

Risk Management Made Simple

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

January 2008

In this issue...

- **Feature Article: 7 Risk Principles to Rock Your World** (page 1)
- **Bonus Resource: Big Trends for 2008** (page 3)
- **Subscriber Bonuses:** (page 4)

"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
&
Senior Enterprise Risk Manager,
Sun Microsystems, Inc.

FEATURE ARTICLE: 7 Risk Principles to Rock Your World

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

"It is not the strongest of the species that survives, nor the most intelligent, but the one most responsive to change." Charles Darwin

Risk Management is about adapting to change, elegantly. It's about preparing for the future, not playing catch-up. As a modern risk manager, you are constantly looking to see what is likely to come at you and readying yourself and your organization to deal with those trends so that your company can sustain its competitive edge. It's **NOT about controlling risks or people through elaborate regimes of rules and oversight.**

Goal setting is a great opportunity to insert risk thinking into your own business practices and those of your organization. Will your goals rock your world? **The key is to ensure that your goals create both short-term value AND position you for success in future.** To ensure future success, you need to develop your ability to change and adapt. And risk management is a core discipline for change and adaptation.

The topic of change and adaptation is particularly relevant at the start of the year, when most of us spend time setting goals and objectives.

Are your risk management goals helping to develop change-readiness capabilities that will rock your world?

Here are seven risk-thinking principles to keep in mind as you set your goals for 2008.

1. **Take time to observe.** Look both within your organization and to the outside world for factors that currently (or might in future) affect your performance. **What has changed in your business environment?** An often overlooked source of risk — both threats and opportunities — is the change that occurs at the micro and macro levels in your external business environment. Know the trends and consider them when developing your goals. (**See the Bonus Resource for an example of big trends to watch in 2008.**)

What is it that you want to improve – in yourself, in your organization? Are your goals focused exclusively on **creating short-term value** or will they **also position you for future success?**

2. **Balance the "methodology+people" equation.** **Successful risk management is a combination of discipline and culture.** Efforts to implement risk management that focus exclusively on only one side of the **"methodology+people" equation** fail. Make sure you **strike a balance** between both **technical/structural** and **cultural** changes you want to make this year.

Continued on page 2...

A simple approach to check if your goals are balanced is to list them in two columns. Put **discipline-related goals** (e.g., development of frameworks, assessment tools, reporting structures, etc.) in one column and **people-related goals** (e.g., development of skills in communication, collaboration, influencing, selling, etc.) in a second column. If the two columns are lopsided, chances are that your risk management performance will ultimately suffer. **You need both good tools AND people who know how to and want to use them.**

3. **Inspire.** Your aspirations should be big, bold and challenging. You want to **choose goals that will make a significant difference** in your ability to contribute to the organization's performance, accountability and competitiveness. **If your goals are going to inspire you and others** to implement systematic risk management, those goals need to stretch people and be much more than a dry list of tasks.

When goals are truly audacious, you have to develop new capabilities to achieve them. Define what capabilities your organization needs in order to be *risk wise* in a constantly changing business environment. Next, **identify the opportunities for innovation and creativity** that will arise in the quest to develop those capabilities. Your goals need to articulate any lacking risk management capabilities **as exciting opportunities for personal growth and organizational development.**

4. **Respect your reality.** Stretch, but don't overwhelm yourself. **Make sure your goals are doable**, given the organization's priorities, resources, and constraints. **Think about the factors that do (or might) affect you both negatively and positively.**

What is hindering you? What are the historic and potential roadblocks to systematic risk management in your organization? What will it take to remove or bypass them?

Who can help you? You can only succeed through others. Therefore you need powerful allies. Identify key leaders who can champion risk management and help your organization to change and achieve your risk management goals faster.

5. **Communicate clearly.** You should be able to express each goal in one short sentence that anyone in the organization can understand immediately. **If your goals are clear, concise and compelling, you'll be able to infect others with enthusiasm to achieve them.**

6. **Establish a yardstick.** Remember, you are modelling good management here. **Make sure you can demonstrate progress towards each goal** by identifying one or two ways to measure your success. Make sure at least one measure is quantitative.
7. **Rinse and repeat. Once you've set your annual goals, you'll want to revisit them periodically.** For example, I examine my goals every quarter to make sure they are **still relevant to my overall mission and vision.** And when significant changes occur in my business environment, I adapt by updating either my objectives or strategies to suit my new circumstances. The point is to make it a regular habit to check if your goals are still relevant to your business environment. And so, the cycle begins again as you return to the first risk principle in this list, **take time to observe. The more volatile your environment, the more often you need to repeat the cycle.**

These seven risk principles can rock your world by helping you to **achieve your current goals.** They will also help you to **build rock-solid management capabilities** to deal with any changes that the world throws at you.

*

The Risk Wise bottom line...

Apply risk and change management thinking to your goal setting. It's an excellent way to **model good management behaviour** and to **keep you motivated** and moving towards systematic risk management in your organization.

