

Adapt to Thrive



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A new article on the “teenage brain” caught my attention last week while I was killing time in an airport bookstore. The feature article in this month’s *National Geographic Magazine* explores new research on the evolving brains of our teenage friends and family members. But contrary to previously published studies, this report touts the *benefits* of the teen brain’s adaptive nature. Without the extraordinary adaptation that takes place during the teen years, tomorrow’s adults would be ill-equipped for the challenges of the future. This new research was music to the ears of this too-often frustrated and frequently perplexed parent of a teen.

The article on adaptive teenage brains led me to think about evolution and adaptation in nonprofit organizations and of course the risk landscape that offers a colorful, always changing backdrop for mission-driven organizations. During consultations with leaders of vibrant, growing nonprofits, I’m often struck by the recognition that organizations, like human and animal species, must “adapt... or die.” A nonprofit, whose leaders prefer the comfort and familiarity of the past is likely to miss the opportunity to serve an evolving client population, or embrace innovations in fundraising or stakeholder relations. Contrast that with leaders who embrace the need to adapt by remaining vigilant to threats and opportunities and asking “what’s next?” instead of wasting time polishing the nonprofit’s history or clinging to “the way we’ve done things for years.”

Adapting to changing circumstances, challenges, and opportunities are cornerstones of effective risk management. Leaders who focus their attention on “known” risks to mission, strategy and operations, are likely to lose sight or track—at some point—of the changing nature of risk. And in some cases the nature of risk may evolve as a direct result of human intervention, a phenomenon that is hard to plot of your risk “heat map” or “register.”

In his new article, “[Dangerous Adaptation: the evolution of risk](http://www.dmrra.com),” David Rowe, president of David M Rowe Risk Advisory (www.dmrra.com), writes that “Adaptation is one of the most powerful phenomena in nature, and is one we tend to regard as favourable: it is the means by which species survive changes – often major changes – in their environments.” Although he is specifically referring to the nature of risk in the capital markets, Rowe’s comments about how controls impact threats are highly relevant to the constantly evolving risks facing nonprofit organizations. He writes, “Risk management is an integral part of the system we seek to control – and controls are a trigger to adaptation for risk-takers, products and markets.

Let’s face it, restrictive risk management policies can backfire when staff members and volunteers resolve to

find work around strategies. With respect to the theory that new regulations (or policies) can prevent future bad behavior, Rowe reminds us that “Human beings are too ingenious and too much a part of the highly adaptive biological system for such claims to be sustained.”

With adaptive human nature in mind, what questions, steps or strategies should leaders consider seizing the benefits of adaptation in a nonprofit risk management program? I invite you to consider the following possibilities as you ponder the adaptive nature of risk in your world.

- **Embrace the “culture of foresight.”** The “culture of foresight” in risk management practice invites leaders to consider “what’s next” during each stage of the risk management journey. Unfortunately, many leaders crave the comfort of a list of identified “risks” and a risk management program focused on “treating” those risks until the next risk identification exercise. Yet the critical risks you face will not cooperate by remaining in limbo until the next planning cycle comes around. The nature of risk is always evolving, sometimes due to circumstances beyond any leader’s control, and in other cases as a direct result of actions taken to “manage” risk.
- **Think “rationale” before implementation.** Adopting new risk management policies or procedures without first articulating the rationale for what’s new and inviting feedback, is a recipe for extinction. The creative staff and volunteer team will come up with “workarounds” sooner than you can print and distribute copies of the new requirements developed by your team of experts.
- **Remember human factors when designing and implementing risk management.** Few if any risk management strategies can be automated. In most instances, nonprofits rely on dedicated staff and volunteers to bring policies to life. With that in mind, it’s worthwhile to consider:
 - *The degree, to which a new policy is intuitive, counterintuitive or somewhere in between.*
 - *Potential sources of opposition to the policy, and the reasons for that opposition.*
 - *Strategies for “learning as you go” during the implementation of the new protocol, policy or standard. What steps have been taken to ensure necessary flexibility while the policy is brought to life?*

Failing to adapt as we go, embrace the need for mid-course corrections, and recognize the always-evolving, shifting nature of risk will slow the progression and evolution of your risk management program. Instead of focusing on “capturing” the risks your nonprofit faces in a neat matrix, look for ways to monitor the changing risk landscape and adjust your vantage point and strategies accordingly.

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