

Stepping Back: The Outer Rim of Risk



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Resource Type: Articles

Topic: Risk Assessment

The discipline of risk management invites a close-up examination of events and circumstances that threaten the mission and goals of an organization or that offer the promise of mission-advancing benefit. Nonprofit CEOs, CFOs, senior staff and even board members are instinctively drawn to taking a closer look at the risks that cause them to lose sleep or inspire optimism about the future.

A close-up view of risk is beneficial and productive on many levels. By examining risk up close you may learn that something long perceived as frightening in truth warrants little or no cause for worry. Like a small lap dog with a loud and ferocious bark, some of the risks your nonprofit faces may be less worrisome when you open the door and venture a bit closer. For example, your concern about the potential difficulty of an orderly evacuation of a busy community center may lessen after a practice drill goes off without a hitch. Practice is one way of getting a close-up view. A close-up look may also reveal weaknesses in your plans. With valuable data in hand, you can set about closing the gaps, fixing the leaks, and enhancing your readiness for risk. Taking a closer look at the risks that offer the opportunity for growth is a starting point for choosing the most promising path.

The irresistible lure of a close-up look may, however, have downsides for leaders seeking to transform basic risk management practice into a comprehensive, inclusive approach to risk. Why? Because appreciating and understanding risk and guiding organizational resources in the face of an always-changing risk landscape also require the view one gets by looking up and stepping back. Look no further than the birdfeeder on your back porch for an example of feathered risk managers at work. Notice how the goldfinch or cardinal looks up to scan the horizon without losing focus on the feast before him.

In his thought-provoking book, *The Courage to Lead*, R. Brian Stanfield devotes an entire chapter to “The Comprehensive Perspective.” The subtitle of Chapter 7, “Resisting the Urge to Reduce” is a clever reminder about the downsides of simplification and getting too close to the matter at hand. Stanfield writes, “There are times when the overwhelming reality of life in the early 21st century makes us want to dig our heads in the sand like the ostrich, or confine our attentions to what we feel we can manage.” He adds: “But life challenges us to stand present to all of life as it is happening to us. Comprehensiveness means that our map of reality, or our context, takes in everything we can: there is nothing left out.”

When we limit our view of risk to threats we miss the other half of the risk equation and wrongly focus our entire risk management effort on risk aversion. When we opt for a telephoto lens through which to see risk in an

organization we miss the beneficial vantage point of a distant perspective. Comprehensiveness is about looking at both halves of the equation, about positioning ourselves for a wide angle view, and about learning to anticipate events and situations that will affect our missions and organizations in the future. When we fine-tune our skills of anticipation we are in the best possible position to seize opportunities. By anticipating threats we can reduce their overall negative impact on mission-advancement and perhaps even turn a harvest of lemons into mission-quenching lemonade.

Stanfield offers several suggestions for leaders who seek to “be comprehensive.” The following is an interpretation of these suggestions with the discipline of risk management as both a lens and backdrop.

- **Prepare to deal with the totality of risk.** The concept of “totality” reminds us to look far and wide as we work to understand the risks we face. Consider all points of view, your nonprofit’s history, all of the stakeholders and people you rely on and serve, and the many facets and dimensions of your mission. Looking at the “totality” of risk in the context of your organization may not be easy, but it is a worthy goal given the importance of your work and the inarguable connectedness of organizations in today’s world. The risks an agency faces arise from every component of its complex structure, ambitious mission and the world in which it lives. Focusing on one slice of that picture leaves the “whole” in danger of having “missed the boat” of opportunity.
- **Be thorough and commit to doing your homework.** Most of us have been witness to the occasional brilliant, mission-advancing idea that came “out of the blue.” And from time to time the brilliant, on-the-spot-solution may be just what is needed to address your risk-related worries or ambitions. But in most instances the “solution” or most appropriate strategy in the face of risk requires data gathering, analysis and reflection: the “homework” of leaders committed to sound risk management. While doing our homework, however, we must also remember to periodically look up and about for the next opportunity or danger in the distance. Nonprofit boards occasionally make the mistake of being rash in hiring or firing a chief executive. The lure of a hurried hiring decision may be attributed to “recruitment fatigue,” while a quick decision to fire is characterized as the “last straw.” In both cases the mission of the nonprofit is better served by a board that takes the time required to gather information, consider the options, weigh the pros and cons, and ensure consensus about the decision. The importance of the nonprofit’s mission and reputation warrants a sincere commitment to thoroughness at both ends of the employment relationship.
- **Be inclusive and adopt a wide screen view.** Stanfield reminds his reader that “To be comprehensive is to be inclusive: it sees to the inclusion of all aspects, even the parts you don’t know or like.” Unfortunately, many risks are viewed as distinct or isolated issues rather than as part of a continuum or panorama. Let’s consider the example of a misbehaving volunteer. A close-up diagnosis may suggest a volunteer who broke the rules and therefore must be removed. A wide screen view of the same behavior might reveal lack of discipline in volunteer recruitment, lack of clarity in defining volunteer roles, and the absence of requisite supervisory skills in the staff member responsible for supervising volunteers. Risk management requires that we examine and discuss organizational weaknesses we would prefer to ignore and potential events that inspire dread. Peter Senge describes “systems thinking” as a cornerstone of a learning organization in his book, *The Fifth Discipline*, and cautions leaders about the downside of narrowing one’s focus on the parts instead of finding ways to see “the whole.” When we see the nonprofit we serve as a dynamic system, we can resist the lure of short-term, close-up “solutions” to complex challenges.
- **Be consistent, grounded in reality and use common sense.** Stanfield reminds us that inviting “bold questions” is essential to a comprehensive approach to problem-solving. A culture of candor that invites bold questions also represents a common sense approach. Questions such as “What’s left out?” and “Who have we omitted?” can help your team unearth hard to see elements in the landscape. When considering the errant behavior of a volunteer, remember the importance of seeing the behavior from more than one perspective. Remind yourself that the consistent application of agency rules and requirements is fundamental to success and avoiding unwanted surprises.

A comprehensive, wide-screen approach to risk isn’t a new approach, but rather a different take on what should be common sense. Stepping back from a downside risk that has materialized in your nonprofit may require more time and thought than a swift, close-up solution. But by recognizing the value of a comprehensive perspective and taking the time to be thorough and see both potential and realized risks as elements of a complex system, you are investing in the long-term health of your organization. The thoughtful “solutions” you identify that are grounded in that comprehensive perspective may increase your readiness to seize opportunities on the horizon and avert mistakes, missteps and reasons for worry.

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Melanie's most recent books include [Ready...or Not: A Risk Management Guide for Nonprofit Executives](#), and [EXPOSED: A Legal Field Guide for Nonprofit Executives](#). Information on this book and other recently released publications can be found at: www.https://nonprofitrisk.org/products/.