Intriguing Intangibles

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I've been reading an interesting book this week about the application of core concepts from the field of quantum physics to organizational planning. The book, *The Art of Quantum Planning*, by Gerald Harris, explores the idea of planning as a form of "organizational thinking." Harris argues that while the goals of setting direction and guiding action are clearly central to any strategic planning exercise, another vital purpose of planning is to foster institutional learning. A learning organization, in the author's view, is in the best possible position to weather the storms of a competitive environment, inevitable change, and the occasional crisis.

Many of the lessons and concepts in *The Art of Quantum Planning* dovetail with the Center's philosophy about risk management. Leaders who effectively manage risk must be ever vigilant for learning opportunities. During a risk assessment, we ask stakeholders of a nonprofit client about their fears and concerns, as well as past incidents, losses and crisis events. We also ask about the "lessons learned" from past losses. One of my favorite quotes about experience is from Paul J. H. Shoemaker, who said: "Experience is inevitable. Learning is not." Learning opportunities abound in the sometimes chaotic but rarely predictable life of a nonprofit. Astute risk managers never miss an opportunity to learn from events and circumstances that were anticipated as well as those that took the organization by surprise.

Although the tangible lessons from experience (such as claims experience for insurable losses) deserve our attention, we also need to spend time on the intangibles. In his chapter on "Catalytic and Kaleidoscopic Thinking" Harris encourages his readers to "set aside time to brainstorm the intangible factors that are important to the success of your organization or that play in the organization's business environment." Intangibles—from the reputation of a nonprofit to the commitment of volunteers—may receive scant attention in a typical risk management effort.

As you survey the risk landscape for your nonprofit, don't forget to consider your important, intangible assets, including:

- reputation among key stakeholder groups,
- volunteer commitment and enthusiasm,
- board expertise,
- staff specialization,
- intellectual property, and
- partnerships and collaborations with organizations in your field or industry.

The list of intangible assets for most nonprofits only begins with the above. Conducting an inventory of these vital assets is a good first step. Consider the additional steps listed below.

- **Determine what additional information you need to fully understand and appreciate intangible assets.** For example, do you know that volunteer enthusiasm is high or are you just assuming that it is? Is your sense of the board's expertise intuitive, or is it based on the use of a matrix to survey board skills?
- **Evaluate the risks associated with intangible assets.** For example, what are the principal threats to the asset of staff specialization? What steps is your nonprofit taking to ensure that it will continue to have the specialized skills and talents it needs to compete successfully for funding in your field of work?
- **Decide what practical steps are in order to manage the identified risks.** For example, what should your nonprofit do to guard against failed partnerships? Do current partnership agreements help clarify the expectations of the partners? Is sufficient time spent on due diligence activities before the commitment to partner is made?

Intangible assets are essential to mission fulfillment. Don't shortchange your mission or your risk management efforts by overlooking your intriguing intangibles. And remember that while an asset may be classified as "intangible," understanding and appreciating its value and protecting it against loss is within reach.

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