Risk Talking at Your Nonprofit



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Resource Type: Risk eNews

Topic: General

Talking about risk is essential to fortifying your nonprofit's reputation and mission, and providing a safe environment for the people who serve and those who rely on you for services. Yet starting a conversation about "what could go wrong" isn't always easy to do. During a recent conversation with a client, we agreed that a candid conversation about downside risks can be comforting to some, but frightening to others. Leaders who find comfort in the conversation may believe that you can't take action in the face of risk without first acknowledging your fears and concerns. Candid conversations about risk lead to action. Leaders who are put off by risk talk may believe that acknowledging the potential for failure, loss, harm or injury could "jinx" a heretofore perfect safety record. Yet when team leaders aren't talking openly about risk, that doesn't mean they aren't talking. Ignoring the downside risks you face is a sure-fire guarantee that you'll be surprised and unprepared when a risk event or crisis occurs.

Chances are you have both types of leaders in your nonprofit. Consider the following tips to turn unproductive jive talkin' into productive risk talk.

- **Look on the bright side** – Don't limit conversations about risk to "what could go wrong?" Engage your team in a discussion about the potential for better-than-hoped-for outcomes when you take risk.
- **Separate apples and oranges** – One of the challenges in risk talk is agreeing on what we mean by the word "risk." Although most of us think of a "risk" as an event with the potential to affect objectives (e.g., a decision by a funder to discontinue support), others see risk as an underlying condition (e.g., the nonprofit's reliance on one or two institutional funders) or a potential outcome (e.g., the need to cut services after a grant is non-renewed).
- **Invite participants from every floor** – The perspective from the leader in the corner office on the top floor is bound to be different from the perspective of the leader working out of a basement office, or the staff member serving clients from a field office in a far-off country. Limiting participation on the risk management team to senior managers is a sure-fire way to overlook key operational and strategic risks. An added benefit of engaging a diverse team in your risk talk is that you're creating a go-to team to disseminate the team's findings and engage support.
- **Send sacred cows out to pasture** – In every nonprofit there are topics that make leaders uneasy. Perhaps it's a rumor about a rift between the CEO and board. Or maybe it's a concern that spending patterns aren't consistent with donor impressions of how the nonprofit spends the money it raises online or through direct mail appeals. Get your risk talk off to a hopeful start by agreeing that sacred cows have no place in the conversation.
- **Embrace the newcomer and the curmudgeon** – Most nonprofits are blessed to have newcomers and

> many also have a curmudgeon in the ranks—someone who sees the dark cloud behind every rainbow, or the potential lawsuit looming in the shadow of a cool product or service idea. These leaders are valuable participants in a risk talk because they don't carry our standard institutional philosophy of "if you can't say something nice, don't say anything at all." Questions from newcomers force us to re-examine the why and how of everyday life in a nonprofit, and feedback from a curmudgeon demands that we put aside our optimism bias and get real.

The subject of "risk talk" is one that comes up in everything we do. If you're ready to start talking, check out a few resources from the Center that may be helpful:

Risk Communication – Webinar

7 Risk Questions for the Board – Article

Fiscal Oversight, Risk and the Nonprofit Board – Webinar

Melanie Lockwood Herman is Executive Director of the Nonprofit Risk Management Center. She welcomes your questions about the Center's resources at Melanie@nonprofitrisk.org or 703.777.3504. The Center provides risk management resources at www.https://nonprofitrisk.org/ and offers custom consulting assistance to organizations unwilling to leave their missions to chance.