

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**

April 2008

In this issue...

- **Feature Article: Key Ingredients for Systematic Risk Management** (page 1)
- **Bonus Resource: Coach's Corner** (page 6)
- **New Subscriber Bonus** (page 5)

"Diana Del Bel Belluz is **one of the few experts providing valuable information on the people aspects of risk management.**"

Beaumont Vance
Editor, Risk Management Reports

FEATURE ARTICLE: Key Ingredients for Systematic Risk Management

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

"One cannot build performance on weaknesses, let alone on something one cannot do at all".
Peter Drucker, business philosopher

Have you got what it takes to successfully implement systematic risk management in your organization?

In my 18 years in the risk management field I've met **many executives who wanted to integrate systematic risk management into their organization's business practices.** Some have done so successfully, while many others abandoned the initiative after achieving only mixed results.

Over the years, I have observed some **recurring patterns in terms of which organizations and individuals are successful in implementing** and sustaining systematic risk management and which ones are not. **Here's a simple exercise designed to help you find out if you and your organization have the key ingredients for risk management success.**

To get the full benefit, [complete the exercise before you read the article.](#)

Have You Got What It Takes?

Do this Exercise to Find Out

Before reading this article, complete this 'stream of consciousness' exercise. Don't think too much about it; just write. Give yourself no more than 5 minutes to complete it.

PART 1: On a piece of paper write the heading "**What I Need**" and then jot down what you need to implement effective risk management at your organization.

PART 2: On a second piece of paper write the heading "**My Strengths**" and then list your strengths.

After completing both parts 1 and 2, read the rest of the article for tips on how to interpret your results.

Continued on page 2...

Nature vs. Nurture

I recently watched a documentary that included a segment on a gardener who is **an inspiration for any risk management leader**. His name is Peter Nelson and he created a garden in the Outer Hebrides, Scotland's geographically remote and environmentally hostile islands in the North Atlantic. When he started, the local people thought he was crazy. They told him 'you can't grow a garden here. The land's no good. The weather's no good. You're wasting your time.' In fact the Isle of Lewis (where he chose to experiment with his gardening ideas) is basically one great big bog, suited to grazing sheep and not much else. That didn't stop Peter Nelson.

It took him two years, but he did what everyone said was impossible. He drained the land around his garden and to deal with the storms and gale-force winds, he planted trees and trellises to act as windbreakers. With help from his daughter, he fought back at whatever Mother Nature threw at him and planted a horticultural wonder. The documentary concludes with visual images of the 'oasis in the wilderness' created by Peter Nelson, juxtaposed by the narrator's ironic words "and **all it took was hard work, perseverance and a little faith.**" These are **also the essential ingredients for anyone who wants to take on the challenge of implementing risk management.**

A person who doesn't have a green thumb can kill hearty plants even in a fertile environment. But a skilled gardener can create an oasis in a hostile environment. Likewise, I've observed that **leaders who are successful in implementing any species of risk management do so in spite of, not because of, their business environment.** And they face all of the same challenges (e.g., resistance, lack of support, etc.) as their less successful counterparts.

The key difference is that the **successful leaders don't blame their environment.** Instead, **they acknowledge the organizational challenges and counter them by implementing initiatives to create the conditions for success** (e.g., training sessions, communication plans, engagement strategies, etc). It's never a walk in the park. **If you're serious about risk management, you can't wish away your challenges.** You acknowledge and attack them systematically, just as Peter Nelson chipped away at the challenges in creating his garden.

Strengths of the Successful Risk Management Leader

A second observation I've made is that **a great deal of a risk management leader's success comes from the particular mix of people and business strengths they possess.**

EXERCISE RESULTS: Part A

Look at the '**What I Need**' list you created in the exercise.

- Put an 'O' beside each item that refers to **characteristics of your organization** (e.g., leadership support, strong risk culture, good risk tools, etc.).
- Put an 'I' beside each item that refers to the **traits of the individual** that is leading the charge on risk management implementation (e.g., analytical skills, communication skills, tenacity, etc.)?

For each item with an 'O' beside it, **have you taken steps to create the 'organizational' conditions you need for success?**

- If you have, congratulations! You've positioned yourself and your organization to flourish and achieve excellent risk management results.
- If not, you will probably find that risk management fails to take root and never becomes an integral part of your organization's business practices and culture.

