

Risk Management ESSENTIALS

Tips, Knowledge and Tools
for Nonprofit Organizations

Mark Your Calendar!



The Center's 2010 webinar series is underway. During the months ahead the following programs will be offered:

- **Back to School: Orientation, Education and Training**
- **Got Resources? Risk and Reward in Resource Development**
- **Cyberspace Risk: What You Don't Know Could Hurt You**
- **What Do the Numbers Say About Your Nonprofit?**

Each program costs only \$59 and the entire series is available for \$459.

More information on the line-up of programs is available on page 10.

Enforcing Board Member Responsibilities

By Melanie Lockwood Herman

It's impossible to be too grateful to a member of a nonprofit board. Volunteer board members donate countless hours to the causes and organizations they love. And many of the tasks for which the board's attention is required seem distant from the compelling mission at the heart of the organization. Yet most board members willingly contribute the time and intellectual capacity the nonprofits they serve require.

The generous contributions of nonprofit board members make the ambitious missions and innovative programs of nonprofit organizations possible. Even when the talents and energies of individual board members differ, the contributions of a diverse board often come together in a mosaic of service and good governance.

From time to time, however, individual members of a nonprofit board may shirk from their responsibilities; or worse, board members may behave in a manner that is unbecoming or destructive. Many nonprofit leaders are surprised, if not stunned, to witness the damage that a "bad actor" on a board can cause. And when a nonprofit board includes more



than one member behaving badly, the situation can quickly move from unhealthy to dire.

My colleague Eileen Morgan Johnson of Whiteford, Taylor and Preston, LLP has authored a humorous piece on dysfunctional board "characters" who often appear at nonprofit and association board meetings. An excerpt of her musings on the "cast of board characters" appears in the sidebar which begins on page 4. This lighthearted look at board

continued on page 2

Risk Management ESSENTIALS

Vol. 20 • No. 2 • Summer 2010

Published three times annually by the
Nonprofit Risk Management Center
15 N. King Street, Suite 203
Leesburg, VA 20176
Phone: (202) 785-3891,
Fax: (703) 443-1990, or
Web site: www.nonprofitrisk.org.

**Nonprofit
Risk Management
Center**

...find the answer here

2010 Board of Directors

President
Jeffrey D. Westlow
Housing Authority
Insurance Group
Cheshire, CT

Carolyn Hayes-
Gulston
National Multiple
Sclerosis Society
New York, NY

Treasurer
Michael A. Schraer
Chubb & Son
Warren, NJ

Judy Nolan
American Red Cross
Washington, DC

Secretary
Kim Y. St. Bernard
Girl Scouts of
the USA
New York, NY

John B. Pearson
Boston, MA

Sean Sweeney
Philadelphia
Insurance
Companies
Bala Cynwyd, PA

Dennis Doherty
Portland, OR

Bill Tapp
College of Direct
Support
Knoxville, TN

Michael Downs
Pension Boards –
United Church of
Christ
New York, NY

Renee Vaca Razo
North Carolina
Center for
Nonprofits, Inc.
Raleigh, NC

Judy Foulkrod
San Francisco, CA

Enforcing Board Member Responsibilities continued from page 1

roles is a helpful reminder about both the consequences of bad behavior and the need for action.

When board members fail to meet their responsibilities or behave badly the negative consequences include:

- **Discomfort.** Although it may be obvious that “someone needs to do something,” a period of discomfort and awkwardness will ensue and continue until that “something” gets done.
- **Resource and focus drain.** In the wake of inappropriate action or misconduct the board’s mission-driven focus will be diverted, if not drained. Instead of moving forward with ambitious plans for new programs and improved governance, energy must be redirected away from mission to getting the bad actor back on board or in a worst case scenario, off the board.
- **Collateral damage.** The actions or inaction of bad actors may hasten the departure of effective board members. It is not unusual for one or more board members to become discouraged when they witness fellow board members behaving badly. Tolerance levels differ, and one or more members may decide they no longer have the patience and enthusiasm required for board service.

This short list of the damage that bad actors can cause is just a beginning. Damage assessments range from short-term “fixable” issues to lasting harm that is hard or impossible to repair. In all cases the solution is preventing bad behavior or poor performance wherever possible, and addressing it in a timely and effective manner

when it occurs. In the paragraphs that follow we explore practical approaches to enforcing board member responsibilities.

