

Proudly presents...

**Session 2F**

**Culture –  
The Key to an Effective ERM Program**

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# AGENDA

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- Setting the tone for risk management
- Socializing your plans
- Maintaining the culture

# What is **enterprise** risk?

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“events or circumstances that could **influence**  
either

– the organization’s ability to achieve its  
mission or strategic objectives

or

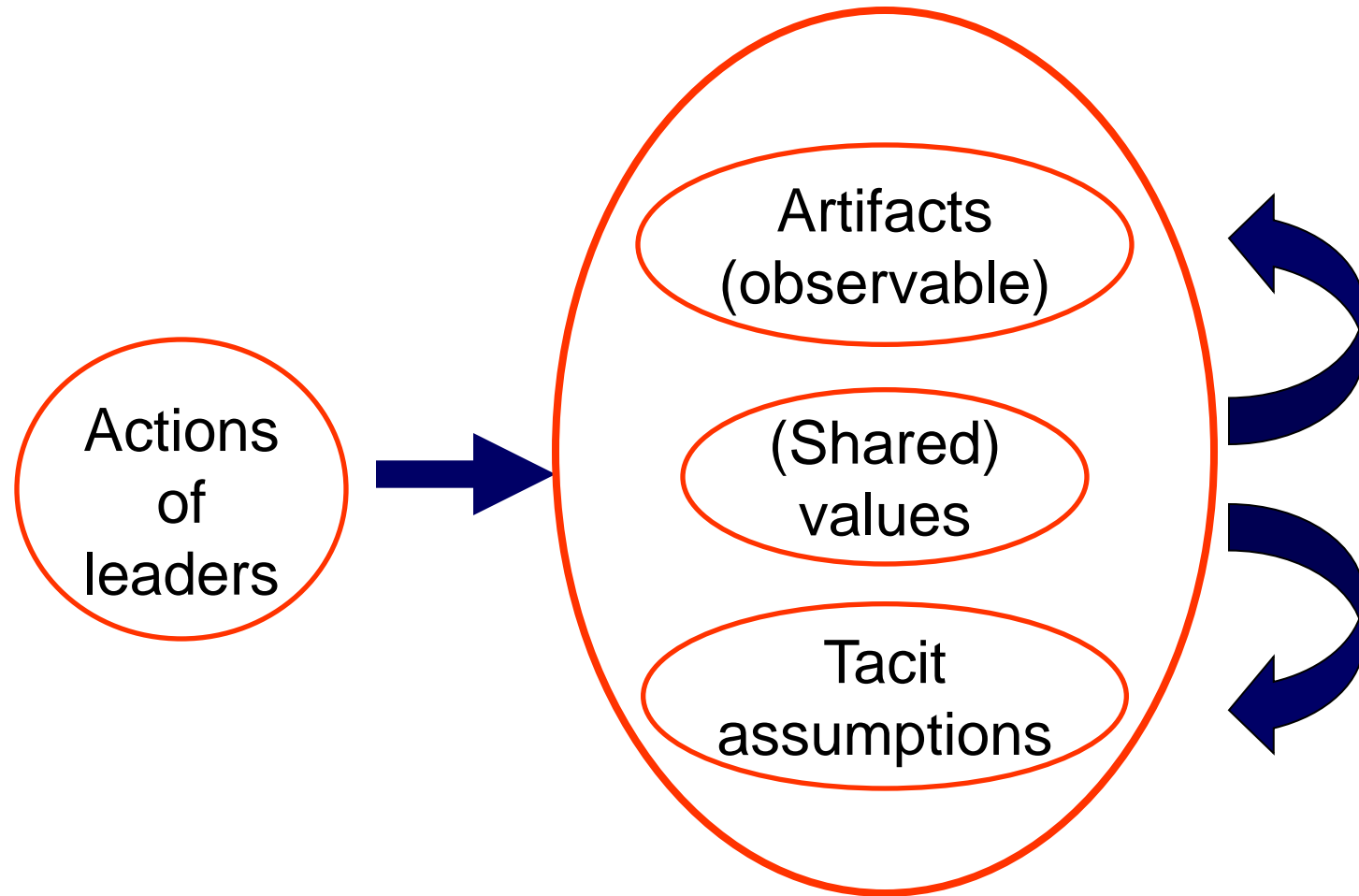
– its reputation, strength and viability.”

