

# 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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**October 2008**

## BONUS RESOURCE: The Politics of Risk Perception

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

**Have you ever assessed a risk only to have the results dismissed by a senior executive with the question “But what is the real risk?”**

It’s frustrating to hit a total disconnect between reason and politics.

In his 2008 book ***Risk: The Science and Politics of Fear***, Journalist **Dan Gardner** explores the psychology of risk perception that produces that kind of disconnect. Gardner’s book synthesizes four decades of scientific research into how humans perceive risks, how we judge which risks to fear and which to ignore, and how we decide what to do about them.

One of the key discoveries is that **every human brain has two systems of thought.**

- **System Two is Reason** or the head. It works slowly. **It examines evidence, it calculates and considers.**
- **System One is Feeling** or the gut. It works without our conscious awareness and is lightning fast. It is what is used in snap judgments that we experience as a hunch or an intuition or as emotions like unease, worry and fear [or conversely, enthusiasm and excitement]. **System One works quickly**

**because it uses built-in rules of thumb and automatic settings.**

Gardner concludes “**System One is both brilliant and flawed.** It is brilliant because the simple rules of thumb System One uses allow it to assess a situation and render a judgment in an instant... But System One is also **flawed because the same rules of thumb can generate irrational conclusions.**”

This flaw is a good reason to **cultivate a risk conscience** as I advise in this month’s **Feature Article** on **dealing with political resistance.**

Gardner’s book explores **three factors that influence our perceptions: the media** that amplifies fear; **fear marketers**, i.e., individuals in organizations that profit from fear; and **psychology** which is the most important factor.

The book is filled with examples and stories that make it a great read and explain the science beautifully. Gardner makes a compelling case to apply what is known about how our two minds work. Critical thinking is **the only way to empower us to make the most of what both our gut and our head are telling us while avoiding the traps of bias and prejudice.**

**Watch Dan Gardner discuss his book** in a 4-minute interview **on the CBS Early Show** at:

<http://www.youtube.com/watch?v=Lx9tZ-g3H8g&feature=user>

**And listen to** a 51-minute interview with **Dan Gardner on National Public Radio** at:

<http://wamu.org/programs/dr/08/08/05.php#21637>

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# Upcoming Enterprise Risk Management Event

## Is risk management a standard business practice across your organization?

Did you know that **I am on a mission to make systematic risk management a standard business practice?** I work towards this goal on a one-to-one basis with my clients, and on a one-to-many basis through my publications, speaking engagements, and conference programming activities.

I am honoured to be the facilitator for the **2008 Enterprise Risk Management Summit** and to have had an opportunity to help shape the program.

**Please join me at this exclusive event:**

**November 6-7, 2009**

**Atlanta, Georgia**

**Risk and Insurance  
Management Society's**

**2008 Enterprise Risk  
Management Summit**

***Turns on the Fly Wheel:  
Accelerating ERM  
Momentum***

**The 2008 RIMS ERM Summit is an executive forum dedicated to sharing practical, real world methods for creating value through a successful ERM program.**

The summit format combines insightful presentations of real-life ERM implementations with discussion of practical techniques and tools developed by experienced ERM practitioners. Participants will leave with a better understanding of the current ERM environment and practical approaches to continue development of their ERM programs.

**Registration is restricted to 30 people to maximize opportunities for discussion.**

**Risk Wise's Diana Del Bel Belluz** will facilitate the summit. **To register and view details on the line-up of speakers, visit:**

**<http://cf.rims.org/Template.cfm?section=Education&Template=/CourseDirectory/CDcoursesDescription.cfm&Course=520>**

## 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](mailto:Diana.Belluz@riskwise.ca)



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