Begin Before the Trouble Starts

The first lesson in enforcing board member responsibilities is to *set the stage for accountable and appropriate board conduct*. Countless board chairs and CEOs have learned the hard way that most board members do not have innate governance skills, nor are they able to intuitively understand the organization’s culture, operating rules, and its expectations of board leaders. To get the board off on a solid footing:

- **Provide a board job description that clearly and plainly describes the expectations of board members.** If board members are expected to raise funds, say so. If meeting attendance is required, be clear that this is the case. If questions to staff members must go through the executive director, describe the chain of command in explicit terms.
- **Schedule a board orientation and leadership training session.** Many leaders report that board training is best received when the “messenger” is from the outside, rather than a peer who serves on the board or a senior staff member. Also, make certain that the messenger is equipped to talk about governance responsibilities in general (e.g., the duties of care, obedience and loyalty) as well as nuances pertaining to your nonprofit (e.g., the board’s job description, the division of labor between the board and staff,



implications of the organization's recent merger or expansion, etc.).

- **Provide coaching for the chair.** The board chair is not simply a member of the board who sits at the head of the meeting table and “runs” the meeting. The chair position requires leadership ability, effective listening skills, and a stomach for tough issues, including disputes involving fellow board members. Consider ways to “position” your board chair for an effective term of service by providing the information, resources and support s/he will need to serve with distinction.
- **Establish a communications protocol.** Choose methods that work for staying in touch with the

board and make certain that newly elected members understand how to stay inside the communication loop. Board portals, password-protected board Web pages and email groups offer options, but they are only effective when used consistently.

Define and Reinforce Your Norms

While the word “unique” may be a bit extreme when describing a nonprofit board, every board has one or more elements of its organizational DNA that distinguish it from others. “Normal” practice at one board table may be unacceptable at another. To keep the peace and empower board members to perform, take the time to

continued on page 4

Enforcing Board Member Responsibilities continued from page 3

define and reinforce the “norms” for the board and the nonprofit. For example:

- **Develop a set of protocols for in-person and telephone meetings.**

What steps and techniques will you use to encourage candid participation, keep meetings on schedule, and prevent one or more members from sidetracking or sabotaging discussion? What do board members need to know to contribute effectively to meetings? When should members expect to receive background materials and how will they be transmitted (e.g., four days prior to the meeting delivered via email)?

- **Define the relationship between the board as a whole and its committees.**

Nonprofit board structures vary to a large degree, and your board members may find the structure that works for

your organization to be unusual or confusing. For example, does the executive committee tackle key issues on a regular basis, or only when critical matters arise in between meetings? Is committee membership or participation at committee meetings open to all board members?

- **Explore ways to maximize board engagement and participation.**

While the leadership style of your chair will differ as the occupants of that position change, there are common practices that encourage or discourage engagement and active participation. For example, a chair who arrives at every board meeting with her mind made up and “ducks in a line” is likely to garner resentment by board members who see their involvement as limited to rubber-stamping the chair’s plans (see the description of “the Playwright” board member in the sidebar).



Dysfunctional Characters Often Sit at the Board Table

The character types described below are from “20 Dysfunctional Board Member Character Types,” by Eileen Johnson, Whiteford, Taylor & Preston, LLP. Reprinted with permission from the author.

Board Chairs

DICTATOR – The Chair as Dictator does not believe in seeking advice or input from fellow board members, staff or consultants because s/he knows what is best for the nonprofit and will take action and then (sometimes) report to the board what has been decided or done. Board members are not allowed to express dissenting views and may be rewarded

with or stripped of committee assignments or leadership positions depending on the whim of the Dictator.

KING/QUEEN – The Chair as King or Queen will seek advice or input from fellow board members, staff or consultants and then make a pronouncement as to what will be done. Discussion among the board is “encouraged” but only up to a point. The remaining members of the board play the role of “counselors in waiting.”

MACHIAVELLI – The Chair as Machiavelli is a strategist. You never can tell what the Chair is thinking or planning. S/he will consistently tell each and every member of the board members what they want to hear to gain their cooperation. S/he will occasionally pull the rug out from under members who have signed on as supporters. Board meeting discussions

wander and often seem to be going nowhere until the Chair pronounces the “result” of the discussion. There is often a power play in the works, with the chair’s trusted spies and lieutenants deployed to plant information, secure support and report back.

PLAYWRIGHT – The Chair as the Playwright scripts out every possible scenario before the board meeting and assigns roles to those selected “players” on the board who can be counted on to play their roles and speak their lines. The Playwright sometimes becomes the Director when board members forget their lines or digress but s/he is fast on her feet and gets them all back on script. Committee chairs and officers are well rehearsed before they assume their duties and they frequently check in with the Playwright to ensure they are sticking to the script.

This unfortunate leadership style can be countered by incorporating key discussion questions into the board agenda. Inviting the board to discuss “is this the right strategy?” before proceeding to vote on any important issue is one approach.

