

Nothing to Fear but Fear



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In the Quaker village where I live, Halloween is more than an opportunity to see little ones in this year's most popular costumes. A handful of villagers spend months planning elaborate displays that will delight or frighten the customary throngs of families foraging for treats. Homes and homeowners are decked out for this community event. And since the homes in the historic village are in close proximity, the trick-or-treating payout beats that of a subdivision any day.

The images associated with Halloween—goblins, ghouls, vampires and the like—test the nerves of little ones. In nonprofit management we have our own set of fear-invoking images. Our goblin is a lawsuit alleging negligence; our werewolf is the withdrawal of support from a long-time donor; and our Frankenstein is the announcement that a charismatic CEO is facing a life-threatening illness. The ability to ward off these threats is limited. Ensuring that we adhere to accepted professional standards will reduce the likelihood of the negligence claim. Taking time to understand a donor's wishes increases the chance that he or she will keep us informed about future plans. But in every nonprofit, there are downside risks that cannot be avoided or diminished. Unfortunate things happen to generally fortunate organizations.

One of the most valuable benefits of a disciplined approach to risk management is the process of uncovering what we fear. Resilience begins with confronting the very "what ifs" that leaders do not want to discuss. Recently, I was speaking to a fellow board member about the reasons so few nonprofit boards have up-to-date succession plans in place. Boards fear insulting their CEOs by bringing the subject of succession up. CEOs fear spooking their boards by mentioning the importance of succession planning. Instead of confronting the real issue—the long-term health of the nonprofit's mission—we are distracted by outward appearance. In the case of succession planning, our fear of spooking the CEO or board masks the sincere commitment to ensure a thoughtful transition when the day for that transition comes.

During several recent Risk Assessments for nonprofit clients, concern about the lack of CEO succession planning has been raised by board members as well as CEOs. These leaders feel comfortable telling their risk management consultant about the concern, but admit to some trepidation raising the same issue at the board table with fellow leaders.

Succession planning is one of myriad risk issues that necessitate face-to-face discussion, understanding, and thoughtful action. Instead of being distracted or fearful, we need to unmask these issues through candid conversations about what's at risk. Whether the issue is the potential for a vulnerable client to be harmed by a volunteer or other client, or the possibility that a trusted employee could embezzle funds, sound risk management requires that we think about the unthinkable. We must delve into topics that make us uncomfortable, and dispense with the fantastical notion that a claims or loss-free history somehow increases the odds of future safety.

Whether we're at work or at home, there will always be things that make us fearful. The list of common fears is

endless, from spiders, to thunderstorms, bridges, elevators and even clowns. Many people hold fast to their fears, finding comfort in knowing the phobias are shared by others. But when it comes to the mission of a nonprofit, we must resolve to unmask our fears. By discussing them openly as leadership teams, we are taking the first step in turning fear into action, and concern about the future into strength. When we explore those factors that could send our missions off course, we strip away the temporary costume and begin the process of fortifying our missions for the long term.

Melanie Lockwood Herman is Executive Director of the Nonprofit Risk Management Center. She welcomes your ideas about any risk management topic, suggestions for best-in-class risk management, and questions about the Center's resources at Melanie@nonprofitrisk.org or 703.777.3504. The Center provides risk management tools and resources at [www.https://nonprofitrisk.org/](https://nonprofitrisk.org/) and offers [consulting assistance](#) to organizations unwilling to leave their missions to chance.