Your Special Skills in Managing Risk



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Recognizing Conflict, Reaching Consensus

This is the first in a series of columns asking you to consider how the special knowledge and skills that executive directors and other senior managers of community-serving nonprofits apply in advancing their nonprofit's mission can also be used in strategic risk management of their organizations.

As the executive director or other senior manager of a community-serving nonprofit, you probably feel that your main job is not risk management. Your may well see your chief responsibility—the essential task for which your education, experience, and passions especially qualify you—is to work to achieve your nonprofit's mission. Therefore, you want someone with special expertise in preventing and paying for accidental losses, as primarily responsible for risk management in your nonprofit.

You are not alone. This widely held view of risk management responsibility has much to say for it. Many technical aspects of risk management—such as safety engineering, insurance contract language and pricing, and evaluation of risky business projects or investment alternatives—do indeed require specific skills and training. And, yes, there are some times that you need this expertise; to this extent, this popular view is correct.

But this view is incorrect when it overlooks your special knowledge, skills, experience and insight that can contribute to effective *strategic* risk management of your nonprofit's destiny.

To illustrate, look at your ability to recognize conflicts between people and help them reach consensus. This is a skill you probably use expertly almost daily in helping your clients cope with contentious situations and in dealing with potential or actual disputes within your own staff of employees and volunteers.

The conflict recognition and resolution insights many nonprofit leaders already possess can help them better manage both threats of loss and opportunities for gain for their nonprofits. For example, with respect to downside risks of accidental loss, a nonprofit manager expert in conflict management:

- realizes that a person heavily embroiled in personal conflicts is a hazard because he or she may be fatigued, careless, angry or prone to retaliation.
- knows almost by instinct how to reduce that hazard removing any work-related source of the turmoil or perhaps relocating the conflicted person.
- can counsel troubled employees or volunteers in resolving their conflicts peaceably and in fashioning win-win compromises, thus lowering the danger their anger poses.

- can identify and persuasively present areas of agreement between a nonprofit and those who might sue it—such as potential plaintiffs who believe the nonprofit has harmed them or by insurers who seek to deny or limit coverage to which the nonprofit's management believes it is entitled.

For managing upside risks, for seizing opportunities for unexpected gains—the new, and for many as-yet-untried, strategic upside of traditional risk management—your practiced skills in conflict recognition and resolution skills, especially within your own management team, may be crucial. For example, suppose you want your staff to realistically explore a potentially rewarding but quite risky redefinition of your client base or the realignment of your current services to your present clients—changes you believe need to be at least considered if your nonprofit is to have a reasonable chance of growing so that it can fulfill its current mission.

To lead your various stakeholders in your organization productively though thoughtful discussions of these possibilities, you must be ready to recognize and resolve fundamental conflicts within the nonprofit's board, among its senior staff, among its employees and volunteers, and between the nonprofit and various groups within its clients and donors. Any or all of the constituencies may object to even discussing any fundamental change in your nonprofit's operations, fearing that any such change:

- will cause them personal economic harm.
- abandons your nonprofit's mission and traditions.
- ignores many practical difficulties.
- can never be financially viable.
- endangers your nonprofit's favorable tax status.

In a situation where your nonprofit's uncertain future may hang in the balance, conflict management skills—perhaps uniquely *your* conflict management skills—may be crucial to your nonprofit's progress toward its goals in our risk-filled world.

To summarize: on both the upside and the downside, strategic risk management for a nonprofit requires many skills, much knowledge, and vast experience. For some of these, in some technical areas, you may well need to look outside, beyond yourself and your immediate colleagues. But in looking, do not ignore the most recent group photo of your staff.

Most of all, do not hesitate to look in the full-length mirror on the back of your office door. The abundant expertise regarding your nonprofit that you uniquely already possess, together with your very personal commitment to its mission, almost certainly make you, *right now,* one of the best strategic risk managers your nonprofit could possibly have.

Do not be afraid to stand tall, especially in the light of your mission.