

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**

May 2009

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"This newsletter provides a **comprehensive overview of key concepts for implementation** of risk management."

Sandra Parkins

Director

Integrated Risk Management
Fraser Health

FEATURE ARTICLE: The Do's and Don'ts of Risk Management DIY

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

If you're a fan of home renovation shows, you'll know that DIY stands for 'Do It Yourself'. Those shows often feature horror stories of people who have tried to do their own renovations because they thought they could easily figure it out on their own and save some money by going the DIY route. Instead of ending up with their dream home, **many do-it-yourselfers never complete the job or make costly mistakes that render their homes ugly, uncomfortable, unlivable or unsafe.**

There are many parallels between home renovation DIY and risk management DIY. For instance, there are **some things the organization must do itself**, while **other tasks require specialized knowledge or experience** that you may not have in-house.

The risk of starring in your own DIY nightmare can be high if you ignore these Do's and Don'ts for the risk management do-it-yourselfer.

DO'S

#1 - Set inspiring objectives. Know *what* you want to achieve and *why* your organization is implementing risk management implementation. It's important that the *what* and the *why* are **things that will motivate people to embrace the change process.** Because they know your organization better than any external advisor and because they are ultimately accountable

for achieving them, **your leadership team has to set the objectives.**

#2 - Assess your current status. Many tools exist to do just this. You will likely want to adapt them to your situation. However, once you decide on one, stick with it, so that you have **a constant yardstick against which to measure your progress.** This is key to demonstrating the on-going value that your program is providing.

#3 - Consult the 'code'. If you've seen TV's celebrity contractor **Mike Holmes**, you'll know how frustrated he gets when he inspects a house that has **flaws that could have been completely avoided** if only the builder or DIY renovator had **followed the building code.**

Building codes describe expected practices that are based on experience – both good and bad. **They set minimum standards and help to avoid repeating the mistakes of the past.**

The **equivalent of building codes exist in the form of risk management standards and guidance materials.** Before you design or enhance your risk management program, consult one or more of the available risk management 'codes' to ensure you are following best practices.

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Examples of risk 'codes' include:

- **International and national standards organizations**, e.g., ISO 31000, AUS-NZ 4360;
- **Professional associations**, e.g., COSO, IIA, RIMS; and
- **Governance bodies for economic sectors**, e.g., the Basel Accords for financial institutions, the Treasury Board Secretariat's risk guidelines for Canadian government departments.

#4 - Map out a path. This is the strategy and comprehensive plan that sets out *how* you will implement risk management, what steps you will take and who will do them. Having and communicating a **plan is essential for overcoming the 'rational' resistance** you will face. (For more on overcoming resistance, see the **July 2008** issue).

Make sure your plan is reasonable given the other priorities and constraints at your organization. Keep the plan simple. **A simple plan is easier to communicate and to update when you inevitably hit a roadblock.**

If you need to develop or update your implementation plan, **Risk Wise** offers a **Risk Management Jump Start** session that helps risk management leaders **clarify their long term visions** for their programs, **identify key milestones** for the coming year, and quickly **develop a 90-day 'next step' action plan** that will support their long-term goals. (See page 4 for this month's **Special Offer** of a **complimentary Risk Management Jump Start** session.)

#5 - Cross train. To successfully implement risk management you need to be well versed in the **technical aspects of risk** and highly skilled in **organizational change management**. Many **risk management leaders are undermined** because they are weak in one of these essential competencies.

It is common for **do-it-yourselfers with deep risk knowledge to enthusiastically begin their risk management journey by creating a framework**. But **their program stalls when they can't get people to buy-in**. Their plans get bogged down as managers pay attention to 'other' priorities and crises of the day. **The risk management framework alone is not enough**. Why? Risk management **programs limp along unless you actively work to instill a risk management mindset** in your firm.

Do-it-yourselfers who don't provide their organization with strong risk expertise typically develop ineffective and overly simplistic risk tools. A lack of technical knowledge and skill often

leads to the development of overly simplistic analytics that don't provide the full power of risk thinking.

If you don't have both risk and change management skills in-house, get help from outside. For example, **Risk Wise** offers the **Risk Management 'Personal Trainer'** program to **help risk management leaders bridge their skills and experience gaps**. This program is helpful for: **people who are new to the field of risk** and want to get up to speed quickly, or **risk professionals** who want to hone their change management skills. To learn more, about how this **one-to-one professional development** works, visit: <https://www.riskwise.net/PersonalTrainer.html>

DON'TS

A) Don't expect a consultant to do it for you. An external advisor can provide advice and support. However, **your executive management team (and you) must lead the implementation initiative**. That **leadership must be highly visible** in terms of **how they speak** about risk management and more importantly by **what they do**. Beware that **if you do not lead by example, people will see there is a lack of commitment and they will not buy-in**.

B) Don't work in a vacuum. **If you haven't previously designed or implemented a risk management program**, you are heading into dangerous DIY territory. **Avoid the pitfalls that stymie do-it-yourselfers**. Seek the advice of **experienced industry peers or risk management professionals** who've been there. **Expand your risk management network** by attending courses, networking events and conferences. **Enhance your risk management knowledge** with the many publications that are available on the topic. (This month's **Bonus Resource** lists **sources of emerging risk thinking** that are available on-line for free.)