Anticipate Trouble and Plan Accordingly

Even the nicest group of dedicated volunteers will, on occasion, sail into troubled waters. Pretending that “it couldn’t happen here” or looking up and away at the distant horizon will not keep the nonprofit and its board from drifting into the Bermuda Triangle. A better approach is to anticipate difficulty related to: (1) the inability or failure of board members to perform as required or requested; or (2) unacceptable conduct. Next, consider action that will be triggered if either form of drift occurs. For example:

- **Timely follow-up concerning minimum commitments.**

The Board Chair (or another board member tapped as the

“enforcer”) should act without delay to inform a board member when their participation is close to falling below the nonprofit’s requirements. A phone call to the member who has missed successive meetings and is subject to automatic removal is a professional and appropriate form of intervention. The leader making the call should use the opportunity to solicit the absent member’s feedback to determine whether absences are due to unavoidable schedule conflicts or another matter, such as the member’s discomfort with discord between factions on the board. The twin purposes of the call are to gather information and determine a mutually agreeable path forward.

- **Board “interventions” to stop bad behavior before it escalates.**

The Board Chair should understand and appreciate the occasional need to point out inappropriate behavior and request compliance with the nonprofit’s norms. The conversation between the chair (or

continued on page 6

Directors

ED OR CEO WANNABE – The ED Wannabe wants the Executive Director’s or CEO’s job; s/he takes every opportunity to tell the chief paid staff member and the board that the ED is ineffective. S/he undercuts the ED with the rest of the board by comments and suggestive remarks that cast doubt about the ED’s capabilities and performance without actually leveling any concrete charges or producing any evidence of poor performance.

SKEPTIC – The Skeptic doubts any statement made or report received from staff or consultants; he questions the mission statement, the vision and values document, the strategic plan, and all programs and budgets—not in a constructive way but with snide comments and cutting remarks. Anything done by a prior board is suspect. The Skeptic

will sometimes abstain from key votes to avoid being on record. Doing so makes it easier for the Skeptic to later criticize board decisions.

EXPERT – The Expert tells her fellow directors how to do their jobs. She has an opinion on everything and is always the first one to speak up and express her views on any subject. She frequently dominates the discussion at board meetings and is quick to dismiss other directors’ comments or opinions.

BOMBER – The Bomber likes to throw a bomb during a board meeting and then sit back and watch what happens, delighting in the confusion that ensues. His goal is to not only disrupt the meeting but the board itself. Sometimes the reasons for the “bomb” are not apparent but in some cases it’s because he wants to discredit other directors (most likely the chair).

WHITE RABBIT – The White Rabbit is always late for board and committee meetings and generally fails to complete assigned tasks. She is always seems so busy that her fellow directors assume she must be doing something useful and of value to the nonprofit but no one really knows what that is. The White Rabbit can lead the board down various dead-end paths.

BIG DADDY – Big Daddy is so well known in his home town (or state or region) that he has a rather inflated sense of his own importance. He shoots his mouth off whether the comments are pertinent or not and may need to step out of board meetings for important calls. He’ll make sure everyone know when and why he has to step away. Big Daddy’s mobile phone is the MOST likely to ring during a board meeting.

*Enforcing Board Member Responsibilities
continued from page 5*

the Governance Committee Chair or other designee) may involve reminding a member about the nonprofit's norms and protocols and identifying how the bad behavior is in conflict with the norms.

■ **Disclosure and formal action.**

In a worst case scenario, the actions or behavior of one board member may need to be disclosed to the members of the executive committee or to the full board. An example would be when a board member is found to have violated the duty or loyalty. Consider the nonprofit whose board member compromised the organization's negotiating position with a third-party. When the matter was discussed with the board member at the executive committee level he expressed sincere regret and provided a credible explanation for the chain of events. The executive committee was able to close the matter in a timely fashion and the board member was invited and encouraged to remain.

Addressing inappropriate conduct or the failure to live up to commitments is often difficult, even for the most experienced chair or savvy board leader. Understanding that doing so is necessary to keep the nonprofit's compelling mission at the forefront may help ease the chair's reluctance to "get involved."

The chair should also recognize the importance of using the right tools for the job. Email is an "easy," but sometimes ineffective and inappropriate way of communicating. The old fashioned method of picking up the phone is preferable when conveying difficult information to a board member. Another example of using the right tool is the importance of sending the right emissary. In some cases it may be preferable to "send" or deploy a board member who is an ally of the bad actor rather than the chair.

While there are no magic bullets for ensuring that board members do as they promise and conform to your nonprofit's norms, there are practical steps that you can take at all stages of board service. Beginning long before trouble occurs, anticipating some of the difficulties that are common within nonprofit boards, and taking timely and appropriate action are essential elements of playing the game of governance with success in mind.

