UNDERSTANDING THE MIND OF THE RISK MANAGER

Emmanuel Moore Abolo, Dr.
UNDERSTANDING THE MIND OF THE RISK MANAGER

Dr. Emmanuel Moore ABOLO
Chief Risk & Compliance Officer
Nigerian Export-Import Bank
ABUJA......leveraged on relevant research materials
OUTLINE OF PRESENTATION

- The Human Mind
- Quotable Quotes on the Human Mind
- Risk & Risk Management Process
- How the Mind of the Normal Risk Manager Works
- Human Mind & Habits
- Habits of an Effective Risk Manager
- Passing Words
Major Internal Parts of the Brain

- Diencephalon
- Corpus Callosum
- Cingulate Sulcus
- Anterior Commisure
- Temporal Lobe
- Midbrain
- Pons
- Medulla
- Cerebellum
The human mind consists of two interconnected parts- the conscious mind and the subconscious mind. The conscious mind functions through the body's brain and sensory nervous system allowing us to communicate with, and move around in, this physical reality. The subconscious mind is the warehouse. These two parts of the human mind are usually in a constant state of flux, communicating with each other.
THE HUMAN MIND

INFORMATION IS TRANSMITTED THROUGH THE FIVE SENSES (SIGHT, HEARING, TOUCH, SMELL, TASTE) TO THE BRAIN. THESE DATA ARE USED BY THE BRAIN WITH ITS 5 BASIC APTITUDES: ATTENTION, MEMORY, LEARNING, RECALL AND SPEECH, EMPLOYING ITS 10 BILLION NEURONS AND ITS 40 BILLION CONNECTIONS PER CUBIC CENTIMETER.
QUOTABLE QUOTES ON THE HUMAN MIND
The human mind always makes progress, but it is a progress in spirals.

Madame de Stael
I believe that every human mind feels pleasure in doing good to another.

Thomas Jefferson
“Risk is the probability of something happening multiplied by the resulting cost or benefit if it does.”
HOW THE MIND OF THE NORMAL RISK MANAGER WORKS

“You cannot discover new oceans unless you have the courage to lose sight of the shore” Andre Gild

You have to let go of what you know in order to find new ways of doing things.

“The modern saying I heard from one hiring manager goes like this: ‘We hire for attitude, we train for skills’. In this days and age, this might be truer than true,”
HUMAN MIND & HABITS

IT ALL COMES DOWN TO HABITS

- Habits are essentially patterns of behaviour that become "worn in" to our brains.
- "Some rules are nothing but old habits that people are afraid to change."
  — Therese Anne Fowler, *Souvenir*

- Everything we do (and think, for that matter) is governed by impulses firing across synapses, or spaces between certain cells that guide communication in the brain. When any behaviour or pattern is repeated enough, the synaptic pathways associated with that pattern get used to being accessed. As a result, it becomes easier for impulses to travel along those pathways, and the behaviour seems "natural."
HABITS OF HIGHLY EFFECTIVE RISK MANAGERS

• It is a given that risk managers must be analytical, precise and cautious. As such, they have always been seen as gatekeepers who stand in the way of more adventurous co-workers striving for lofty goals.

• Unfortunately, risk managers often are required to dismiss the ambitious goals of managers, since the risks associated with the opportunity, at times, far outweigh the potential rewards. In most cases, this is where the idea that risk managers are the champion of “No” comes from. It is a risk manager’s responsibility to mitigate risk and ensure business objectives are reached.
Habit 1: Understand Your Role

The highly effective risk manager understands the importance of their role to the organization and, as a result, must consider the organization’s objectives, people, sustainability plans and growth strategy when making decisions.

As Stephen Covey originally wrote about all highly effective people, the highly effective risk manager also “starts with the end in mind.” Highly effective risk managers understand that their role is to seek opportunities in line with the shared vision of the organization. By operating with this understanding, highly effective risk managers can clearly communicate why the “No’s” are “No’s” and why the “Yes’s” are “Yes’s,” and illustrate how these risk-based assessments ultimately strengthen the company’s goals.
HABITS OF HIGHLY EFFECTIVE RISK MANAGERS

Habit 2: Collaborate

Gaining support is vital to being a highly effective risk manager. Collaboration should not stop at board-level support; it must be holistic and come from every employee. Highly effective risk managers embed themselves within the organization by being part of the whole.

