

# 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**

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## January 2008

### 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.

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**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.

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#### **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. 😊

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#### **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](mailto:diana.belluz@riskwise.ca)

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

**Sign-up for your FREE subscription by January 31<sup>st</sup> 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 31<sup>st</sup>.**

**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

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## **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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