Melanie Lockwood Herman is Executive Director of the Nonprofit Risk Management Center. She welcomes your feedback on this article and questions about the Center's resources for nonprofit boards. She can be reached at Melanie@nonprofitrisk.org.

Melanie's most recent books include *EXPOSED: A Legal Field Guide for Nonprofit Executives*, which includes a chapter on governance practices. Information on this book and other recently released publications can be found at: www.nonprofitrisk.org/store/hot.asp

ABSENTIA – Absentia doesn't make much of an impression on his fellow board members because he's never there. Although he sometimes signs onto conference calls no one can tell if he's dropped off. He won't give up his seat, there are no term limits, and for some reason he keeps getting re-elected.

HISTORIAN – The Historian has been around since the beginning of time and claims to recall every board decision as if it were made yesterday. The Historian can (and will) tell you why every new idea was tried before with disastrous results. She is the only member who tracks all of the unwritten procedures and policies of the nonprofit and can frequently be

overheard saying "that's not how we do it," or "we've always done it this way," or "we tried that before and it didn't work."

Eileen Morgan Johnson is Counsel at Whiteford, Taylor & Preston, LLP and welcomes your feedback on this sidebar. Eileen can be reached at (703) 280-9271 or emjohnson@wtplaw.com.



“The key question for companies is whether they will passively let others form opinions about them or actively manage and maximize their most valuable asset.”

– Ronald J. Alsop

The Eye of the Beholder: Managing Reputation Risk

By Carlye Christianson and Melanie Lockwood Herman

William Shakespeare unknowingly offered timeless wisdom to risk management professionals immersed in crisis planning when he wrote: “The purest treasure mortal times afford is a spotless reputation.” Yet no amount of wishful thinking will ensure that a spotless reputation will be available when we most need it.

Reputation is what gives credibility, depth, sanctuary, and confidence in what we do. According to Ronald J. Alsop, author of *The 18 Immutable Laws of Corporate Reputation*, a reputation is a gauge of our past results and stakeholder confidence in our ability to deliver in the future. It is the opinion that others have of our organizations and a testament to our trustworthiness.

A nonprofit’s reputation is different from its brand—the symbols and words that create recognition on the part of stakeholders. Although “reputation” or stakeholder confidence in our ability to deliver differs from our “brand,” an organization with a damaged or less than stellar reputation is likely to find that its brand is also “damaged.”

Reputations are without dispute an intangible and essential asset. A good reputation is an ally in mission fulfillment and a bad reputation is a nonprofit’s Achilles’ heel.

A Good Reputation is a Good Thing

How can a good reputation support mission fulfillment in your nonprofit?



HELP IS AVAILABLE:

The Nonprofit Risk Management Center explores risk to reputation in Risk Assessments conducted for nonprofit organizations.

To learn more about the cost of and process involved in conducting a risk assessment, visit: www.nonprofitrisk.org/consulting/risk-assess.shtml.

Eye of the Beholder: Managing Reputation Risk continued from page 7

A good reputation can help:

- encourage people to seek services from the nonprofit;
- attract donors and contributors;
- inspire members of your community to volunteer their time and talents;
- attract qualified employees;
- contribute to a positive risk profile and insurability;
- attract potential partners and collaborators; and
- inspire confidence of stakeholders, including the board.

When difficulties arise, a good reputation can also serve as a retaining wall that affords your nonprofit the “benefit of the doubt.” According to Alsop, during a time of crisis, stakeholders of an organization with a good reputation will assume that the organization’s leaders will “do the right thing.” Stakeholders of an organization with a poor reputation will expect the worst.

Passive Reputation Management is Risky

For many leaders the notion of building or protecting a reputation is largely a passive and intuitive endeavor: provide high quality services and adhere to established policies and the nonprofit will be viewed in a positive light.

Yet managing reputation risk by keeping your head down is a risky approach. An active approach requires time and attention, but the potential payoff is significant. Actively managing reputation risk begins with *listening to what people say* about your services, your culture, your priorities, the quality of what you do, and your policies. Listen to what a range of stakeholders have to say, including

staff, volunteers, board members, service recipients, donors and other members of the public.

Keep in mind that those closest to the mission of the nonprofit will bring a nuanced view when compared to those on the outside. Resist discounting feedback from either camp: both have the potential to offer valuable insights on the degree to which the nonprofit lives up to, exceeds, or falls short of the reputation its leaders seek.

Reputation Risk: A Closer Look

What is reputation risk? In the nonprofit sector reputation risk is the potential loss of confidence in the nonprofit, either localized or widespread whether warranted or not. Reputation risk may result in:

- a decline in demand for the nonprofit’s services,
- loss of donor support,
- reluctance by volunteers to serve,
- lack of interest in collaboration by current or prospective partners, or
- any combination of the above.