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# Purpose of risk management?



# What is corporate culture?



# Culture is the #1 ingredient for effective risk management

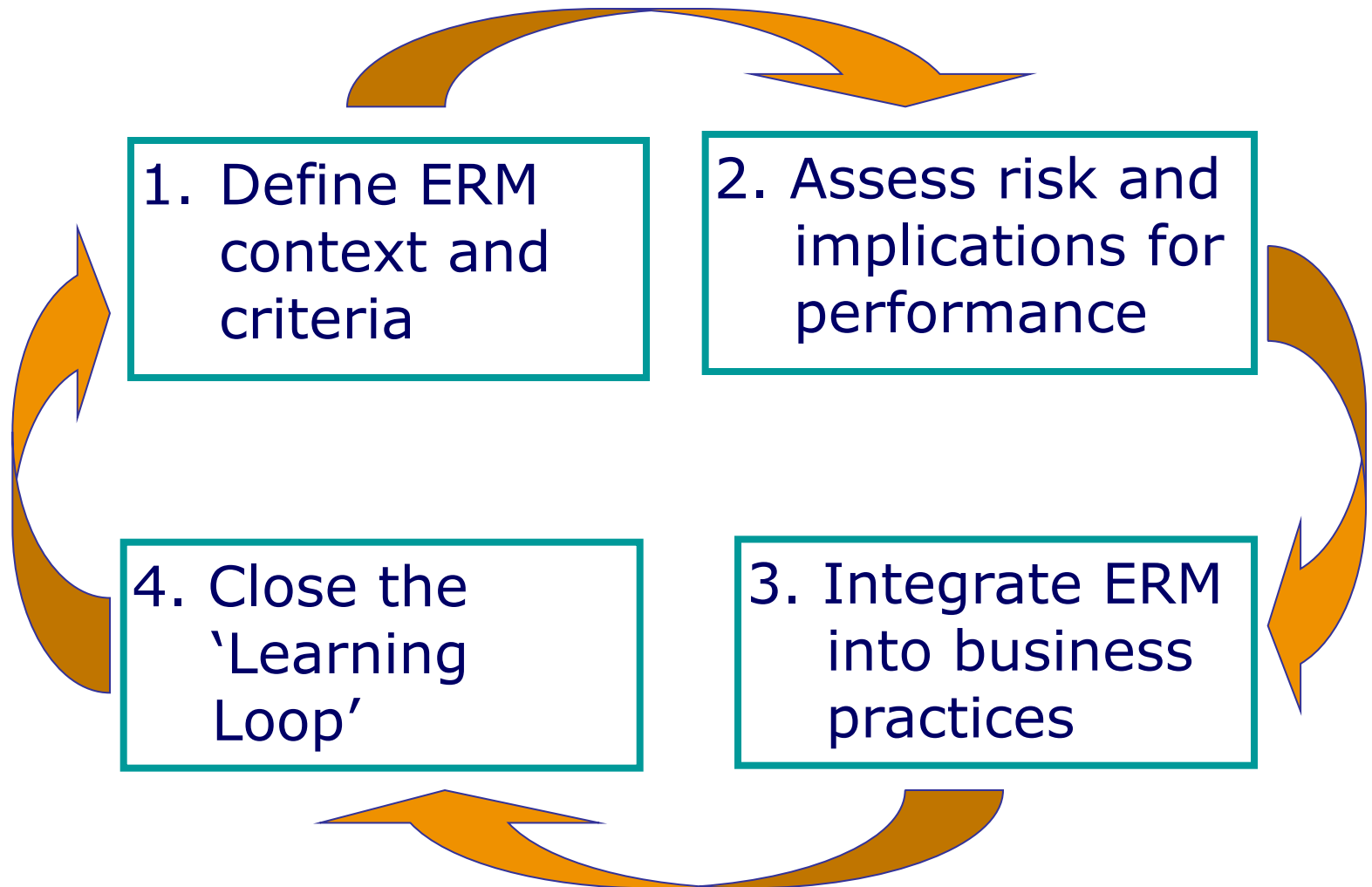
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## What is Risk Management?

