

## Risk Aversion Conversion



By

**Resource Type:** Risk eNews

**Topic:** General

The topic of risk-taking was front and center in a recent *Wall Street Journal* article, "[Risk-Averse Culture Infects U.S. Workers, Entrepreneurs](#)" by Ben Casselman. According to the author, the risk-taking, dream-chasing spirit is dwindling in the hearts of American workers and business owners. Economists agree that the American economy was historically spurred on by risk takers who enthusiastically started new businesses. Yet according to Casselman, risk aversion is eclipsing entrepreneurial drive in the hearts of American workers. As a result, many Americans prefer the security of corporate jobs, rather than the downside risks and potential reward of vulnerable, but potentially profitable small businesses.

Here at the Center we sincerely hope that America's nonprofits don't follow the conversion to risk-aversion. Part of our mission is to encourage nonprofit leaders to achieve their missions by taking thoughtful risks. Casselman's article was a wake-up call to our staff that we may need to do more to encourage risk-taking when we're called on to help with risk management.

Nell Edgington of Social Velocity calls risk-aversion a cyclic "hamster wheel of raising just enough money to keep going." Risk aversion may lead to the unwillingness to make appropriate investments, hesitancy to compete with other organizations, and lack of drive to generate sufficient net income to invest in growth or changes in strategy or operations. Simply put, risk aversion stifles opportunities to grow the programs or services provided by a nonprofit.

What can nonprofit organizations do to be the entrepreneurial, risk-taking entities our missions require?

- **Write a Nonprofit Bucket List:** This may sound silly, but encourage your board or management team to draft a simple bucket list of aspirations or goals. You may aspire to grow programs by fifty percent, or begin serving a new population within the next five years. After creating your "bucket list," schedule time on your busy calendar to revisit your progress. Reflect on the reasons why you have yet to 'check off' goals. With a bucket list in hand, your leadership team will have a helpful reminder of the excitement and positive possibilities that go hand-in-hand with risk-taking.
- **Take Risk in Your Personal Life:** If we are risk-averse at work, it is highly likely that we also shy away from risk at home. Get in the risk-taking mood by embracing risks at home. Take a risk and play tag with your grandkids, or reconnect with that distant relative you haven't spoken to in years. Or go full throttle and sign up for a motorcycle safety course and trade your car in for a motorcycle like our own Melanie Herman.
- **Remember that Change Brings Evolution:** Even when fear or uncertainty cause you to hesitate, take a moment to breathe and remember that change is the spice of life. The birth of every nonprofit is a risky event, and the organizations that survive with mission intact have arguably evolved to handle the risks around the corner. You've got to experience risk to become comfortable dealing with risk.
- **Tell us Your Risk-Story:** Whether you're a born risk-taker or a risk-averse convert who is finally getting comfortable with risk, share your story with us. Send me an email at [info@nonprofitrisk.org](mailto:info@nonprofitrisk.org) and describe

your nonprofit's biggest risk-taking achievement. With your permission, we will share our favorite story in an upcoming Risk eNews! And remember that sharing a story about risk-taking gone awry could help other readers avoid a similar fate.

If you need a fresh look at the risk management program in your nonprofit, consider taking our popular cloud application, [My Risk Management Plan](#), for a test drive. If your nonprofit already has a risk management plan, we encourage you to engage your management team and staff in developing state-of-the-art policies using [My Risk Management Policies](#).