One of the challenges in managing reputation risk is the fact that your reputation may be influenced by people or situations unknown to you. Another challenge is the fact that opinions about your nonprofit’s abilities and its trustworthiness—good or bad—have the potential to travel faster and further than ever imagined.

Tips and Strategies

What steps can you take to actively manage and maximize your reputation? The following three strategies offer a framework for beginning the process.

■ Encourage feedback, including complaints.

Every nonprofit should take steps to invite complaints and suggestions for improving operations, service quality, and sensitivity to staff and client concerns. Rather than viewing people who complain with disdain, leaders should regard complaints as potential seeds for meaningful change.

Consider informal feedback tools such as suggestion boxes, complaint options on your website, and formal processes, such as exit interviews with departing board members, staff and service volunteers. Key exit interview questions include: would you recommend this organization to a colleague? What additional training or support would have made your service/experience more enjoyable? Did we use your talents effectively?

■ Don't wait until things go wrong to measure or evaluate your reputation.

Rather than assuming that your reputation is solid, consider asking stakeholders how they view your nonprofit. Examples of survey questions that measure reputation include:

- Based on your experience with this organization, would you consider using our services/volunteering/donating in the future? YES NO
- Compared to other nonprofits with which you are familiar, is this organization: a) more effective than most; b) as effective as most; or c) less effective than most.

■ Remember that relationships with stakeholders are complex and interconnected.

Many stakeholders have their own agendas which may at times be inconsistent with your nonprofit's

mission and goals. Steps you take to strengthen your reputation in one area may alienate another stakeholder group. Some of this alienation may be short-term.

Also keep in mind that it is possible to create a positive impression even after a donor has decided to move on. When a major donor terminates or reduces his/her level of support for your nonprofit, reach out (preferably by phone or in person) to learn the reason for the change. Follow up in writing with donors who candidly share the reasons for the decision to cease or reduce their support. The donor may have had a change of heart, but your interest in their views, your willingness to listen, and your professional follow-up are likely to be remembered. It is also possible that the donor will have an opportunity to tell others about your nonprofit. By ending the relationship on a positive note, you'll increase the chance that a former donor will speak highly of your nonprofit and bolster your reputation in the process.

Reputation risk is an uninsurable risk that requires careful nurturing and vigilance. Managing reputation risk should be a top priority in your nonprofit risk management program.

Carlye Christianson is Senior Counsel and Director of Special Projects and Melanie Lockwood Herman is Executive Director of the Nonprofit Risk Management Center. Both authors welcome your feedback on this article and questions about the Center's consulting services. Carlye and Melanie can be reached at Carlye@nonprofitrisk.org or Melanie@nonprofitrisk.org or (202) 785-3891.



UPCOMING TRAINING ON REPUTATION RISK:

The workshops program for the 2010 Risk Management and Finance Summit in Philadelphia includes a workshop titled "Appearance Matters: Managing Reputation Risk."

To learn more about the Summit, visit www.nonprofitrisk.org.

An interactive conference brochure with workshop details is now available from the above link.

Professional Development and Training Calendar

Fill out the remainder of your 2010 calendar with professional development and training opportunities brought to you by the Nonprofit Risk Management Center. You won't want to miss any of these.

2010 WEBINAR SERIES

High-quality, monthly training delivered right to your desktop

The Center's series of monthly programs is ideal for in-service training, risk-management skills polishing and orienting senior management and board members to individual aspects of managing risks in nonprofit organizations.

The 2010 programs featured to date are:

- Jan 6 *House of Sand or Foundation of Stone: The Board of Directors/Trustees*
- Feb 3 *The Deep End: Nonprofit Finance and Audit Committees*
- Mar 3 *Ethics and Conflict of Interest Policies*
- Apr 7 *Risk Management, Budgeting and Forecasting*
- May 6 *Back to the Future: Long Term Planning and Investment Strategies*
- Jun 2 *Shred or Retain? A Closer Look at Records Destruction/Retention Policies*
- Jul 7 *House of Cards or House of Brick? Evaluating Organizational Structure*
- Aug 4 *Reputation Risk: What's in a Name*

Subscriptions to the series are still available for \$459—a \$249 savings over the cost of purchasing all 12 programs at the regular price of \$59 per webinar. View all past programs in the 2010 series at your convenience!

REGISTER

- Register for the entire series and save!

DATES AND TOPICS

The schedule for the rest of the year is:

September 1:

Back to School: Orientation, Education and Training

Nonprofit leaders who seek to integrate risk management into their operations often look far and wide for "best practices." Yet the fundamental activities of volunteer, staff and client orientation and in-service training are important components of your risk management strategy. Attend this webinar to explore the role of effective education in an overall risk management program.

