

New Resources Emerge from Collaboration



By

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A recent collaboration between ChoicePoint and the Nonprofit Risk Management Center has led to the creation of a *Risk Management Toolkit* for customers of ChoicePoint's state of the art background checking services.

As part of the company's continuing efforts to help nonprofits effectively manage risk, ChoicePoint has launched a new Web site and toolkit. The Nonprofit Resource Center (www.choicepoint.com/nonprofit) is part of a new suite of services that offers enhanced learning opportunities for ChoicePoint's nonprofit customers.

Making the case for risk management

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Mission, mission mission! The common thread that binds volunteers and staff is a commitment to the mission of the nonprofit. Risk management should be seen as a strategic step towards mission fulfillment. Risk management frees up—rather than consumes—resources that can be used to achieve the organization's mission.

Making the case for risk management begins with the board. A nonprofit's board not only establishes policies that govern operations, it models behavior for the nonprofit's paid and volunteer staff, clients and other constituencies. When a nonprofit's board attaches significance to a particular issue, it is likely that paid staff and other key players will follow suit. Through its actions and policies, the board can demonstrate a commitment to managing risk, rather than letting risks manage the nonprofit.

What if the board itself 'doesn't get it'? Here are some opportunities to introduce a board to risk management as a mind-set:

Budget Approval Process:

The board should be acutely aware of its legal Duty of Care to ensure that the nonprofit has adequate resources to achieve its mission. The budget process is the perfect time to remind the board (and staff) of the need for risk management in planning for unforeseen budget shortfalls. Plan a few minutes of the budget presentation to review ways in which the proposed budget protects or insulates the nonprofit from financial worst case scenarios.

Insurance Policy Renewal:

Well before it's time to renew the nonprofit's insurance policies, invite the nonprofit's outside insurance advisor

(broker, agent, or other professional) to attend a board meeting and present a short overview of the nonprofit's insurance program and answer questions that the board may pose. Ask the insurance professional to point out any exclusions contained in the policies and to explain the retained risks (deductibles) and coverage limits.

Strategic Planning:

The board is probably familiar with the role of strategic planning to create a framework for avoiding unpleasant surprises in the future. Strategic planning with the goal of managing future risks is no different. Consequently, if a nonprofit is going through a strategic planning process, the board and staff have already conceded that a thoughtful approach to future planning is a good idea. Make sure that risk identification is part of the strategic planning brainstorming session and that action steps to address identified risks are included in the plan.

After a Loss or Near-Loss:

In the aftermath of a crisis or near-loss, board and staff may be more willing to absorb information that could have helped the nonprofit avert a loss or avoid an exposure. Rather than sweep a near-miss experience under the rug, use the experience to brainstorm what other, unexpected risks the nonprofit may yet face, and plan ways to address them. This is the 'shotgun wedding' approach to risk management—the board and staff may go to the altar begrudgingly, but are sure to take the vows.

Leadership Transition:

Often when a long-term executive director or other staff leader announces his/her resignation, the board approaches panic mode and rushes to find a replacement with the mindset that losing XYZ is going to be a disaster. Actually, this is a good moment for the board and senior staff to step back and strategically think about how the transition of executive leadership of the organization will impact the nonprofit's overall operations, ability to raise funds, attract and retain great employees, and provide great programs. The board can come to see that leadership transitions pose not only risks but tremendous opportunities for strengthening a nonprofit's ability to withstand an unknown future. Seeing risk in a new light is helpful and going through the process of an executive leadership transition is often a logical stepping stone for a board's integration of risk management in its strategic thinking.

The following are suggested strategies for engaging board leaders in mission-driven risk management.

For Board Members:

1. Board retreat
 - Plan a board retreat to focus on risk management.
2. Keep Risk Management on the board's agenda
 - Include a regular agenda item at board meetings (or every other board meeting) for a 2-minute brainstorming session entitled, "What's keeping you up at night?" during which board members are encouraged to share any concern they have about the nonprofit. At the end of the 2 minutes, the board as a whole can decide which of the concerns should be included in future meetings as a topic of discussion under "new business" and which concerns may warrant immediate attention.
 - Sharing these concerns in an open forum is helpful to spark creative thinking and to uncover less-obvious risks. In some board cultures, it may be more comfortable if board members share their concerns with the CEO/executive director in an email or phone call prior to the meeting so that the staff leader can summarize the concerns in a report to the board at the meeting.
3. Risk Management Task Force
 - Convene a task force or Risk Management Committee that includes board members. Assist the committee by providing outside resources such as written materials, tutorials, or a consultant who can facilitate the process of risk identification and assessment and help move the board towards the adoption of a risk management plan.
4. Education
 - Educate the board about liability and loss exposures by providing an annual review of the organization's insurance claims history that year and any legal actions threatened or brought against the nonprofit.

Through a partnership with the Nonprofit Risk Management Center, ChoicePoint's Risk Management Toolkit offers relevant white papers, best practices and in-depth risk management articles designed to educate a nonprofit just establishing risk management policies to those with mature programs who are seeking to refine their practices.

"In conversations with our clients, they wanted concise, easy-to-access information and resources they could use when developing or evaluating risk management, crisis communication or recruiting policies," said Ansley Jones Colby, vice president for ChoicePoint Cares and culture. "ChoicePoint is proud to partner with the Center, the leading authority in nonprofit risk management, on these new solutions allowing nonprofits to stay focused on protecting the people they serve."

The Center's executive director, Melanie Herman noted, "We were delighted to assist ChoicePoint in the design and delivery of the *Risk Management Toolkit*. The Toolkit addresses some of the most challenging topics facing nonprofit leaders, from effective governance to crisis management and cyber safety. These resource materials offer insightful commentary plus practical advice on a wide range of issues. ChoicePoint's customers will find the Toolkit invaluable as they address the critical risks facing their organizations."

The Toolkit will be updated with new papers, guides and best practice information quarterly. Select content such as white papers and research studies are available on the Resource Center.

The partnership is an example of how the Center—recognized for its expertise on risk management topics and ability to deliver high-quality educational materials—works with large organizations that serve the nonprofit sector. "Our strategy is to work through large organizations to get practical resource materials in the hands and on the desktops of nonprofit leaders who yearn for insight and tools to address risk," adds Herman. "We regularly work with associations of nonprofits, large insurers, regional and national brokers, sponsored insurance programs, national federations of nonprofits and others in the design and delivery of helpful risk management tools tailored around the needs of nonprofits generally, or the needs of a subgroup in the sector, such as youth-serving agencies."

To inquire about partnering with the Center in the design and delivery of risk management resources to your members, insureds, affiliates or customers, contact Melanie Herman at (703) 777-3504 or via [e-mail](#).

For more information about the services available from ChoicePoint, visit www.ChoicePoint.com, or contact: 1-866-399-6647, Option 2.

An example of one of the factsheets featured in the Risk Management Toolkit appears in the sidebar.