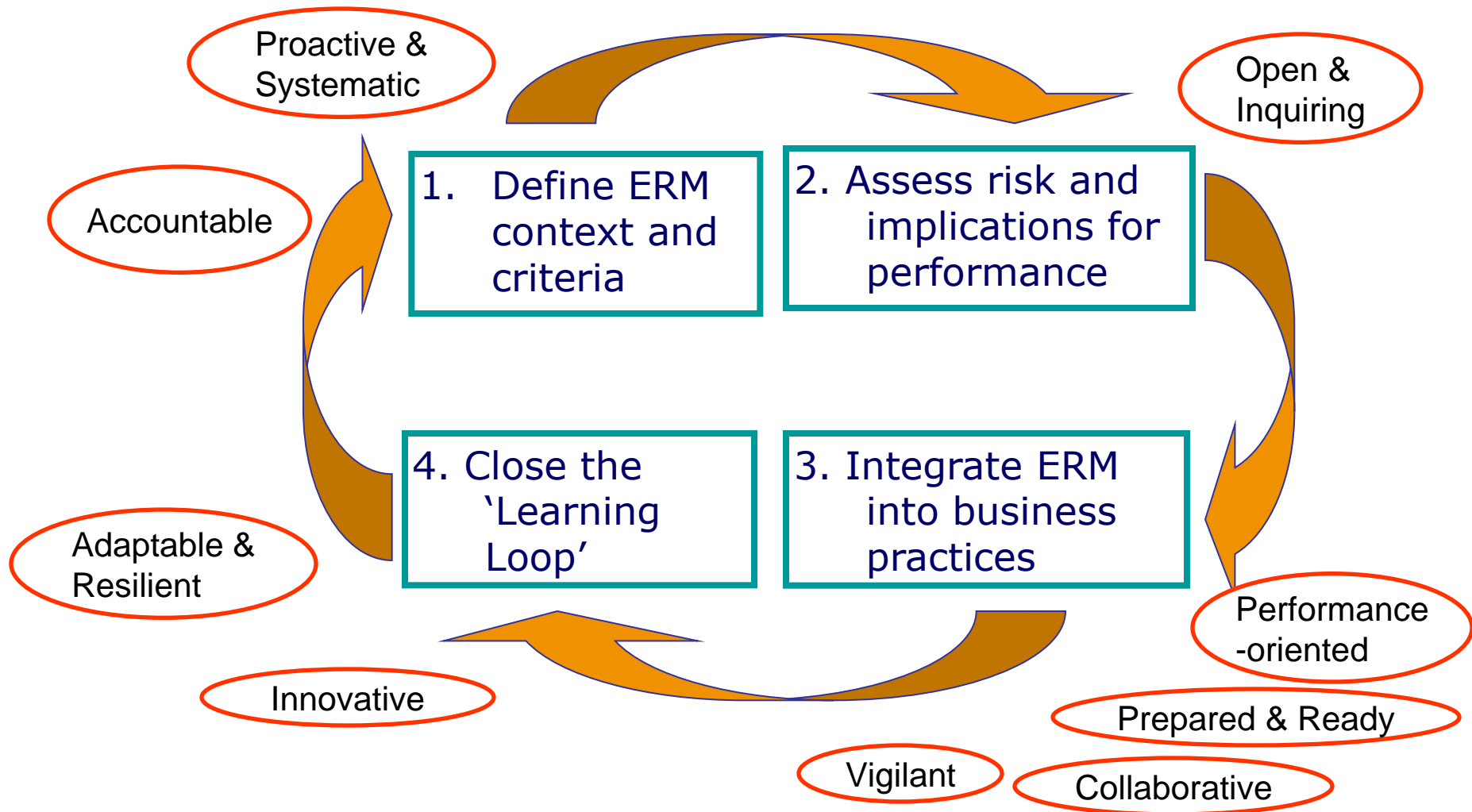
*“The culture, processes and structures that are directed towards realising potential opportunities whilst managing adverse effects.”*