October 6:

Got Resources? Risk and Reward in Resource Development

Fundraising and resource development are vital components of every nonprofit's operations and some leaders report that fundraising takes more time than ever. Risk may be the reason for this phenomenon. A growing array of risks arise when a nonprofit seeks support from individual and institutional donors, and the complexity of laws regulating fundraising activities frustrates even the most seasoned leader. This webinar will explore the risks associated with asking for and accepting the support your nonprofit needs to deliver its mission. The presenter will offer practical strategies for managing the risks you know about as well as those that are coming around the bend.

November 3:

Cyberspace Risk: What You Don't Know Could Hurt You

The nonprofit sector's reliance on the Internet and modern technology has grown beyond anything most leaders imagined was possible. In many cases modern technology has enabled small and mid-sized nonprofits to reach unreachable audiences with mission-related messages. But it's a dangerous world out there! Attend this webinar to find out what you don't know about cyberspace that could hurt your nonprofit and impair or disrupt your mission. Explore practical steps for risk identification and the design of effective strategies for managing the risks of your online presence.

December 1:

What Do the Numbers Say About Your Nonprofit?

The story of your nonprofit is told in various ways and formats. One of the ways is through your published financial statements and Form 990. While you may hope that stakeholders are focusing on your "vision statement" and the compelling descriptions of programs on your Web site, in reality their attention may be riveted to the story your numbers tell. Attend this webinar to learn how to manage the risks associated with telling your story in numbers and practical steps for ensuring that the story is both accurate and mission-advancing.

How We Can Help You the Year Through

The Nonprofit Risk Management Center, established in 1990, provides assistance and resources for community-serving nonprofit organizations. As a nonprofit, the Center is uniquely positioned to both understand and respond to questions with practical, affordable suggestions for controlling risks that threaten a nonprofit's ability to accomplish its mission.

Our mission is to help nonprofits cope with uncertainty.

- We provide **Free technical assistance** by telephone, (202) 785-3891, or e-mail, info@nonprofitrisk.org, to nonprofit staff and volunteers.
- We produce affordable, easy-to-read **publications**. (Some are free!)
- We design and deliver **workshops** at events and conferences sponsored by nonprofit organizations, umbrella groups and associations, and insurance providers.
- We offer helpful online tools, including **My Risk Management Policies**, an easy to use, program that helps you develop custom

policies in various areas, including governance, human resources, technology, volunteer management, facility safety, and more. Visit www.myriskmanagementpolicies.org to learn more or purchase a license allowing unlimited use for \$179.

- We offer competitively priced **consulting services**, including risk assessments, visit the Consulting tab at www.nonprofitrisk.org.

The Nonprofit Risk Management Center is a 501(c)(3) nonprofit organization. The Center does not sell insurance or endorse organizations that do.

**Nonprofit
Risk Management
Center**

...find the answer here

2010 RISK MANAGEMENT & FINANCE SUMMIT FOR NONPROFITS

SUNDAY TO TUESDAY, OCTOBER 10–12, 2010 | LOEWS HOTEL IN PHILADELPHIA

The **2010 Risk Management and Finance Summit** is an opportunity for nonprofit leaders from across the country and professional advisors (lawyers, CPAs, and insurance professionals) who assist and support nonprofits to meet and learn from one another.

The **Summit** offers the time and place for nonprofit executives, managers and other leaders to expand their knowledge, grapple with the challenges confronting them, and network among like minded professionals who are seeking to strengthen risk management practices in their nonprofit organizations.

We can't know what lies ahead, but we all want to be prepared. Join us in Philadelphia to learn and be inspired by thoughtful risk-aware nonprofit leaders and advisors from around the country.

The **Summit** will begin Sunday afternoon, October 10 and wrap at noon on Tuesday, October 12. For attendees who want to take advantage of the entire program, we recommend arriving either Saturday evening, October 9 or Sunday morning, October 10.

To register, visit nonprofitrisk.org/training/conference/registration.asp

Specialty Human Services Division
Insuring those who improve our communities.

Specialized Insurance for Social Service Agencies,
 For-Profit and Non-Profit Organizations:

- + Animal Related
- + Arts and Cultural
- + Clubs
- + Community Services
- + Education and Day Care
- + Family Social Services & Counseling
- + Food Distribution & Thrift Stores
- + Foundations and Grant Making
- + Housing and Shelters
- + Recreation and Sports
- + Religious
- + Youth Services

For more information visit
SpecialtyHumanServices.com
 or call (800) 722-3260
 or (800) 542-4245.




