Risk Management Heat Wave



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Most human beings want to be loved and respected. And that includes risk leaders in today's nonprofit organizations. Whether your title is "Risk Manager" or "Chief Financial Officer," "General Counsel" or something else, your commitment to champion effective risk management shouldn't make you any less lovable than your peers who manage human resources, fundraising or service delivery to vulnerable clients.

New research on the subject of influence in the workplace suggests that being perceived as *warm and caring* may lead to greater influence than being perceived as authoritative and competent. This is timely advice for risk champions headed to the Center's annual Risk SUMMIT for Nonprofits this August 25-27 in Boston. One of the workshops that will be featured is a certain to sellout session titled "CFO & Risk Manager Superheroes." We've invited a panel of finance and risk thought leaders to share their insights on what it takes to be a superstar.

In their article titled "Connect, Then Lead" in the July-August 2013 edition of the *Harvard Business Review*, associate professor Amy J.C. Cuddy and authors Matthew Kohut and John Neffinger, explore the connection between warmth and leadership. The authors point to research that concludes that "…the way to influence—and to lead—is to begin with warmth." They explain that by leading with warmth, leaders convey their interest in hearing and understanding peers and direct reports alike. And although you may believe that leading with your knowledge and competence is the best way to gain respect, this new research says you might be wrong.

Let's face it, risk leaders too often get a bum rap when it comes to being personable and warm. We're the team members who have possession of the latest loss runs from our insurers, coverage proposals indicating that the premiums and deductibles are going up, and we are the bearers of bad news when it comes to reporting non-compliance with safety rules. We're too often seen as number-crunching administrators who are out of touch with the real challenges faced by the passionate leaders who lead program and service delivery.

The authors of "Connect, Then Lead" say that when we put our proven competence out front or wear our technical prowess on our sleeves (does a string of credentials follow your name on the staff roster?), co-workers may "comply outwardly" with our wishes and commands, *but never really accept or buy into the values and goals behind our directives*. And when the members of a staff or volunteer team fail to buy into the values that underpin risk management strategies, those strategies may prove to be a house of cards.

Ask any accident investigator whether they have ever attributed a serious or catastrophic loss to the disregard

of definitive safety rules by a van driver, camp counselor or direct care worker, and you'll get the idea. Or ask any experienced supervisor why she (or her direct reports) don't follow the nonprofit's safety rules 100% of the time. Far more important than getting staff to "sign off" on risk management protocols, is the need to gain understanding and buy-in to the critical building blocks of a risk management program. Risk management superheroes inspire enthusiastic believers, not compliant robots.

Inspire Calm during the Storm

In last week's RISK eNews, project manager Alex Ricketts and I wrote about the critical "C's" of crisis communications. Although our list of C words began with the word "calm," we chose to emphasize the need to remain calm *during a storm*. But being calm in a storm requires being perceived as calm before the storm. The recent research cited in "Connect, Then Lead," notes that leaders most likely to be effective in a crisis are those who "face troubles without being troubled." Although many nonprofit leaders today unrealistically believe that the discipline of risk management can eliminate or substantially reduce uncertainty, the calm yet assertive leader—referred to as a "happy warrior" by the authors of the HBR article—is most likely to inspire those around her to remain calm and focused. Gaining the trust and respect of co-workers and peers before the crisis hits—through a warm leadership style—may be the best preparation to lead your nonprofit through the crisis you're unable to fully envision or avoid.

Hot Tips for Risk Warriors

The most effective risk champions in a nonprofit radiate warmth, not the unapproachable demeanor of a warrior from ancient Rome. To add a touch of warmth, or begin an overhaul of your image, consider the following tips:

- *Temper enthusiasm with a comforting tone* — Even though you are super excited about a new safety strategy, you're better off lowering your pitch and volume when you deliver risk management news to colleagues.
- *Make a personal connection* — Telling an appropriate personal story doesn't take away from your professionalism and it may help convey your sincere desire to be open and honest.
- *Agree and validate* — Avoid a cold reception to your important messages by finding ways to validate and agree with your colleague's feelings about a new policy or training protocol.
- *Be natural and smile* — Go ahead and risk a few more crow's feet by remembering to smile sincerely. Research suggests that a real smile not only makes us happy—it's contagious. Willingness to smile…a lot…should be in every risk manager's position description!

Putting competence before warmth is a common mistake made by leaders, including many of us who serve as risk managers. Risk professionals who seek to inspire and influence their peers and subordinates should give some thought to the benefit of letting things heat up. By leading with warmth and showing that we truly care, we may find that our aspirations for a best in class risk management function may get a warmer reception.

BYOD Risks: Debunked and Demystified

During last week's "Wednesday Webinar" Center staff members Erin Gloeckner and Alex Ricketts reviewed the principal risks that arise from "bring your own device" policies and practices in nonprofits. Erin and Alex offered specific advice about getting comfortable with BYOD policies while managing potential downside consequences of allowing or encouraging employees to use personal devices for work purposes. Our webinar vault is a benefit of our Affiliate Membership program. To learn more, visit: www.https://nonprofitrisk.org//affiliate-membership.

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.