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Introduction

Life is often full of surprises—good and bad. If you manage volunteer resources, or serve as a volunteer for a nonprofit, chances are you have had your share. You know that the unpredictable and the unforeseen can be, at best, a distraction that can divert time, energy and vital resources away from your mission. At worse, a bad surprise could be devastating to your nonprofit.

The essential principles of risk management are simple and straightforward. Risk is the potential for events to differ from what you expect. Risk management is the ongoing process of assessing that potential deviation and finding ways to minimize the chance that bad surprises will occur and increase the chance of good surprises. Risk management is also about the steps your nonprofit takes to minimize the effect of a loss or an unforeseen event that couldn't be prevented.

Risk management isn't something that you do once and forget about. Nor is it a plan in an attractive binder suitable for shelving. Rather risk management is an approach to problem solving. Because the least expensive and most morally defensible route is to prevent losses before they occur, this book will focus on prevention as the primary risk control strategy.

Although avoiding legal liability and purchasing adequate insurance are important topics, the best way to avoid being sued or needing to file an insurance claim is to prevent harm from occurring in the first place.

To help you increase your comfort with risk taking and your responsibility for managing risk, this book provides both general and specific guidance. Although this book is filled with useful information and ideas, it's a quick start, *not* a complete risk management guide. To manage your risks effectively, you will need to refer to other materials and experts. The "Resources" section of this book can point you in the right direction.

Because the universe of risks is virtually infinite, getting started with risk management can seem overwhelming. You may even feel that you are diverting precious time away from your "real" work to engage in speculation about what may never occur. One of the ironies of effective risk management is that it's impossible to document the losses you avoided due to effective precautions. Yet consider how a serious accident or incident could affect and impair your organization. True, you can purchase insurance to replace property and equipment, but no amount of money can completely compensate a person who is injured nor can it repair either a demoralized volunteer corps or serious damage to your organization's reputation.

It's About Mission

If you want to understand what risk management is all about, start by reviewing your organization's mission statement. Most nonprofits strive to make a difference in a very positive way, by helping people, removing barriers, improving the environment, extending a hand to those in need and making the world a better place. Whatever your mission, it certainly doesn't involve causing injury or harm to those whom you are dedicated to serving. Likewise, other legal mishaps or missteps may not cause direct harm but can divert resources away from service delivery. Like the physician's Hippocratic oath, the risk manager's cry is "First, do no harm." The safety of your volunteers, service recipients and staff should always be your first priority.

Your volunteers provide a few more reasons to embrace risk management. Do current volunteers worry about injuries? Are potential board members discouraged by fear of lawsuits from serving on your board? Fortunately volunteers are rarely injured and even less often sued, but it does happen. Risk management gives *you* the tools to protect your volunteers and gives *them* the ability to approach their direct service or leadership roles with confidence.

An important goal of risk management is to improve performance by acknowledging and managing risks. It puts you, not the risk, in charge. Contrary to common belief, risk management isn't just about buying insurance. It isn't just about avoiding lawsuits. It *is* about protecting and conserving your organization's resources and providing goods and services sensibly. Risk management frees your organization to pursue its mission by allowing your organization to take more—not less—risk. The difference is that your approach to risk can be structured and calculated rather than haphazard.

As you read this book, keep your mission statement and your volunteers in mind. Consider your volunteers and the community you serve when deciding which precautions to take. Always think about how new risk management strategies will be perceived and received by your volunteers before finalizing these strategies.

Nonprofits face special risk management challenges. Many large corporations and government agencies have the resources to hire their own full-time professional risk managers. A handful of nonprofits have their own risk managers, too. But for the majority of the nation's 1.8 million nonprofits, the role of risk manager is carried out by an individual who has many other responsibilities. In other cases, risk management is a shared responsibility. If adding risk management to a single staff member's job description won't work in your nonprofit, consider getting everyone—the paid and volunteer staff, even your service recipients and board members—thinking like risk managers. Give your nonprofit a risk management culture and make "Safety First" your motto.

If you have questions as you are going through this book, or as you develop risk management strategies for your volunteer program, please contact the Nonprofit Risk Management Center by e-mail (info@nonprofitrisk.org) on the Web (www.nonprofitrisk.org under *Tools*) or by phone — (202) 785-3891. We are here to help.