Great American Insurance Group, 580 Walnut Street, Cincinnati, OH 45202.

**INSURANCE
 INSURANCE
 INSURANCE
 INSURANCE**



From An Admitted Carrier with A+ (XV) Financial Rating

- Adoption & Foster Care Placement Centers
- Substance Abuse Centers
- Mental Health Counseling Centers
- Residential Care Facilities
- Domestic Violence Shelters
- Developmentally Disabled Programs


...and more

Have Your Insurance Agent Call 1.800.275.6472



PO Box 834, Poulsbo WA 98370 ■ www.RPSins.com/NIPC

Providing Coverage for Social Service Agencies Since 1976.



Specializing in insurance & risk management solutions for nonprofit organizations.

Rated the #1 firm for Directors & Officers insurance for nonprofit organizations by the *Tillinghast Survey*.

Mel Whiteley
 20 South King Street
 Leesburg, VA 20175
 Phone: (703) 737-2212
 Fax: (703) 771-1852
www.ahtins.com/nonprofits

Focus

It's All About YOUR Business, Not Ours.

<p>What makes us different is that we specialize in insurance for nonprofit organizations.</p>	<ul style="list-style-type: none"> ■ "A" rated Admitted Carrier (by A.M. Best Co.) ■ Innovative Product Offering ■ Comprehensive Coverage Options ■ Domestic & International Coverage ■ Available Nationwide
--	---

Our business is to know your business.

Have your insurance agent or broker contact us for a quote.
1.800.352.2761



Risk Solutions. Nonprofit Expertise.

charityfirstinfo@charityfirst.com
www.charityfirst.com
 CA License #0B39059





Custom Policies in Minutes

A one year license is \$179. The cost to use the program is free after the first year.

A Web-based tool that helps you create custom policies that will meet your nonprofit's unique needs and circumstances. Avoid the pitfalls of using generic "sample" policies and create policies that work in a matter of minutes.

Create custom policies today at www.MyRiskManagementPolicies.org

FOCUS ON YOUR FINANCES

A Web-based tool that helps you integrate your financial management policies into an easy-to-use and simple-to-update custom plan. Increase accountability to stakeholders by identifying "gaps" in your financial management practices and fill those gaps with ease.

A ONE YEAR LICENSE IS **\$239**
The cost to use the program is free after the first year.

Get focused today at www.MyFinancialManagementPlan.org

My Financial Management Plan



InsuranceForMyNonprofit.org, a website that helps small and medium sized nonprofit organizations assess their insurance needs and submit requests for insurance quotes to participating insurers. The site includes:

- A **FREE insurance needs self-assessment tool** with basic guidance and suggestions based on your responses.
- **FREE educational information** about insurance, including material provided by the Nonprofit Risk Management Center.
- A process for submitting **requests for insurance quotes** to participating insurers.
- **Access to detailed suggestions** based on the user's self-assessment.

Educational information can be browsed without registration. Registration is free and provides access to the insurance needs self-assessment tool and basic guidance. A five-year subscription to the site is available for a small fee and offers detailed guidance and suggestions and the ability to use the site to submit requests for insurance quotes to participating insurers.

Visit www.insuranceformynonprofit.org



2010 Risk Management and Finance Summit for Nonprofits

Mark Your Calendar!

October 10-12, 2010

Loews Hotel, Philadelphia, PA

Mark your calendar today and plan to attend this annual gathering of leaders committed to bringing risk management to life in their organizations.

<http://nonprofitrisk.org/training/conference/conference.shtml>





Safe and Secure

Focus on the things that Matter, We'll Handle the Risk!®

Philadelphia Insurance Companies (PHLY) is among the top insurers of Non-Profits in America today, with over 20 years of experience in this class. We offer separate limits for General Liability, Professional Liability and Abuse & Molestation. Our Image Restoration Coverage provides professional Public Relations assistance should a particularly nasty claim damage your firm's reputation in your community. As a member of the Tokio Marine Group, we are part of one of the most financially solid organizations in the world, with combined assets over \$185 billion.* Innovative coverages, state-of-the-art service, rock solid financials. The clear choice is PHLY.

General Liability | Directors & Officers | Property | Umbrella/Excess Liability | Crime & Fidelity | Automobile Professional Liability | Crisis Management | Loss Control



PHILADELPHIA
INSURANCE COMPANIES

A Member of the Tokio Marine Group

800.706.5130
PHLY.com

A+ Superior
Financial Strength
Rating A.M. BEST

Philadelphia Insurance Companies is the marketing name for the insurance company subsidiaries of the Philadelphia Consolidated Holding Corp., a Member of the Tokio Marine Group. Coverage(s) described may not be available in all states and are subject to Underwriting and certain coverage(s) may be provided by a surplus lines insurer. Surplus lines insurers do not generally participate in state guaranty funds and insureds are therefore not protected by such funds. | © 2010 Philadelphia Insurance Companies | *Japanese GAAP basis. As of the year ended March 31, 2010. Exchange rate is as of March 31, 2010 (\$1=93 Japanese Yen).

