

# Risk Management Made Simple

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

## July 2008

### In this issue...

- **Feature Article: Overcoming Resistance Part 1 – Know Who and What You're Up Against** (page 1)
- **Bonus Resource: Kotter's Classic Change Model** (page 3)
- **New Subscriber Bonus** (page 3)
- **Earlybird Bonus Offer Expires August 1st** (page 4)

"Diana Del Bel Belluz is **an articulate thought-leader** in the field of risk management."

**Edward Robertson**  
Manager, Enterprise Risk  
Management  
Government of British Columbia

## FEATURE ARTICLE: Overcoming Resistance Part 1 – Know Who and What You're Up Against

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

**Have you ever noticed that some people prefer to work on just about anything except tackling those tasks that are critical to achieving their objectives?** Instead they focus on doing what they know how to do or what is easy or convenient to do.

**As a risk management leader, have you fallen into the same trap?** Based on my 18 years of risk management experience, I have noticed that **many risk management programs fail to catch on** because **leaders don't adequately address resistance when leading people through change.** Instead they stay in their comfort zone of developing and honing their risk tools and frameworks.

**Here are 5 tips for handling resistance to change.**

1. The first thing that you need to know is that **implementing risk management is about leading organizational CHANGE.** Do you and your team have the necessary change management skills? If not, go and get them.
2. Also keep in mind that **with change comes resistance.** Resistance has three common sources: rational, emotional, and political.
  - **Rational resistance stems from concerns about the quality and feasibility of the implementation goals and plan.**

• **Emotional resistance stems from an individual's feelings about how the change will personally affect them.** For example, people may resist change because they fear the new way of doing things will have a negative impact on them. Or they may feel an attachment to the old way of doing things.

• **Political resistance is about power.** If the impending change could shift the organization's power structure, you can count on fierce resistance from people who stand to lose power or are uncertain about keeping or gaining power.

3. **Because effective risk management makes accountability for performance and results explicit, it generally triggers all three types of resistance.** Change management specialists will tell you that various factions in your organization will put up different kinds of resistance.

• **For 20% of employees,** the main source of resistance will be **rational.** Once you convince these people that your implementation goals are worthy and you have an efficient plan for achieving them, **these people will become your allies and flag bearers** in implementing risk management.

Continued on page 2...

- Another **60% of employees** will be concerned about the personal implications of the change and their **emotional** resistance will come from their feelings of vulnerability. Because this group is the majority of people it is represents **your best potential source of 'converts' to risk management**. The key is to address their emotional concerns.
  - The remaining **20% of employees** will resist because of **political** reasons. They will want to block the change because it may diminish their power. **These folks will be nay-sayers at best and saboteurs at worst.**
4. **Each type of resistance requires its own approach.**

For example, **the key to overcoming rational resistance is having a solid, well communicated implementation PLAN**. Has your plan addressed questions employees will ask such as: What is the motivation to change? What are the implications of the change? Will the change management plan deliver the promised benefits?

We'll cover the approaches for dealing with emotional and political resistance in future issues.

5. **Here are some key structural elements of a risk management implementation plan:**

- **Use a modular approach.** Start small and build your risk management program piece by piece. Adapt and modify the pieces and the implementation plan based on 'user' feedback and analysis of results. (See the February feature article on "Avoiding the Most Dangerous Mistake" for tips on how to decide which pieces to establish first.)
- **Slow down to go faster.** Many a risk management leader has been in such a hurry to get started that they rush into the first few steps and the program ends up faltering because of a lack of planning. Some are never able to recover from their false start. The lesson is to take the time it takes up front to:
  - Get clarity on the objectives of the organizational change (i.e., of implementing systematic risk management);
  - Strategize how you will achieve your objectives;
  - Define what you will need from your people, processes and systems;
  - Define performance measures and targets;
  - Understand the risks, i.e., those factors that could help or hinder your success;

- Assess your current capabilities and any weaknesses that will need to be addressed;
- Plan and will sequence the change;
- Communicate and engage in dialogue;
- Train people;
- Implement the change; and
- Evaluate interim results **so that in future phases you can go faster.**

(See this month's Bonus Resource for tips on change management planning from guru **John P. Kotter**.)