AS/NZS 4360: 2004

# ERM Implementation and Learning Cycle



# The traits of a healthy risk culture





# Why you need an inspiring vision

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**To implement sustainable risk management  
you need to...**

## **A: Create a plan**

→ STRATEGY: approach, framework, tools

## **B: Create buy-in**

→ IMPLEMENTATION: leadership,  
communication (i.e., educating, listening,  
coaching)

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# Tip: Be prepared to manage resistance

## 3 Sources of Resistance\*

### RATIONAL

About: Efficiency

The business case  
- costs, benefits

20%

“Engage those who understand RM”

### EMOTIONAL

About: Protection

Self-interest  
Fear  
Comfort  
Attachment

60%

“Educate those who will if you explain it properly (allay their fears)”

### POLITICAL

About: Power

Shift in power structure

20%

“Challenge those who find it inconvenient to understand”

\* See July, Aug/Sept, and October 2008 issues of the *Risk Management Made Simple* Advisory for articles on overcoming the 3 main sources of resistance.

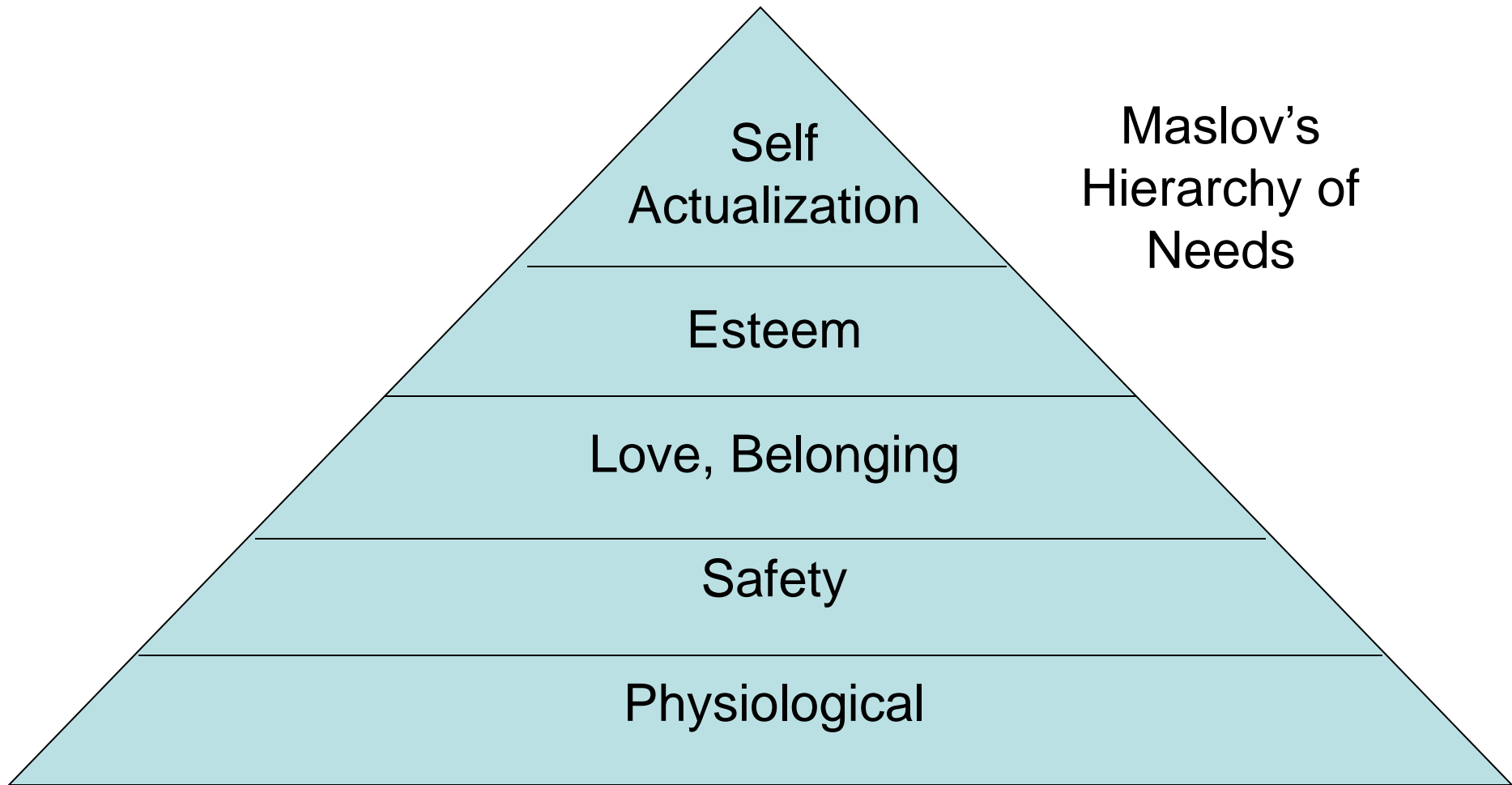
# On 'Rational' Resistance

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## Kotter's Change Process Model

