

Perspective: How Do You See Your Nonprofit?



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As we reach the home stretch in our preparations for the 2009 *Risk Management & Finance Summit for Nonprofits* all roads lead to Austin, TX, the site of the event... except, or so it seems, the road I happen to be traveling this week! I am driving across the beautiful state of Indiana to present risk management workshops for the Indiana Nonprofit Resource Network. Long hours in a rental car have given me plentiful opportunities for reflection. Unlike the hilly roads I encountered in my recent trip to New Hampshire and the occasional “moose crossing” hazard I experienced there, here in Indiana I can see for what seems like miles across beautiful cornfields and manicured soy bean farms. Throughout my journey this week I’ve been reminded of key aspects of the risk management story.

In Evansville on Monday a participant in my workshop laughed out loud when I used the expression “run for the hills.” He politely informed me that “run for the river” is more apt in a community whose hills are few and far between. The comment reminded me about the importance of understanding an organization’s context... culture, history, norms and more, before setting about identifying exposures and risk management strategies. During my drive along Route 41 en route to Lafayette, Indiana I encountered numerous eighteen wheelers. Eager to make it to Lafayette before nightfall, I found it necessary (ok, expedient) to pass many of these vehicles. Each time I did so I reflected on the risk of being caught in a trucker’s blind spot. Whether I’m riding an antique motorcycle on a country road or a compact rental car on an interstate, I’m keenly aware of the importance of being seen by others on the road. My experience sharing the road with truckers this week also reminded me of the blind spots that nonprofit leaders encounter and the fact that there is no “ideal” point of view in our complex and rapidly changing world.

No Perfect Point of View

The field of psychology offers helpful insights on how humans view themselves, and how this view contrasts with the view that others have. Like human beings, nonprofit leaders struggle to see the organizations they love clearly. To understand and appreciate the risks your nonprofit faces, you must look beyond the superficial and identify trends, issues and other matters that may lurk beneath the surface. As a leader of an organization you need the benefit of perspective. One approach is to first understand the barriers to obtaining a clear and accurate view. In an article in *Psychology Today* (October 2009) titled “Mixed Signals,” psychologist Sam Gosling of the University of Texas at Austin describes four barriers to seeing oneself clearly. In the paragraphs that follow I attempt to translate those barriers to personal perception into organizational barriers to accurate risk perception.

- **Bright spots**– A nonprofit’s bright spots are those things known and readily observable by others. For a domestic violence program these issues might include:

- The program's urban, suburban or rural location; and
- The program's vulnerable clientele.

Both factors create exposure for the nonprofit that can be managed through risk management activities. In recognition of its location, the leaders of the program may decide to use a keycard system that prohibits unmonitored access to the offices. An intercom system and camera mounted at the front door enable front desk staff to admit visitors. The program's vulnerable clients warrant attention on issues of privacy, sensitivity to client fears and concerns about their personal safety, and awareness about the risk the organization faces from those who have victimized the nonprofit's clients.

- **Dark spots**– A nonprofit's dark spots are things not known by the nonprofit's leaders or other stakeholders. For a nonprofit organization "dark spots" might include:
 - The unstated apprehension of the board to change the mission or direction of the organization out of deference to the founder;
 - The growing discontent of clients about the quality of services provided by the nonprofit;
 - The efforts of a stakeholder group to establish a new organization that will compete with the nonprofit for government funds.

The final two categories, "personal spots" and "blind spots" reflect discrepancies between how a nonprofit's leaders view the organization and how the greater community of stakeholders views the organization.

- **Personal spots** – A nonprofit's "personal spots" are those factors known only to the nonprofit's leaders about exposures and areas of vulnerability. For example, the CEO of a nonprofit might be aware of a trend showing declining sales of advertising for the organization's magazine. Or the human resources manager might find it harder to obtain candid references for applicants and might be skipping this step in the screening process due to frustration with the process. Personal spots must be revealed in order to be addressed effectively.
- **Blind spots** – A nonprofit's blind spots are those exposures known or recognized only by others. A group of disgruntled volunteers might be working to create a competing organization. Or a funder may withdraw support from a nonprofit due to its perception that the organization has lost its way, or is unresponsive. A member of the nonprofit's board may resign due to frustration with the lack of professionalism by the CEO and senior staff. A donor may decide not to contribute again after receiving an uninspired "thank you" letter following her last contribution or an unwelcome barrage of emails begging for an additional contribution. Bringing blind spots into sight is within the reach of all nonprofit executives. Leaders can and should welcome feedback from stakeholders at all spectrums of the nonprofit's operations, including active supporters as well former board members and occasional volunteers. Creating a culture that welcomes feedback is key to helping a nonprofit's leaders view risk through a more accurate prism.

During the post workshop networking session in Lafayette yesterday I asked one of the workshop attendees about the crops I had seen along my route. She explained that soybeans and feed corn are predominant in northern Indiana and they are rotated annually to keep the soil nutrient rich. Planting corn each year will drain the soil of the nutrients it needs. Her explanation reminded me of the risk that many nonprofits face when they hang on too long or too tightly to board members, service volunteers and even staff members. The concept of crop rotation has merit in the nonprofit world—we need the benefit of new perspectives in our staffs and on our boards. Saying goodbye to a long-term board member should be viewed as an opportunity to welcome a new member who sees the organization's mission and potential from a new perspective. Over the years I've heard many CEOs remark that losing a valued staff member provided an opportunity to recruit a new staffer with needed skills and a fresh perspective on the challenges facing the nonprofit. When we hang on too long to those who have made a contribution we may be robbing the organizations we serve of the nutrients needed for long-term viability and success.

When I tell colleagues that I see the discipline of risk management everywhere I look, I'm not exaggerating.

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