Products/Publications/eBooks Order Form

	Price	No.	Total
PRODUCTS—ORDER ONLINE			
My Financial Management Plan at www.MyFinancialManagementPlan.org	\$239.00		
My Risk Management Policies at www.MyRiskManagementPolicies.org	\$179.00		
PUBLICATIONS			
EXPOSED: A Legal Field Guide for Nonprofit Executives	\$25.00		
Ready...or Not: A Risk Management Guide for Nonprofit Executives	\$25.00		
No Surprises: Harmonizing Risk and Reward in Volunteer Management— <i>5th Edition</i>	\$25.00		
A Golden Opportunity: Managing the Risks of Service to Seniors	\$ 8.00		
Coverage, Claims & Consequences: An Insurance Handbook for Nonprofits— <i>2nd edition</i>	\$30.00		
Managing Facility Risk: 10 Steps to Safety	\$15.00		
More Than a Matter of Trust: Managing the Risks of Mentoring	\$15.00		
Pillars of Accountability: A Risk Management Guide for Nonprofit Boards— <i>2nd edition</i>	\$12.00		
The Season of Hope: A Risk Management Guide for Youth-Serving Nonprofits	\$20.00		
Vital Signs: Anticipating, Preventing and Surviving a Crisis in a Nonprofit	\$10.00		
EBOOKS			
Managing Special Event Risks: 10 Steps to Safety— <i>2nd Edition</i> (eBook only)	\$20.00		
Financial Risk Management: A Guide for Nonprofit Executives (eBook only)	\$25.00		
Staff Screening Tool Kit— <i>3rd Edition</i> (eBook only)	\$30.00		
Taking the High Road: A Guide to Effective & Legal Employment Practices for Nonprofits— <i>2nd Edition</i> (eBook only)	\$45.00		
Playing to Win: A Risk Management Guide for Nonprofit Sports & Recreation Programs (eBook only)	\$20.00		
PRODUCTS—CALL TO ORDER			
My Risk Management Plan (www.MyRiskManagementPlan.org)	\$139.00		

SUBTOTAL

Int'l Checks, please add \$12.00

Shipping & Handling

TOTAL

Visit www.nonprofitrisk.org/store/catalog.asp for a complete description of all current titles, including tables of contents. All titles are available as eBooks—download our current titles and save shipping and handling costs.

Customer Information

NAME		TITLE	
ORG			
ADDRESS			
CITY		STATE	ZIP
TEL ()		FAX ()	
E-MAIL			

Method of Payment

Check enclosed P.O. # _____ Charge my: Visa MasterCard AmEx

CARD NO	EXP. DATE	VERIFICATION CODE (FOR MC/VISA 3 DIGIT ON THE BACK, AMEX 4 DIGIT ON THE FRONT)
SIGNATURE		

Shipping & Handling

\$7.50 for orders of \$24.99 or less
 \$10.00 if subtotal is \$25.00–\$100.00
 Actual shipping cost will be billed for orders over \$100.00.

Order online at www.nonprofitrisk.org
 Call (202) 785-3891 to inquire about quantity discounts.
 Mail or fax this form with payment to:

**Nonprofit
 Risk Management
 Center**

15 N. King St., Suite 203, Leesburg, VA 20176
 Telephone: (202) 785-3891 • Fax: (703) 443-1990

Risk Management ESSENTIALS

Tips, Knowledge and Tools
for Nonprofit Organizations

Please route to:

- Executive Director
- Director of Volunteers
- Risk Manager
- Legal Counsel
- Human Resources
- Finance/Administration

Prepared for distribution to:

- Alabama Association for Nonprofits
- Arkansas Coalition for Excellence
- California Association of Nonprofits
- Center for Non-Profit Corporations, Inc.
- Kentucky Non Profit Leadership Initiative
- Maine Association of Nonprofits
- Michigan Nonprofit Association
- Minnesota Council of Nonprofits
- New York Council of Nonprofits, Inc.
- North Carolina Center for Nonprofits
- South Carolina Association of Nonprofit Organizations
- Texas Association of Nonprofit Organizations

Inside This Issue

Enforcing Board Member Responsibilities	1
The Eye of the Beholder: Managing Reputation Risk	7
Professional Development and Training Calendar	10
The Risk Management Marketplace	12
Products/Publications from the Nonprofit Risk Management Center	15