

The Outer Rim of Risk



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The discipline of risk management invites a close-up examination of events and circumstances that threaten the mission and goals of an organization or that offer the promise of mission-advancing benefit. Nonprofit CEOs, CFOs, senior staff and even board members are instinctively drawn to taking a closer look at the risks that cause them to lose sleep or inspire optimism about the future.

A close-up view of risk is beneficial and productive on many levels. By examining risk up close you may learn that something long perceived as frightening in truth warrants little or no cause for worry. Like a small lap dog with a loud and ferocious bark, some of the risks your nonprofit faces may be less worrisome when you open the door and venture a bit closer. For example, your concern about the potential difficulty of an orderly evacuation of a busy community center may lessen after a practice drill goes off without a hitch. Practice is one way of getting a close-up view. A close-up look may also reveal weaknesses in your plans. With valuable data in hand, you can set about closing the gaps, fixing the leaks, and enhancing your readiness for risk. Taking a closer look at the risks that offer the opportunity for growth is a starting point for choosing the most promising path.

The irresistible lure of a close-up look may, however, have downsides for leaders seeking to transform basic risk management practice into a comprehensive, inclusive approach to risk. Why? Because appreciating and understanding risk and guiding organizational resources in the face of an always-changing risk landscape also require the view one gets by looking up and stepping back. Look no further than the birdfeeder on your back porch for an example of feathered risk managers at work. Notice how the goldfinch or cardinal looks up to scan the horizon without losing focus on the feast before him.

Melanie Lockwood Herman is Executive Director of the Nonprofit Risk Management Center. She welcomes your ideas about any risk management topic, feedback on this article 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 custom consulting assistance.