They understand the concerns of colleagues at all levels, from the director of the board to the lower level staff.

A risk manager is meant to serve as a lighthouse for the organization, guiding the ship away from danger and keeping it aimed at its vision. Through collaboration, highly effective risk managers work with members of the organization towards the shared goal, not against team members or objectives. Thus, the highly effective risk manager is never viewed as a rocky shore; rather, they are seen as a guide marker.
HABITS OF HIGHLY EFFECTIVE RISK MANAGERS-4

Habit 3: Think Ambitiously

A highly effective risk manager thinks ambitiously and challenges the status quo. The highly effective risk manager understands that the past does not predict future results and is willing to go outside of the norm to achieve organizational objectives.

Sayings like “conventional practices yield conventional results” and “just because it happened yesterday, does not mean it will happen today” resonate well with the highly effective risk manager. By setting their sights high, highly effective risk managers are able to go beyond their traditional role, understand all risks and take advantage of opportunities.
HABITS OF HIGHLY EFFECTIVE RISK MANAGERS

Habit 4: Have a Good Attitude

In any position, it is important to care about the people you work with. The highly effective risk manager has genuine concern for their colleagues and it shows. A highly effective risk manager gets to know their fellow employees, understands their concerns and exhibits a win/win attitude while collaborating with co-workers.

This is not suggesting that a risk manager should serve as the team cheerleader. Instead, the highly effective risk manager maintains an attitude that leads others to welcome their opinion and responds to requests in a supportive manner without attracting resistance.
HABITS OF HIGHLY EFFECTIVE RISK MANAGERS

Habit 5: Be Flexible

No matter the size of the organization, a highly effective risk manager is flexible and able to work with all departments in all situations. The highly effective risk manager seeks to understand the marketing department’s need to embark on a new campaign or why the IT department is requesting a new service vendor.

And they recognize the effects of their decisions on the organization’s bottom line.

By exhibiting flexibility, the highly effective risk manager opens up new opportunities across different functions. By having the ability to adjust to all types of requests and understand the predicted outcomes, as well as the factors that make such outcomes possible, the highly effective risk manager opens new doors for their organization across all departments.
HABITS OF HIGHLY EFFECTIVE RISK MANAGERS-7

Habit 6: Remain Optimistic

By nature, risk managers must be cautious in their decision making. As such, most topics in risk management deal with the downside of risk.

The highly effective risk manager understands there are two sides of the risk coin and is able to make informed decisions understanding both the upside and the downside of risk. Optimism in risk management allows for the highly effective risk manager to expand horizons and, again, open the organization to new opportunities.
HABITS OF HIGHLY EFFECTIVE RISK MANAGERS

Habit 7: Become An Agent of Change

The highly effective risk manager must be an agent of change within the organization. If a decision has been made, the highly effective risk manager can successfully communicate the goals, expected results and future successes associated with the change.

Further, the highly effective risk manager reduces the friction associated with change by displaying an attitude of confidence that the change is for the right reason, ultimately removing the all-too-common fears associated with change on all levels.

Risk management is about seizing opportunities and understanding the potential dangers that those opportunities could reveal. When management elects to implement change, the highly effective risk manager has already identified the potential positive yields of said change. And, as such, they are willing to promote it openly and serve as a key sponsor of any endeavour that proves to be a risk worth taking.
PASSING WORDS- FLEXIBILITY IS KEY

• A strong risk manager understands that there is no “one-size fits all” solution to establishing a risk management process.

• As the chief architect of the risk process, the risk manager has the flexibility to adapt processes, structures, decisions, and even his or her own behavior to the personality of the organization in which the risk manager operates.
PASSING WORDS

Persistence and the Ability to Overcome Resistance

• There are detractors and obstacles in every organization, particularly when it comes to risk. A strong and effective risk manager can identify these detractors early on and work with them to overcome differences, build alliances, or reach a compromise and, when that is not possible, is able to work around them.

• Much like politics, one cannot win every vote, so understanding the critical members of the constituency is essential. This requires persuasiveness and politeness but also the ability to take a long-term view of these challenging relationships. Many psychologists would call this high self-esteem.

Booz Allen Hamilton
Before I came here I was confused about this subject. Having made this presentation, I am still confused but at a higher level.

I should really have talked about the habits of an effective risk manager and forget about his mind! What do you think?
THANK YOU