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The Risk Wise bottom line...

All successful risk management leaders know what they can and must to do internally versus where they need to get expert advice. **What actions can you take to heed the DIY do's and don'ts** in this article **and ensure your risk management program is robust and embraced by your people?**

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To explore how your organization can avoid a **DIY nightmare and successfully implement risk management**, contact **Diana Del Bel Belluz** at **Risk Wise**: (416) 214.7598 Diana.Belluz@riskwise.ca

BONUS RESOURCE: 10 Sources of Emerging Thinking on Risk Management

As a risk management practitioner, I want to stay up-to-date on the latest advances in the field. Yet I sometimes find myself, **like many risk professionals, unaware of great sources of risk information because they are outside of my existing network or professional discipline.**

So I was delighted when a recent conversation with one of this E-Zine's subscribers, **Felix Kloman**, netted me four **sources of high quality thinking on risk**. It inspired me to **update the Reading List on the Resources page of the Risk Wise website** with the following newsletters which are all available electronically at no cost:

1. **Conscious Chief Executives**. In this free E-Zine, **Steven Bowman** provides chief executives and senior leaders of nonprofit organizations with regular updates on issues and insights related to leadership, governance, strategy and risk.
2. **IRMA**. The Informal Risk Management Association (IRMA) is a free e-digest service moderated by **Mike Murphy** of the Ontario Public Service. Members from around the world receive periodic emails with risk management resources of interest to public sector risk analysts and managers.
3. **Nonprofit Risk Management Centre e-news**. This free e-newsletter is published twice a month by **Melanie Lockwood Herman** and is a source for tools, advice and training to help people in nonprofits to control risk so they can focus on their missions.
4. **Risk Doctor Network**. **David Hillson** provides regular email briefings on current issues in best practice risk management. It's free and most briefings are available in English, French, German, Spanish, (Brazilian) Portuguese, (Traditional) Chinese, Farsi (Persian) and Russian.
5. **Risk Management Made Simple**. Edited by **Diana Del Bel Belluz**, this free on-line newsletter provides executives and managers with tips on how to implement systematic risk management.
6. **Risk Management Review**. Published 2-3 times per year by the **Wharton Risk Management and Decision Processes Center** at the University of Pennsylvania, this free newsletter provides updates on the Center's research and activities to promote effective corporate and public policies for low-probability events with potentially catastrophic consequences.
7. **Risk Premia**. This is the quarterly newsletter for members of the Professional Risk Managers' International Association (PRMIA) whose mission is to provide a free and open forum for the promotion of sound risk management standards and practices globally.
8. **Risk&Regulation**. This is the bi-annual magazine of the **Centre for Analysis of Risk and Regulation** (CARR) which is part of the London School of Economics' Economic & Social Research Council. It's free and includes articles by leading scholars and practitioners that feature links to other relevant items, events, and publications produced by CARR.
9. **what needs to go right**. In this blog, **Bill Sharon** explores the difference between risk management and compliance and the principles of managing strategy rather than fear.
10. **Your favourite on-line newsletter**. Please email me your suggestions for **other risk management newsletters** that should be included in the **Reading List** posted on the **Risk Wise** website.

For links to any of the above free resources, visit:

https://www.riskwise.net/Reading_List.html#Newsletters

I would appreciate hearing your opinion on the above e-newsletters at Diana.Belluz@riskwise.ca

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

Special Offer for Subscribers Only:

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

Do your goals include getting your Risk Management program on track for 2009 and beyond? If so, you may be eligible to **receive personalized risk management implementation advice** at no cost to you.

What is a Risk Management Jump Start Session?

It's a **45-minute 1-to-1 personal telephone session** with Diana Del Bel Belluz, President of Risk Wise Inc. and a seasoned risk management expert, to:

- 1. Clarify your Risk Management vision**
- 2. Identify key strategic 'milestone' objectives** for this year
- 3. Uncover hidden challenges and blind spots** that could be sabotaging your success
- 4. Create a 90-day 'next step' action plan** that will support your long-term plans
- 5. Help you feel renewed, inspired, and re-energized** about your Risk Management program and how it can create value for your business!

You'll also receive a personalized Summary Report that outlines:

- **The Business Context** for implementing risk management in your organization
- **Your Goals** for risk management
- **The Motivations** for your organization and you personally to implement risk management
- **The Challenges** that stand in your way or slow you down
- **Your Positioning for Success**, i.e., the factors that are in your favour
- **Your 1-Year Implementation Strategy** to systematize risk management in your organization
- **Your 90-Day Jump Start Plan** to reinvigorate risk management in your organization
- **Bonus Advice** to ensure your 90-Day Jump Start Plan builds long-term value and buy-in.

Risk Wise is offering this special **Risk Management Jump Start** session **at zero cost to only the first 3 eligible people** who apply by **May 15th, 2009**. **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

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 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



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