At **Risk Wise**, we've helped many organizations to create the conditions for successful risk management. Go to www.riskwise.ca to read sample **Case Studies** and learn how our **Risk Management Diagnostic** service works.

Certain traits are consistently present in risk management leaders that succeed and typically absent in those that fail. Based on my observations, here are the **essential characteristics of successful risk management leaders.**

- **Strong interpersonal skills.** In my consulting practice, I have noticed that **in every organization that has successfully systematized risk management, the individual assigned to lead the implementation process had strong interpersonal skills.** In some cases, that individual had no background in risk management or risk analysis but was able to quickly come up to speed on risk knowledge and skills. By contrast, **in instances where the person charged with leading the risk management initiative lacked strong people and facilitation skills, the initiative invariably failed.**

I like to say that **risk management is a contact sport.** That doesn't mean conflict or manipulation. It means **open, 2-way dialogue and collaboration.** If you're leading the charge on risk management in your organization, you had better be out there talking to decision-makers and managers on a daily basis. It's the only way to build relationships, build trust, and stay current with what's going on in the business.

Continued on page 3...

ASK YOURSELF: Do you love talking with people and facilitating dialogue? If not, find someone who does to help you and get out of his or her way. As a risk management leader, you are only successful through others. Risk management involves change management, another contact sport that demands strong interpersonal skills. **You will not be successful without a complement of people with strong interpersonal skills on your implementation team.**

- **Altruistic & Evangelistic.** By altruistic I mean putting the needs of others and the organization before your personal success. **Altruism is huge in terms of getting buy-in.** If you focus on serving the managers who you want to adopt risk thinking and on helping the company to succeed, you'll get a whole lot more buy-in than if you serve your own agenda. **Your offers of service need to be genuine.** Others will detect self-interest on your part immediately. **You can have a personal agenda, as long as it is about contributing to the company.** And you must be forthright and honest about your agenda but make sure it always takes a back seat to the needs of the decision-makers you serve, and to the contribution you can all make to the organization's success.

The evangelistic characteristic isn't about fanaticism. Rather, it about a persistent desire to make the benefits of risk management available to everyone in the organization. Successful risk management leaders believe that systematic risk management is a powerful tool to help the organization achieve its objectives while building resilience. They use their messaging to bring attention to the results and value that risk management brings to the organization. **Their enthusiasm is infectious.**

ASK YOURSELF: Are you passionate about the contribution risk management can make to your organization and the managers within it? If not, you will face a constant up-hill battle in your attempts to engage people across the organization. You will also have difficulty maintaining your personal motivation when those inevitable challenges arise during the implementation process.

- **Organized and a team player.** A key ingredient for success is the **ability to manage a project.** In the vast majority of organizations, it is a single person or a small team that is responsible for leading the risk management implementation initiative. Therefore risk management leaders must work through other people to achieve the structural and cultural changes necessary to effectively integrate risk management into business practices across the organization.

Risk Management success requires tremendous organizational skills and teamwork. As the leader, you need to coordinate many elements in the risk management implementation process, including, development and execution of implementation strategies, frameworks, tools, and related training modules, communication, monitoring, reporting, learning, and continuous improvement strategies.

Successful risk management leaders are more than just talk. They prove that risk management works through their actions. **Results are what will ultimately demonstrate value.** Therefore, it is important that the leader of the risk management initiative has the **ability to coordinate and orchestrate the people, tasks, and activities** involved so that everyone **regularly accomplishes meaningful results.**

ASK YOURSELF: Do you enjoy accomplishing results through a team effort? If not, you might consider finding a non-leadership role on the risk management team, or perhaps a different way to provide value to your organization.

- **Resourceful, creative, and flexible.** Unsuccessful risk management leaders tend to complain about lack of resources and commitment from their senior leadership. I've observed that **successful risk management leaders have the same resource constraints as those who fail.** But they somehow figure out a way to be successful with the resources available to them.

A common tactic used by successful risk management leaders to stretch their resources is to partner with others. This works particularly well when they partner to solve a persistent or pressing problem that is preventing the business from achieving a strategic objective.

Successful risk management leaders know how to **'work the system'** within their organization. They know who to go to for resources. More importantly they are masters at knowing when and how to ask for help so that they get enough resources to maintain momentum.

