

It's Time to Banish Blueprints and Best Practices

Resource Type: Risk eNews

Topic: General

“Do not go where the path may lead, go instead where there is no path and leave a trail.” – Ralph Waldo Emerson

When our team is asked, “What should a risk committee do?” or “How should risk roles be described on position descriptions?” or “How often should a staff-led risk committee meet?” we consistently and instinctively answer, “It depends.” While this isn’t the answer an Affiliate Member or consulting services client ever wants to hear, it’s the right answer every time.

In the jurisdiction where our offices are located, the school board implemented a strategy to save money on school construction: they approved blueprints for a school and mandated that each new school would be built using the same set of blueprints. This saved the district the cost of hiring new architects for each new school build. After many years of advising nonprofits across a colorful spectrum of missions, we’ve concluded that trying to find a completed set of risk management blueprints or best practices that can simply be followed like breadcrumbs is a costly and frustrating exercise that is fraught with risk.

Start with Questions: What, Why, and How

Beginning the process of building or strengthening risk management starts with reflective questions, such as:

- What is our mission? How is it changing? Is it the same as we thought? What do we believe are the top risks we’re facing?
- Why is risk management important to achieving our mission, our goals, our strategic priorities?
- How is the world or environment in which we operate changing?
- What do we want risk management capabilities to do or demonstrate? What is the payoff we’re expecting?
- Why have we been slow or unsuccessful evolving risk management capabilities? What do we know about the reasons we’ve stumbled or stalled trying to manage risk?
- How much time are we willing to invest in risk management?
- How might our risk goals intersect with our workplace culture and values?

Objects May Be Closer Than They Appear: Seek Inspiration

Inspiration for your risk management goals is likely to be closer than first thought. When callers ask us about the types of coverage other nonprofits purchase, or suggested limits of liability, we often ask whether they have asked their broker what her similar nonprofit customers purchase. Or whether they have called the nonprofits in their network to pose that question. Possible questions to prompt a quest for inspiration include:

- What have been the biggest positive and negative surprises this nonprofit has experienced during the past 10 years?
- Which nonprofits do I admire? Who are my counterparts at those agencies?
- Have I searched online for examples of the document or resource I’m trying to create? What lessons and insights were offered in my search results?
- What is an appropriate metaphor for the risk-related goals I’m trying to achieve?
- Am I open to insights and ideas from different sectors, industries or even different disciplines?

Keep in mind that while you may believe your quest is for best practices, a best practice in one organization could be a complete disaster in your environment. Be open to hearing about missteps as well as success stories.

When talking to a trusted or admired colleague about risk management, try to resist the urge to ask that person to “send [me] materials on your risk program.” While many leaders are eager to share what they’ve learned, asking for the product of someone’s hard work may come across as impatient, ungracious, or worse. Instead, ask:

- What have you learned *not to do* in building or evolving risk management at your agency? What doesn’t work, and why?
- If you were to tear down the risk function in your agency and rebuild, what would you do differently?
- What do you wish you had known or understood better?
- In what ways is your risk management program unique or creative?
- What are you MOST proud of?

Welcome and Process Feedback

Many risk leaders say they welcome feedback, but only the most effective risk champions create open, clear channels for input, and then thoughtfully process the positive and painful messages they receive. Seek feedback from multiple audiences and stakeholder groups and resolve to withhold judgment. Then give that feedback time to ferment. Giving ideas time to sink in is key to leveraging feedback that will improve risk processes, approaches, strategies, and communication.

Did you know that recognizing how you generally respond to feedback is the first step to becoming a better receiver? A fascinating *Harvard Business Review* article explains that typical ways of receiving feedback include:

- Being defensive or argumentative about the facts
- Taking issue with the way in which the feedback was delivered
- Accepting the feedback when delivered, only to deny its validity later on, and
- Being initially unimpressed, only to realize later that the feedback may make sense after all.

Blaze a Trail

If you’ve ever become enamored with an inexpensive piece of furniture you assembled—to the puzzlement of family and friends—you’ve experienced the IKEA Effect. In his book *Payoff*, Dan Ariely explains the tendency to become especially fond of an item “we’ve made ourselves.” Our over-fondness for self-assembled items prevails even when a fully assembled item is, from an objective standpoint, of higher quality. At NRMC we encourage (and even nag!) our consulting clients to custom-fit any and every risk strategy, from a risk management process to a charter for a risk committee. As Ariely reminds us, “the more effort we put into the design, the more likely we are to enjoy the end product.”

So blaze your own trail, and remember, as obstacles (risks events, changes in the environment, etc.) appear you will adapt your course while remaining true to your nonprofit’s core values and mission, rather than resorting to a stale cookie-cutter solution. When you accepted responsibility for risk management in your organization you may not have seen it as an opportunity to be a trailblazer. But with rare exception, risk functions, departments, and programs need creative overhauls to truly function as the gas, not the breaks, on innovations, new ideas, and bold strategies at a nonprofit. And we promise, that as you blaze a trail in your organization, the journey and the destination will provide bountiful lessons and valuable rewards.

To read prior RISK eNews articles on topics related to risk management function design, the IKEA Effect, and the value of feedback, please see:

- [“It’s Not Me, It’s You!”](#)
- [“Be Intentional, Seek Candid Feedback, and Practice Until It Hurts”](#)
- [“Motivate Me: Workplace Motivation for Nonprofit Teams”](#)

Melanie Lockwood Herman is Executive Director at the Nonprofit Risk Management Center. She welcomes your comments and feedback about trailblazing risk management at 703.7773.3504 or Melanie@nonprofitrisk.org.