

# 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**

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## FEATURE ARTICLE: The Secret to Getting Risk Management to Catch On

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

The book *Arabian Nights* contains the famous tale of Ali Baba and the Forty Thieves. In the story, a poor woodcarver learns that the magic phrase "open sesame" will unseal the opening to a cave filled with gold that is the treasure trove of a band of thieves. Wouldn't it be wonderful to have a magic word that you could use to get your people to embrace systematic risk management?

In fact, when most of us think about convincing someone to change their behaviour, **we immediately think about the words we will use to 'make the case' for change.** We look for the convincing case that will unlock the potential for change in our people, just as the magic phrase "open sesame" unsealed the cave for Ali Baba.

This is based on the belief that **if we just give our people the right information, they will make the change we desire.** We focus on building a business case that will help our people understand **why** it is important to change and tell them **how much** of an improvement they will see in their results if they adopt a new way of thinking about and working with risk.

But there's a big problem with this 'convincing case' approach. **Research on change reveals that people rarely change their behaviour as a result of receiving new information,** no matter how magical or convincing the words sound.

**People change because of two things: relationships & networks.** They change because other people change.

When we notice that our peers, our competitors, and our customers are changing, we don't want to be left behind. Some call it a competitive instinct. Others call it survival. Nobody likes to be the last kid on the block to try the latest thing.

**So how do you use networks and relationships to proliferate and enhance risk management practices within your organization?** Here are some tips that you can use to build the kind of relationships and networks that will create the momentum you need for risk management to catch-on in your organization.

### **TIP #1. Locate opinion leaders and build relationships with them.**

Focus on those people who are opinion leaders in your organization. Opinion leaders may be people with executive titles or they may be others in the organization that people look up to and follow.

Once you've identified the opinion leaders in your organization, don't revert to your old ways by trying to **convince** them to adopt risk management. Instead **involve** them in your efforts, or better still, **involve yourself** in their world by helping them to employ risk management techniques to solve a problem that they find particularly pressing or persistent. If risk management helps those opinion leaders, they will spread the word. You won't need to sell or push the concept of risk management.

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## **TIP #2. Get involved in networks within your industry sector.**

If you have teenagers or can remember when you were a teenager, you know that when told she can't do something by her parents, a teen will reply with, "But Mom, everyone's doing it". **Peer pressure is a powerful motivator, even in adults.**

**We don't want to be left behind in a competitor's dust.** I am reminded of this at every risk management course or conference I lead or attend. There is always a significant number of participants who openly state that they are at the event primarily to make sure they are keeping up with their peers.

**Use your external networks** to find out what people in your industry are doing. **Look for examples where other organizations are more advanced than yours** in terms of the maturity or extent of their risk management practices. **Then feed that information into your internal network.** You don't need to craft a business case, simply show your people **a comparison of how your organization's risk management is lagging behind** other organizations. You'll be amazed how this can create a strong motivation to act.

## **TIP #3. Link-up with your risk management peers.**

Research conducted by *Risk Wise* reveals that **many risk management leaders fail to access resources outside of their own organization or sector.**

If you don't get outside your network of close working relationships, you run the risk of creating an **echo chamber** where ideas reverberate and get recycled. If you hear only like-minded voices, you can quickly get stuck and stale.

To access new ideas that will inspire you to create breakthroughs, you need to **seek out emerging concepts and practices from outside your organization and sector.**

For example, when programming The Conference Board of Canada's annual International Risk Management Conference, I'm **always on the look out for novel applications of risk concepts in other business disciplines.** Besides traditional risk specialty areas such as insurance and finance, I explore a wide range of related topics including governance, project management, corporate social responsibility, leadership, change management, security, pandemic, decision analysis, and communications.

The reading and networking I do with management experts outside of the risk management discipline helps

me to **identify emerging business trends that risk managers can ride to help promote risk management.** The drive for accountability is one such trend.

In today's world there is a **growing demand by stakeholders, boards, and C-suite executives for better performance measurement and accountability for results.** Risk modeling techniques can help a manager understand the interdependencies between an organization's inputs, business processes, and outputs, including a clearer understanding of the underlying uncertainties and risks that can influence an organization's performance. **The improved accuracy of business forecasts and tracking of key performance and risk indicators that risk management techniques provide can help to address the growing and universal expectation for accountability.**

If you want to escape your echo chamber, **see the Bonus Resource** article by communications guru **Liz Guthridge.** And go to page 4 to view the **exclusive advance offer for E-Zine subscribers** to join the **'Inner Circle' for Risk Management Leaders.**

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

**Your ability to influence change lies in the power of your relationships and networks.** Follow the three tips in this article to build the kind of strong bonds between people that enable risk management to spread like the dawn:

1. **Cultivate strong mutually beneficial relationships with opinion leaders within your organization.** Opinion leaders represent your biggest opportunity to influence behaviour across your organization.
2. **Use external networks within your industry to benchmark your organization's risk management performance** and watch how peer pressure will motivate your people to want to enhance their risk management practices.
3. To make sure you **don't get caught in an echo chamber, extend your own peer network** outside of your organization, industry sector, and management discipline.

