

Risk Management Made Simple **Advisory**

Welcome to the FREE Online Newsletter about **Systematic Risk Management**
for **executives** and **management professionals**
from *Risk Wise Inc.* and **Diana Del Bel Belluz**

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BONUS RESOURCE: Six Thinking Hats for Enterprise Risk Management

By Diana Del Bel Belluz, M.A.Sc., P.Eng.

I recently revisited the book *Six Thinking Hats* by **Edward de Bono**. The powerful central idea is that rather than approaching decision-making as an argument to be won (or lost), instead **the Six Hats method defines the full range of thinking approaches that are required for generating creative strategies to achieve business goals and solve whatever problems arise along the way.**

de Bono defines the ways of thinking as these six 'hats':

- **White Hat:** White is neutral and objective. The white hat is concerned with objective facts and figures.
- **Red Hat:** Red suggests anger (seeing red), rage and emotions. The red hat gives the emotional view.
- **Black Hat:** Black is somber and serious. The black hat is cautious and careful. It points out the weaknesses in an idea.
- **Yellow Hat:** Yellow is sunny and positive. The yellow hat is optimistic and covers hope and positive thinking.
- **Green Hat:** Green is grass, vegetation and abundant, fertile growth. The green hat indicates creativity and new ideas.
- **Blue Hat:** Blue is cool, and it is also the colour of the sky, which is above everything else. The blue hat is concerned with control, the organization of the thinking process and the use of the other hats."

To apply the Six Hats method, all the team members imagine themselves all wearing one hat at a time.

They cycle through the various hats at different points in the decision making process. The team matches the hat to the specific nature of the issue to be resolved. For example, white hat thinking could be used to focus on identifying what is known about a particular risk, what is not known, the assumptions, etc. Green hat thinking could be used to design risk response strategies.

The method ensures that the team has a fulsome discussion about the problem, generates a good set of potential solutions and then thoroughly examines the options to arrive at an optimal decision.

Traditional risk management approaches tend to restrict people's thinking to the black hat. Consequently, creativity is stifled and the **perceived relevance of the ERM discipline suffers.**

de Bono explains that **the emphasis of the Six Hats method is "on 'what can be' rather than just on 'what is', and on how we design a way forward."** Isn't that exactly what is needed to **imagine** risks (both threats and opportunities) that *may* occur, **explore** the implications of those risks and **develop** solid management strategies to manage them?

For details and to order this book, follow this link to the *Risk Wise Reading List*:

<http://riskwise.ca/risk-management-reading-list.html>

Please let me know about the books that have helped you to be a more effective leader on your enterprise risk management journey.

Continued on page 2...

Upcoming Events and Special Offers*

January 28-29, 2013

The Conference Board of
Canada's

Enterprise Risk Management Conference: *Creating and Protecting Future Value*

Hyatt Regency Toronto
Toronto, Ontario

Are you looking ahead with your enterprise risk initiatives?

While most risk practitioners have done a great job of dealing with immediate and ongoing risk issues, there's still a great deal to be done to ensure risk management anticipates and mitigates potential future downside risks and exploits upside risks to innovate and create value.

Join your peers, senior executives and leading risk experts who are evolving their ERM culture and programs to more fully realize ERM's potential to deliver proactive and effective risk management. Learn how scenario analysis and stress testing can help you understand the implications of threats and opportunities, explore options for dealing with potential risks, and predict and evaluate emerging risks. Examine how risk appetite can guide strategic priorities. You'll also find out how to establish a disciplined risk oversight framework.

SPECIAL OFFER: \$460 off of the total registration fee for
Risk Management Made Simple Advisory subscribers.

Training Course: Risk Management 2.0 for Granting Programs. Presented by **Wiltshire Consulting**. January 30, 2013 in Toronto

SPECIAL OFFER: \$100 discount for *Risk Management Made Simple Advisory* subscribers on:

* For details on these and other events and offers, visit: <http://www.riskwise.ca/events.html>

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About Us



Diana Del Bel Belluz
President
Risk Wise Inc.

Diana Del Bel Belluz, M.A.Sc., P.Eng., is a risk management advisor who **helps executives in complex organizations to implement systematic and sustainable risk management practices**. Since 1990, Diana has been doing **leading-edge risk work** for a wide range of organizations in the corporate, government and nonprofit sectors.

In addition, Diana **advances the field of risk management** by **teaching** university courses and management training seminars, **speaking** at conferences and **authoring** publications on a wide range of risk management topics.

To learn more about Risk Wise, contact Diana Del Bel Belluz directly at: Diana.Belluz@riskwise.ca



1 Yonge Street
Suite 1801
Toronto, Ontario
Canada M5E 1W7
T 416.214.7598
www.riskwise.ca