exceptional insights and natural abilities—blinding brilliance or disarming charm, for example—that have enabled them to create astronomical fortunes, we find that most are highly motivated and capable individuals who work hard to build up their advantages and use them effectively.

Four advantages

Because they understand their advantages and how they can be capitalized, the self-made Super Rich approach a number of situations differently than do most people. In particular, they approach the nature of business ventures in a way that often leads to greater accomplishments and personal wealth. For example:

- **Positive attitude.** The self-made Super Rich tend to have a very positive attitude about business risk. The business risks they concentrate on are ones they believe they understand well. That enables them to take steps to reduce the downside associated with these risks.
- **Confidence.** Part of the self-made Super Rich's willingness to take on greater risk for greater reward is their belief in their ability to come back from a business failure. Believing they can bounce back gives them a mental safety net. They tend to carefully consider and evaluate their advantages in determining how fast they can recover and to what degree.
- **Highly attuned.** By being highly attuned to the risks they are taking, the self-made Super Rich are more likely to know when to take greater chances—and when to exit. This translates into knowing when to put more behind a particular business endeavor and when to get out of a venture.

- **Downside aware.** When evaluating the risks of a business endeavor, the self-made Super Rich are very realistic about the downside. They are cognizant of the losses they might take, including the potential "ripple effect" - the additional losses that might occur to compensate for the business endeavor faltering. For example, if a major investment goes south, the wealthy investor might need to tap other financial resources that could have additional negative effects on their net worth.
- **Upside focused.** A key trait of the self-made Super Rich is their concern with missing viable opportunities. They are very much focused on not missing out on the upside of a business endeavor. It is all about maximal achievement. In order to become one of the self-made Super Rich, "thinking big" is almost always a requirement.

In particular, the Super Rich tend to be excellent at identifying asymmetrical opportunities: business endeavors in which they can use their advantages to create disproportionate gains. For example, by knowing their brand capital, they can ramp up revenues at a rate that would otherwise seem impossible. Another example is being able to use their networks to gather up resources at lower costs than they might otherwise have done.

With asymmetrical opportunities, risks of a business endeavor are mitigated because of the advantages enjoyed by the Super Rich. Synergies are created that meaningfully increase the probability of success, as well as potentially open the door to even greater new opportunities.

Conclusion

Once you recognize and understand your own advantages that you bring to a business situation, you can start putting them to work—sizing up risks, scanning for big opportunities and how you might deploy your specific advantages to improve the risk-reward profile of the venture in front of you.

In the end, you should arrive at a better way to assess the possibilities for failure and success, including the likelihood that you have the opportunity to create a massive success.



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VFO Inner Circle Special Report By John J. Bowen Jr.
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