

7 Risk Questions for the Board



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"Carpe diem The saying implores you to seize your pleasure, seize the pleasures of the world while they are still available to you. In this spirit, this effort to live in the moment, not the spiral of the past or the maze of the purely speculative, I recently gave up thinking it is essential to have all the answers." – Elizabeth Benedict, Almost, Houghton Mifflin, New York 2001

As part of the **RISK HELP™** service we offer exclusively to our <u>Affiliate Members</u>, I'm frequently challenged to help nonprofits seize the day by answering some pretty tough questions about liability exposures and risk management practice. The questions we receive cover an impressive risk landscape from protecting human participants to handling confidential information, safeguarding financial assets, and responding to negative feedback or attention on social media sites. Many callers seem surprised that we rarely have simple answers to their tough questions. Everyone hopes for a simple answer, but sometimes the simple answer is not the right answer.

The desire to find simple answers to complex questions also seeps into the discussion in many nonprofit board rooms. Too many nonprofit board meetings are structured around relatively "safe" agendas, comprising routine reports from staff members and board committee chairs, and feeding the board answers to questions about mundane operational issues. Little time remains for open-ended questions about strategy and risk-taking. In truth, many board chairs and CEOs are uncomfortable scheduling time to contemplate questions for which there are no easy answers.

Don't allow your discomfort with uncertainty to dampen your commitment to engage the board in a discussion on the crucial strategic risks facing your nonprofit. If you're working on your next board agenda, consider the questions below. Invite the board to discuss these questions as a way to engage in a high level conversation about risk-taking and risk management in your context.

- 1. Risk-Taking: What big risks are worth embracing in 2013 to advance our mission?
- 2. **Risk Landscape**: What mission-related risks are starting to emerge on our horizon? What additional information do we require to understand and act?
- 3. **Lemons from Lemonade**: What seeds of opportunity exist in the risks we fear the most? (e.g., the threat of funding cutbacks could compel us to finally move ahead with a new business model)
- 4. **Progressive Lens**: Are we using our collective, progressive lenses to reflect on our past, appreciate our present, and anticipate our future, or only seeing "risk" through a single lens?

- 5. Risk Oversight: Is this board contributing to a shared understanding of the organization's top risks?
- 6. **Lessons Learned**: During the past year what important lessons did we learn from our "crowning achievement" and from our biggest disappointment?
- 7. *Risk Resources*: Have we made an appropriate commitment in terms of personnel time and financial resources to understand the risks we face and make adjustments as needed?

One of the earliest uses of 'carpe diem' was found in Roman poet Horace's four books of *Odes*. In a poem in the first book of *Odes*, Horace illuminates the failings of playing it safe, and of trying to predict the future. Roughly translated from Latin to English, Horace states, "Do not ask, to know is forbidden, what end to you, what end to me the gods have assigned... do not meddle with Babylonian calculations. How much better it is to endure whatever it will be!"

Nonprofit boards can learn from Horace that risk-taking can be fruitful as it opens a world of unexpected possibilities. He notes that "while we speak, envious time will have fled. Pluck the day, trusting in the next as little as possible." Do not waste time talking about only the simple questions and decisions facing your nonprofit. Capitalize on the board's time and talents: reflect on key strategies; seize the day; and build the resilience your mission-driven nonprofit will need to conquer tomorrow's surprises.

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/ and offers consulting assistance to organizations unwilling to leave their missions to chance.