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**Tell me how you've leveraged your relationships and networks to get risk management to catch-on in your organization.**

I appreciate receiving emails with your tips and success stories at [Diana.Belluz@riskwise.ca](mailto:Diana.Belluz@riskwise.ca)

## BONUS RESOURCE: Escape from Your Echo Chamber

This article appeared in the *The Lean Communicator* e-zine and is reprinted here with permission.

By Liz Guthridge

*Do you hear only like-minded voices? If so, you're running the risk of getting stuck and stale. You need to make an effort to break out of your echo chamber!*

**Who are your "go-to" people?** If you're like most of us, you tend to reach out to individuals who work in close proximity to you. Or, you call on colleagues in your department or another function in which you already have close working relationships. You trust them because you have frequent contact with them and you know them. Plus, they tend to agree with you most of the time (or at least not challenge you), which you probably appreciate if you're pressed for time and resources.

But you're running a big risk if you don't enlarge your network, according to the experts in the new science of business and social networks. If you almost always depend on trusted advisors rather than seek out diverse people with different points of view, you are creating an "echo chamber network."

In an echo chamber network, you share too many things in common with each other. Your thoughts and actions reverberate. And because you're basically recycling ideas rather than gathering new ones, you hurt your performance. Specifically, echo chambers are bad for decision-making, creativity, and getting ahead in your career.

Brian Uzzi a social psychologist who teaches at the Kellogg School of Management at Northwestern University and researches social networks, says you need to seek out specialists from other disciplines to break out of this echo chamber. Their skill set will help you transcend the limits of what you know.

So what can you do to break out of your echo chamber? Try these three steps, which take time but little money (unless you have expensive extracurricular interests):

- **Make a point to meet people outside of work who share your personal interests.** If you play recreational sports, have a hobby, take part in community services or volunteer groups, or have another interest in which you regularly meet new people, you've got an easy and natural way to expand your network. These new individuals can help you recharge and refresh your thinking. Plus, as you get to know them, you'll start to trust one another and you can introduce each other to your friends and associates who more than likely travel in different circles.
- **Find brokers and befriend them.** Brokers, in the social networking world, are individuals who have a foot in several worlds and different sub-cultures. Plus they get pleasure from serving as a bridge to connect disparate people who might not otherwise meet. In Malcolm Gladwell's book [The Tipping Point](#), they're the connectors. They truly enjoy making friends and acquaintances and then introducing them to one another. They also have a knack for sizing up a situation and building rapport quickly.
- **Make a commitment to meet people slowly and steadily, not just immediately.** Professor Uzzi advises against turning all social interactions into commerce. It rubs people the wrong way, plus it tends to make you think you should get immediate utility from all the new people you meet. Instead, you and your contacts can best help one another when something new and different comes up and you need help adapting to the unexpected. So consider saving contacts for a rainy day, but don't forget about them.

In today's complex world, it's not what you know or who you know. It's who you know who has the skills and resources you need to access.

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**Liz Guthridge is the founder of Connect Consulting Group LLC**, specializing in strategic employee and change communication. **Here are some links to other material authored by Liz Guthridge:**

- Free E-Newsletter: *The Lean Communicator*, [www.connectconsultinggroup.com/leancommunicator](http://www.connectconsultinggroup.com/leancommunicator)
- Book: *Leading People Through Disasters*, [www.leadingpeoplethroughdisasters.com](http://www.leadingpeoplethroughdisasters.com)
- Forthcoming book: *Lean Communications: The 5-Step System for Doing More With Less and Getting Great Results*, [www.leancommunications.com](http://www.leancommunications.com)

## Advance Offer for Subscribers Only: Join the *Risk Wise* 'Inner Circle'.

- **Keep up with the latest advances in risk management.** You enjoy the all the benefits of timely access to leading edge thinking and knowledge and we handle all the legwork and logistics.
- **Compare notes with fellow risk management leaders.** The 90-minute small-group teleconferences give you regular access a network of risk management professionals who are dealing with all the same implementation challenges that you face.
- **Discuss the issues you're grappling with today and develop actionable solutions that you can apply immediately.** The sessions are professionally facilitated to create the 'mastermind' advantage that you can only get through structured engagement with a strong peer group.

The next 'Inner Circle' group will start in September 2008. There are **only 8 spots available.**

To view the **advance offer**, go to: <https://www.riskwise.net/InnerCircle.html>

To **reserve your spot** in the 'Inner Circle', contact me directly at [Diana.Belluz@riskwise.ca](mailto:Diana.Belluz@riskwise.ca) or 416.214.7598. This advance offer is available exclusively to E-Zine Subscribers **only until June 15<sup>th</sup>.**

## 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.

## About Us



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



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