

I'M THE BEST!



...OR AM I?

THE OVERCONFIDENCE EFFECT

Presented by the Nonprofit Risk Management Center

THE OVERCONFIDENCE EFFECT CAUSES PEOPLE TO SYSTEMATICALLY OVERESTIMATE THEIR KNOWLEDGE AND ABILITIES.

SOURCE: PSYCHOLOGY TODAY ARTICLE, 'THE OVERCONFIDENCE EFFECT'

HOW COULD THIS INFLUENCE NONPROFIT RISK CHAMPIONS?!

ANATOMY OF A RISK MANAGER

OVERCONFIDENT

VS

UNDERCONFIDENT

Overestimates personal knowledge and expertise

Feels overly assured based on past successes

Doesn't seek contrary viewpoints; ignores contrary beliefs or data

'Anchors' on to the first idea presented; does not explore alternative ideas

Presents overly-positive risk reports to the Board or management team

Assumes that only people with past risk management experience can be Risk Champions



Underestimates the organization or team's ability to manage risks

Can't embrace bold, mission-advancing risks... views all risks as dangerous

Allows risks to simmer rather than addressing them head-on

Fears reporting risk information to the Board or management team

Focuses on past risks; fails to look into the future to foresee emerging risks

Can't act as a 'Champion' for risk management

IT AIN'T WHAT YOU DON'T KNOW THAT GETS YOU INTO TROUBLE. IT'S WHAT YOU KNOW FOR SURE THAT JUST AIN'T SO."

- MARK TWAIN -



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Want to tame your overconfidence or become a more confident Risk Champion? Find the answer here. 703.777.3504 | nonprofitrisk.org