Successful risk management leaders **consistently devote time to dreaming up new and creative ways to apply risk principles** rather than bemoaning why risk management hasn't worked in the past. They are also always looking for new ways to communicate the risk management message.

Successful risk managers don't give up if an idea doesn't work the first time or if they hit a dead end. **They find a new and better way to approach it.**

And **they aren't too proud to bend or adapt their approach** as long as it leads to more systematic risk management and better outcomes for the organization as a whole.

ASK YOURSELF: Do you thrive on finding innovative ways to solve persistent problems and change organizational culture with limited resources? If you look at tough problems like a puzzle to be solved, and see challenges as opportunities to get your creative juices flowing, you'll find the risk management implementation process interesting and invigorating. **If working on issues of cultural change sounds like more of a chore to be endured than a game to be played**, you might want to rethink your risk management role.

- **Ability to Keep Your Eye on the Ball.** Successful risk management leaders have developed top-notch analysis skills. Even if they aren't experts in statistical or analytical methods, they are at least able to guide the people on their team who are. **They always look for key factors that are most relevant, not just data that is easy to measure or access.** They don't get lost in the details. They are able to present a coherent, comprehensive, yet brief presentation of the salient points of complex analyses.

They are honest about the story the analysis tells, including disclosure of the underlying uncertainty, weaknesses, and limitations of the data, models, and opinions on which their risk assessments are based. **By demonstrating their 'common sense' they become trusted advisors** to decision-makers across the business.

ASK YOURSELF: Do you have a knack for getting to the heart of the matter? If you like to structure decisions and decision analyses, you will probably find the risk management leadership role a natural fit. **Do you have the ability to summarize and explain complex risk analyses in a way that compels people to act?** If not, you risk wasting not just your own time but also the time of your risk assessment team and of the decision-makers who are counting on you.

- **Optimistic.** Like Peter Nelson the gardener, it takes faith to persevere. Optimism is a kind of faith — a belief that you will succeed, an ability to see great potential where others see only an impossible task.

Successful risk management leaders focus on what can be accomplished. They believe that with time, patience and hard work, risk management will take hold in their organizations. This optimism manifests itself as the **tenacity required to stick with each implementation task until it is completed** despite the challenges that arise.

EXERCISE RESULTS: Part B

Review your **'My Strengths'** list and the items on your **'What I Need'** list that you labeled with an 'I' to indicate that they are the **traits of the individual** that is leading the charge on risk management. Do you see a strong alignment between your two lists and with the list of leadership characteristics described above (i.e., strong interpersonal skills, altruistic, evangelistic, tenacious, patient, resourceful, creative, flexible, optimistic, able to keep your eye on the ball)?

- **If the three lists line-up nicely, you may be well on your way to systematic risk management.** Please contact me about opportunities to share your experience. For example, you may be a candidate to speak at one of the conferences I program or to be featured as a case study in my forthcoming book ***Risk Management Made Simple: An Executive's Guide for Achieving Superior Performance, Accountability and Competitiveness.***
- **If you notice any leadership gaps or blind spots, look upon it as a great opportunity to strengthen your risk management leadership capabilities.** You'll want to assess how serious a barrier each gap is for you. Then think about **how you can acquire or strengthen the needed skills.** You could recruit people to your team with those skills that you lack. Or you might consider working with a coach to explore if it makes sense for you to enhance your risk management skills portfolio. Or if after some soul searching, you decide that leadership isn't your passion, consider Peter Drucker's sage advice; **"concentrate on your strengths and place yourself where your strengths can produce performance results"**.

Experience demonstrates time and time again that to achieve risk management success, it takes both technical skills and people skills. That's why at **Risk Wise** we provide one-to-one training and development in the full set of skills that a leader needs to systematize risk management. Visit www.riskwise.ca to learn more about how our **Coaching and Mentoring** services can help you to **expand your repertoire of risk management technical and leadership skills.**

Optimism also enables the risk management leader to be **patient when unanticipated challenges arise and when people let them down.**

Continued on page 5...