• **Establish linkages to performance management and compensation.**

Organizationally, you want the ability to account for the outcomes of your decisions and actions. This is **NOT about assigning a line of sight for future blame.**

Rather **it is all about learning from your successes and failures** so that you can decide what 'levers' to pull to create superior performance in future. Wherever possible, **you want to be making decisions based on solid evidence rather than on what you guess or hope is true.**

If you do a thorough job of planning and communicating about the implementation, you should be able to address most if not all rational resistance.

But beware, **what sometimes looks like rational resistance is anything but**. For example, **if people ask repeatedly for refinements to the implementation plan, this may be a signal that they have an underlying emotional or political concern that has not been addressed by the plan.**

We'll cover the topics of overcoming emotional and political resistance in more depth in future issues.

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**The Risk Wise bottom line...**

**Know your 'resisters' so that you can tailor your implementation planning and communication activities accordingly.** Start developing a solid change management plan to win over people who demonstrate 'rational' resistance.

\*

**Tell me how you've overcome resistance to risk management.** I appreciate receiving emails with your tips and success stories at [Diana.Belluz@riskwise.ca](mailto:Diana.Belluz@riskwise.ca)

## BONUS RESOURCE: Kotter's Classic Change Model

Harvard Business School professor John P. Kotter outlined a change management model in his 1996 book **Leading Change**. His 8-stage process has become a classic that can benefit any risk management leader wanting to enhance the practice and culture of risk (and change) management within their organization. It is particularly useful for dealing with rational resistance discussed in this month's Feature Article.

### Kotter's 8-Stage Change Management Process

1. Establish a sense of urgency
2. Create a guiding coalition
3. Develop a vision and a strategy
4. Communicate the change vision
5. Empower action
6. Generate short-term wins
7. Consolidate gains & produce more change
8. Anchor new approaches in the culture

To view a brief synopsis of the 8 stages and a commentary on the leadership aspects of Kotter's change model from D. Quinn Mills, professor emeritus, Harvard Business School, visit:

<http://transitions.atwork-network.com/2007/08/22/kotters-8-stage-change-management-process/>

## NEW SUBSCRIBER BONUS

**Don't miss out** on future issues of Risk Management Made Simple monthly E-Zine. **Subscribe and the E-Zine will be delivered (at no charge) directly to your e-mail inbox.**

**Subscribe online at [www.riskwise.ca](http://www.riskwise.ca) and receive your NEW SUBSCRIBER BONUS:**

**A complimentary copy** of **Moving Beyond the Risk Map to Operational Vigilance**.

You'll learn how to convert your static risk map into a tool for timely management action.

**Pass it on!** Please share this E-Zine with people in your network.

## The Risk Management 'Personal Trainer' program:

### Solve a huge problem undermining virtually all risk management leaders!

The problem faced by the vast majority of people tasked with integrating risk management across their organizations is this: **they haven't implemented systematic risk management before.** Successful implementation of systematic risk management requires both solid knowledge of the risk discipline and the skill to shift organizational cultural. **Your Risk Wise 'Personal Trainer' bridges your experience gap.**

**When you work with a Risk Wise 'Personal Trainer' you will:**

- **Receive personalized on-going support** to systematize risk management and keep your implementation plan on track.
- **Develop actionable solutions that you can apply immediately** to the risk management issues you're grappling with today.
- **Learn to balance the strategic and the tactical** with an advisor who understands the challenges of implementing risk management in a complex business environment.
- **Gain access to a broad array of proven tools and techniques** for the assessment, management and communication of risk.
- **Benefit from the sounding board effect** created when you have the ear of a risk management expert who can help you develop your ideas into creative and feasible solutions.
- **Enjoy the convenience of having private, confidential sessions** over the phone at a time that fits your schedule.

**Earlybird  
Bonus  
Offer  
Expires  
August 1<sup>st</sup>**

Sign up for the **Risk Management 'Personal Trainer' program before August 1<sup>st</sup>, 2008** and you will receive a complimentary 3 month membership in the **Risk Wise 'Inner Circle'** program (a \$750 value). To find out how these programs can accelerate implementation of your risk management programs, visit:

<https://www.riskwise.net/PersonalTrainer.html>

<https://www.riskwise.net/InnerCircle.html>

### About Us



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

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](mailto:Diana.Belluz@riskwise.ca)



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