1. Establish urgency
2. Form guiding coalition
3. Create vision
4. Communicate vision
5. Empower employees to act
6. Generate short term wins
7. Consolidate gains & produce more change
8. Anchor new approaches

# On 'Emotional' Resistance



# On 'Political' Resistance

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“There is nothing more difficult to execute, nor more dubious of success, nor more dangerous to administer than to introduce a new system of things: for he who introduces it has all those who profit from the old system as his enemies, and he has only lukewarm allies in all those who might profit from the new system.”

- Niccolò Machiavelli, 1513

# What motivates people to act?

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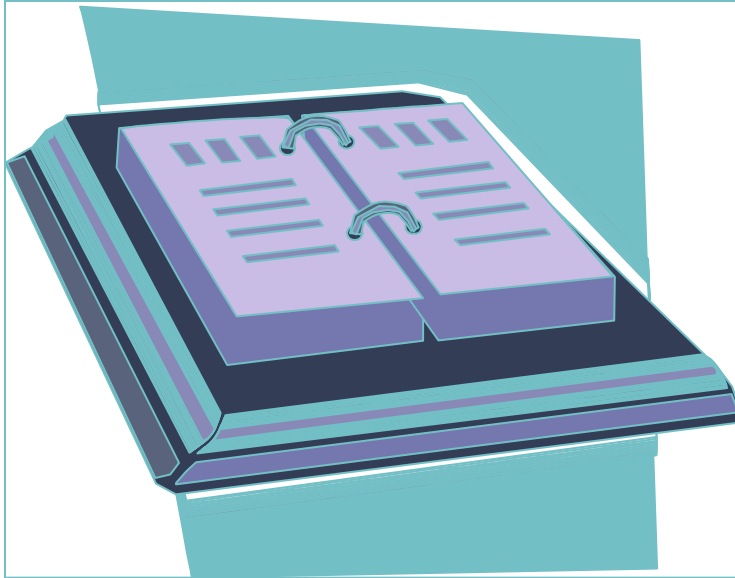


# Risk Culture Trait #1: **Accountable**

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# Risk Culture Trait #2: Proactive & Systematic



## Risk Culture Trait #3: Open & Inquiring



# Risk Culture Trait #4: **Performance-oriented**

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# Risk Culture Trait #5: **Prepared & Ready**

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# Risk Culture Trait #6: **Collaborative**