With the risk management discipline, **you can position yourself to achieve your goals despite the constantly changing circumstances that life guarantees.** I wish you every success in 2008 and over the long-term. 😊

*

Tell me your risk management goal setting stories.

- **What works for you?**
- What audacious goals have you set? Achieved?
- How are you positioning yourself and your organization for future success?

I appreciate receiving emails with your tips and success stories at diana.belluz@riskwise.ca

BONUS RESOURCE: 8 Big Trends for 2008

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

You owe it to yourself to **take some time at the start of the year to find out what the trends are in your business environment** and what they could mean for you and your organization's future.

But how do you know what's coming? Fortunately, there are people who spend their time analyzing trends. One such person is **Jim Carroll**, a leading international futurist, trends and innovation expert, with clients such as the Walt Disney Corporation, Motorola, the BBC, Manulife and the Swiss Innovation Forum. To read Jim Carroll's report **What Comes Next? A Trends Perspective for 2008 and Beyond**, go to:

<http://www.jimcarroll.com/acrobat/FutureTrends.pdf>

Here's a **summary of the eight big trends** he identifies, along with **my perspective about their profound implications for risk management professionals**:

- 1. Revenge of the Math Geeks** – "Analytics is hot." Math geeks who can figure out complex algorithms, mine existing data, and crunch the numbers can be a risk manager's best friend. **How will you insert a risk perspective into your company's analytics?**
- 2. Small is the New R&D** – Innovation no longer comes from 'big' science. Today's scientific discoveries "percolate from the bottom up" because topic experts can go online to "share their latest research and insights with their global peers on a continuous basis". **How can your organization use this new global R&D process to increase its competitiveness?**
- 3. Attitude and Amusement** – What's your plan to replace the baby boomers leaving your workforce? To attract and engage the gaming generation, you'll need to keep them "active, engaged, interested, and amused". **How will you make the gaming generation's ability to thrive on change work to your advantage?**
- 4. Time Disappears** – The pace is speeding up in today's business world. "Issues, challenges, threats and opportunities can happen at light speed." **How will you engender flexibility and agility into your business practices?**
- 5. Resisting Change Retires** – As GenX-ers replace baby boomers in leadership roles, there will be a dramatic difference in how companies react to technology-driven business model disruption. Where boomers are "reluctant to embrace new business models, the next generation steamrollers them!" **How will this new attitude towards change affect your ability to apply the risk discipline to your business strategies?**
- 6. Careers End** – Many professions are experiencing a trend towards contract work. "We are witnessing the end of the modern organization, and an ever more rapid migration to the era of the itinerant workforce." **How will you demonstrate the relevance of risk management expertise in a skills-for-hire economy?**
- 7. Knowledge and Skills Banks** – "In the hyper-innovative global economy, the only thing that counts is knowledge." And the half-life of knowledge is collapsing with rapid advances in science, technology, and business. **How will your organization access the right skills, at the right time, for the right purpose?**
- 8. Interactivity Redefines** – "Essentially, every device and thing around us is about to become plugged in — leading us to an era of interactivity and connectivity that is mind-boggling in scope." **How will your company manage this transition and tap the potential of pervasive connectivity?**

Pass it on!

Please share the **Risk Management Made Simple** monthly E-Zine with people in your network.

Don't miss out on future issues of **Risk Management Made Simple** monthly E-Zine.

Sign-up for your FREE subscription by January 31st and receive 2 bonuses:

BONUS 1: A **chance to win a Risk Management Jump Start session (\$1450 value)**

Do your goals include getting your Risk Management program on track for 2008 and beyond? If so, you may be eligible to **receive personalized risk management implementation advice** at no cost to you or your firm.

Risk Wise Inc. is offering this special **Risk Management Jump Start** session **at zero cost to only the first 10 eligible people who apply before January 31st.**

To learn more and apply for the complimentary **Risk Management Jump Start Session**, go to:

<https://www.riskwise.net/JumpStart>

"I very much enjoyed the Jump Start session. The questions were excellent and really got me thinking about the potential for our program. **I found it to be of great value** to me as I plan and implement our Enterprise Risk Management program."

Cheryl L. Canfield
Director, Enterprise Risk Management
Independent Health

BONUS 2: A **complimentary copy** of ***Moving Beyond the Risk Map to Operational Vigilance.***

This document discusses how to convert your static risk map into **a tool for timely management action.**

Topics include:

- How to decide which **'signals' of changing risk to watch for**
- Setting escalation **triggers for action**
- Factors that determine **how well your people will heed the call** when 'alarms' sound

We respect your email privacy:

- Your name and email address will NOT be shared or sold to anyone for any reason.
- We do NOT send unsolicited email.
- You may remove yourself from the list anytime you choose by sending a request to: list@riskwise.ca

To subscribe go to:

www.riskwise.ca

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