

Managing Risk in a World of Change: Turn and Face the Strange



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Three of the questions we often ask during NRMC [Risk Assessments](#) or [ERM Engagements](#) are:

- What is the most significant, recent change in your organization?
- What disruptive changes are going on now?
- If we were to return a year from now, what would be decidedly different?

As you might have guessed, there's a purpose to these questions: to identify areas where an organization might be vulnerable and not know it. In our experience, major changes in an organization often cause subtle or substantial changes in the nonprofit's risk landscape. Consider these risk tips if your organization is going through a major change.

- **Unearth unintended consequences:** When we talk about major changes at a nonprofit, leaders are often frustrated (and surprised!) that they didn't fully see what was coming. For example, a colleague recently described how a new payroll system for a national organization went haywire after launch: a recently terminated employee received two paychecks instead of one, and it now takes hours instead of minutes to process the payroll for his small chapter. As you anticipate changes that will happen in the next few months, as well as those that will take a year or longer to implement, remember to ask: "what are some of the possible unintended consequences or effects of this positive change?" Ask "what could go wrong?" as well as "how could that happen?" "What steps should we take to leverage positive potential consequences? What steps should we take to lessen the sting of negative consequences?"
- **Fine tune by tuning in:** We sometimes hear front-line and field staff members bemoan the fact that deafening silence often follows the announcement of a major change. For example, chapter team members might say of their national organization: "We're expected to sit tight and wait for the painful consequences of the change announced by headquarters." Whether it's the implementation of an ERP, new structure for a Federation, streamlining of top priorities, or launch of a new program, build internal stakeholder support by listening and asking for real feedback from those who will help implement the change. Also remember that silence is not necessarily assent! Tuning in to how your team feels about and is experiencing change has another benefit: it builds the trust you need to be resilient when things don't go as expected. (Did I mention that things *never* go as expected?!)
- **Resolve to evolve:** I've been a bit sensitive during my career to comments about my tendency to change my mind: I'm an admitted flip-flopper. I've witnessed too many smart leaders sticking to prior decisions despite loud warning signals that their chosen path was more dangerous than first imagined. Or that the unintended consequences of the decision eclipsed the value sought. Whatever the change taking

place at your nonprofit, remember to be humble about whether it was the right call. Invite internal stakeholders to poke holes, question strategy, and offer up alternatives, even when the change is underway.

- **Respect change fatigue:** The topic of change fatigue often surfaces during [NRMC consulting engagements](#). In her HBR article, [Change Efforts Can Fail Unless They're Coordinated](#), Rebecca Newton cautions that leaders should “investigate what other changes are going on” before launching any major change. Telling the team to “get with the program” doesn’t work; an unhappy, determined team member can easily undermine changes that others have embraced.
- **Make room for change:** A close friend who I can always count on for sage management advice recently told me that she uses a simple framework for staff goal setting and planning: her direct reports are asked to organize their annual plans into three buckets: 1. keep doing, 2. start doing, and 3. stop doing. At NRMC we’ve observed that one of the biggest impediments to successful change is the unwillingness to stop doing anything. Many nonprofit leaders resist the notion or fail to lead by example when it comes to making room for all that’s new. Organizational change can’t be simply additive: doing much more with less exposes a nonprofit to costly consequences, from plummeting morale to avoidable mistakes.

Change is hard. And it’s hard to change. Good intentions, lofty goals, and a detailed plan aren’t a vaccine for the stuff that can and will happen to disrupt or derail change. Be realistic about how much change you can handle, be honest about the stress of change and resistance to change, and keep a close eye for the new risks emerging in the changing landscape in which your mission lives.

Melanie Herman is Executive Director of the Nonprofit Risk Management Center. Melanie’s recent and upcoming [speaking engagements](#) cover a broad swath of topics, including: Risk Lessons from Cinema; Passing It On: How to Keep Organizational Knowledge from Walking Out the Door; Workplace Harassment: An Unacceptable Risk; Top 10 Risks Facing Nonprofits; and Another One Bites the Dust: Business Continuity Planning for Your Nonprofit. To book Melanie for a keynote, workshop or webinar, call 703.777.3504 or write to Melanie@nonprofitrisk.org.

Change Management Resources

- Read Douglas Ready’s article about [4 Things Successful Change Leaders Do Well](#) in the January 2016 of HBR.
- To learn about the Theory of Change from an organization with the same name, visit www.theoryofchange.org. The Theory of Change is an approach to linking activities to long-term goals that encourages leaders to reflect on how change happens, as well as what changes are needed.
- To read more about linking outcomes to assumptions, strategies and results, see [Theory of Change: A Practical Tool for Action Results and Learning](#) from The Annie E. Casey Foundation.