# Risk Culture Trait #7: **Vigilant**

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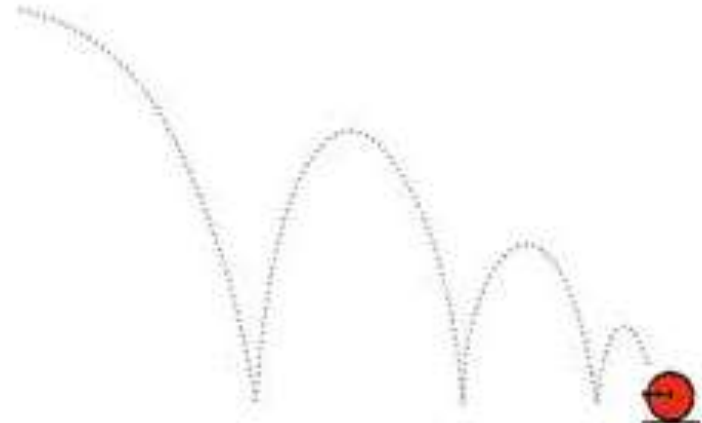
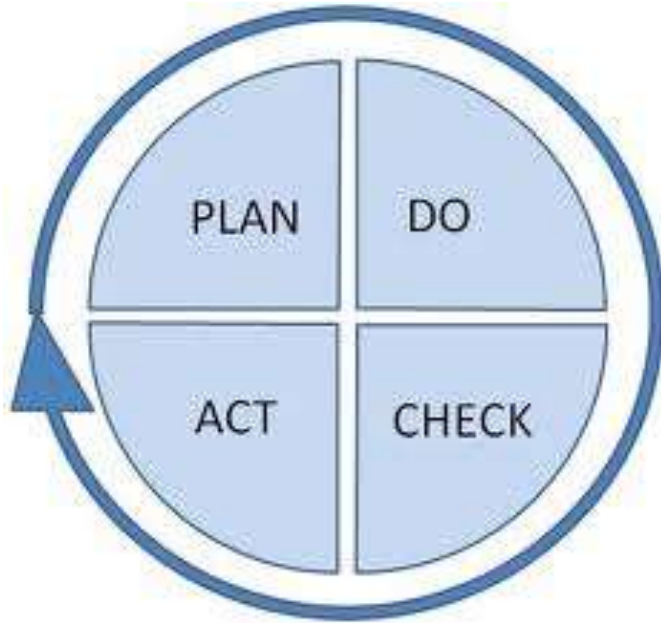
# Risk Culture Trait #8: **Innovative**

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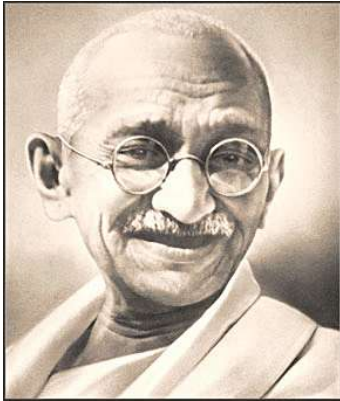




# Risk Culture Trait #9: **Adaptable & Resilient**



# It all starts with YOU



“Be the change you want to see in the world”

- Mahatma Gandhi

## How can you live the 9 culture traits?

Accountable

Performance  
-oriented

Proactive &  
Systematic

Open &  
Inquiring

Prepared & Ready

Adaptable &  
Resilient

Innovative

Collaborative

Vigilant

# SPECIAL OFFERS

## to conference participants:

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- Win a complimentary **ERM Jump Start session (\$1450 value)**. To be eligible for the draw:
  - ✓ You must head-up ERM in your organization
  - ✓ Write “**ERM Jump Start**” on your business card and give it to Diana
- Receive a free subscription to **Risk Management Made Simple Advisory**, the online newsletter of tips on how to implement systematic risk management. Subscribers get access to special offers, for example:
  - \$460 off **The Conference Board of Canada’s Enterprise Risk Management Conference: *Creating and Protecting Future Value with ERM*** to be held on January 28-29, 2013 in Toronto

# Questions

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Check out the ***Risk Management Made Simple*** Advisory,  
a free quarterly publication of ERM implementation tips and resources:

<http://www.riskwise.ca/advisory-a-tips.html>

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