ASK YOURSELF: Are you confident that you can tackle every risk management implementation challenge that comes your way? When people say 'it can't be done here', does that make you want to prove that risk management will work in your organization? Do you believe that risk management can be systematized in your organization and that your people can and will integrate it seamlessly into their business practices? If you answered yes to all three questions, you probably have what it takes to persevere in the face of all manner of challenges. If instead, you think the above description of *optimism* sounds like a state of *willful delusion*, you may lack a key leadership trait. **Optimism is a crucial ingredient for inspiring and motivating yourself and others.** Without an unwavering belief that risk management can and will be systematized in your organization, you will not have the confidence and tenacity required to overcome the many barriers that crop up throughout the implementation process.

*

The Risk Wise bottom line...

Strong people and leadership skills are essential ingredients for successful risk management implementation. Identify the full complement of organizational and individual characteristics you need to systematize risk management in your organization. **If you are missing key leadership skills, find a way to acquire or develop them.** If your strengths lie outside of the leader's skill set, think about finding another role for yourself where your unique strengths can produce excellent results and you'll have more fun.

*

Tell me how you've developed and nurtured risk management implementation strengths in yourself and your team. I appreciate receiving emails with your tips and success stories at Diana.Belluz@riskwise.ca

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 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.

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 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



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

BONUS RESOURCE: Coach's Corner

If you want to ratchet up your people and leadership skills with confidence, getting help from a coach is often the quickest way to go. Coaching is cost effective because you don't waste a lot of time and resources making expensive mistakes or spinning your wheels.

In this article, **Judy Orr**, a business coach in the Greater Toronto Area, **answers the common questions managers and executives have about coaching as a mechanism for leadership development.** Judy brings 25 years of Human Resources, Organizational Development and Leadership experience to her coaching and consulting practice. She has spearheaded large-scale cultural change in the financial services sector and now focuses on creating positive change with individual leaders and their teams. Her company Change Journeys (www.changejourneys.com) has provided services to the Consumer Products, Financial Services, Media, Retail and Public sectors.

Risk Wise: Why use a business coach?

Judy Orr: Accessing the services of a business coach is steadily increasing as a component of Leadership Development. **Working with an effective coach should accelerate your ability to meet your goals.** You should be able to get to where you want to go faster than doing it yourself. Like other leaders and professionals in today's fast paced working environments, you don't have the luxury of time on your side. A business coach understands this and through a series of structured conversations helps you get traction to move forward. **Companies that have introduced coaching are seeing tangible results in productivity, customer satisfaction and employee retention.**

RW: What should I look for in a coach?

JO: Three critical selection criteria are:

- someone you feel **you can build a professional relationship with** (you must be able to connect with your coach),
- someone who has graduated from an **accredited coach training program** (e.g., a member of International Coach Federation, or Worldwide Association of Business Coaches),
- someone who has **both business and coaching experience.**

Interview (in person if possible) and always ask for references.

RW: How do I get the most out of a coaching relationship?

JO: As **success will only come from the actions you take**, it is essential that you **commit to the coaching**

process and do the work required within agreed time frames in order to achieve results.

RW: What are the pros/cons of hiring a coach with experience in my sector?

JO: Having experience in your sector is a bonus but not essential. Such a person may already have knowledge of your environment and its challenges, but an effective coach will ask you to describe your environment in order to gain sufficient appreciation to coach you specifically. **The reality is that work environments are not drastically different and many of the reasons individuals seek out a coach are common across sectors.** A coach without experience in your sector may provide unique perspectives. Someone who has worked in various sectors with positive results may be more effective.

RW: As a business leader, how do I become more of a coach to my people?

JO: Just because you are someone's manager, does not give you the right to coach them. That must be earned. Time needs to be invested in laying the groundwork to have a greater chance of success. This includes **building trust** through openness and consistency, **showing respect** for employee's strengths, and approaching coaching conversations with them from a **developmental vs. evaluative mindset.**

Three **actions a leader can take right now to ratchet up his or her coaching ability are:**

- 1) **support team members' learning and growth by meeting with each individual to discover career aspirations.** Separate this discussion from a performance review, which evaluates past performance. Coaching is about developing for the future.
- 2) Wherever possible, **link development needs to organizational priorities.** Try to find opportunities to develop that are tied directly to organizational needs.
- 3) **Focus on ways to capitalize on and further develop strengths** as well as selectively addressing gaps.

Becoming an effective coach is an ongoing process. Making time to attend a coach training program for business leaders is a wise investment. Contact your HR Department to learn more.

How have you used coaching to accelerate your risk management program? I appreciate hearing your success stories at Diana.Belluz@riskwise.ca