

How to Bring the Power of Intuition to the Discipline of Risk Management



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In her thought-provoking book, *Artistry Unleashed*, Hilary Austen lays out a framework for tapping surprise, uncertainty, ambiguity and change to improve personal performance. To a traditionalist, risk management theory and practice seem to be at war with Austen's invitation to embrace uncertainty. The stereotypical risk manager works to eliminate or reduce uncertainty in order to assure the leaders of a nonprofit that little, if anything will go wrong.

Yet a commitment to "manage risk" in a complex and evolving nonprofit organization demands more than adherence to a prescribed set of "steps," or a series of mathematical calculations. Austen writes: "Conventional wisdom tells us that the road to progress is paved with systematic steps toward measurable goals and reward." She contrasts a conventional approach with the approach that an artist might take: "... true artists have an uncanny ability to elude this external pressure. Instead, they rely on their unquenchable desire to connect the immediate qualities they produce in any given effort to the somewhat ill-defined, ideal qualities they can imagine."

In Chapter 4, "The Territory, The Map and a Compass," Austen explains one of the downsides to relying solely on quantitative methods and analytical skills to solve complex problems, noting that "In the best of all quantitative worlds, we eliminate the human element." When nonprofit leaders embark on a risk management journey, many feel compelled to begin by listing and "scoring" their nonprofit's risks. Writing down numeric scores for "likelihood" and "severity" makes the process of evaluating risk seem objective and scientific.

With a combined score for likelihood and severity plotted on a "heat map," the next logical step is to identify "what should we do about these risks and who should do it?" Focus shifts to the steps and skills required to manage the high-scoring risks. While reading Austen's work I was reminded of the common mistake of jumping to the numbers: the failure to first take time to develop a true awareness of the context for risk in a nonprofit and the nature of risk itself. Why are we so eager to score and sort the risks we face? One reason may be that doing so seems easier, and more straightforward. Delving into the nuances of risk and organizational context is arguably harder and as a result, a risk management road less travelled. Austen reminds her reader that "Developing the ability to be aware isn't automatic; it requires an active, effortful search."

The importance of cultivating and honing awareness before applying our skill set is timely advice for leaders who want to upgrade their risk management efforts. By spending time to build a keener awareness of the nature of risk in your nonprofit's environment, you will be honing your intuitive risk management capabilities along the way.

To better understand the concept of "risk intuition," consider the culinary intuition of an accomplished chef. One of my favorite cooking shows is the Food Network program "Chopped," a cooking competition that begins with

four contestants. During the first round, the contestants—all experienced, highly-skilled chefs— must prepare a delicious appetizer showcasing the ingredients in a “mystery basket.” The contents in the mystery basket may include unpopular proteins (e.g., rabbit kidney) as well as packaged products that cause eye rolling by the chef contestants (think packaged chocolate frosting). While watching “Chopped” I’m reminded that my so-called culinary “skills” are of little use without a chef-tested recipe nearby. In contrast, the winning chefs on “Chopped” rely on their culinary intuition and artistry. Do they have knife skills? Absolutely. But their impressive skills in the kitchen are simply the tools that bring their culinary intuition and artistry to life. When keen awareness underpins and precedes the application of skill— whether you’re creating in the kitchen or at a meeting of the risk management committee—you’ll be able to find your way in situations where a precise recipe or rigid formula simply doesn’t apply. As Austen reminds us, by cultivating a deep sense of awareness we enable “skill [to] work[s] automatically and responsively, rather than in reference to a recipe or a routine.”

Many nonprofit leaders who profess an interest in risk management also yearn for a simple process or a neat framework into which they can sort and then file away the risks their agencies face. The risk management discipline offers many purported frameworks and schematics for those who insist on force-fitting their risks into a neat picture. But when we rush to tidy up the truly messy world of uncertainty, we may overlook or discount the very nature of risk in the never static and therefore always intriguing nonprofit world.

Author Hilary Austen will be the kick-off plenary speaker at the upcoming *Risk Management & Finance Summit for Nonprofits*, scheduled for September 18-20 at the Bell Harbor International Conference Center in Seattle, WA. Austen’s presentation on “Tapping Your Qualitative Powers to Manage Risk in an Uncertain World,” will take place at 9 am on Monday, September 19th. Each *Summit* attendee will receive a complimentary copy of Austen’s provocative book, *Artistry Unleashed*.

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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 these titles can be found at [www.https://nonprofitrisk.org/products/](https://nonprofitrisk.org/products/).