Your Special Skills in Managing Risk

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Sifting for Truth

This column focuses on how executive directors and other senior managers of community-serving nonprofits can use the special knowledge and skills they apply in advancing their nonprofit's mission to manage their organizations' strategic risk management.

Everyone, to some degree, learns in life to discern when someone is telling them the truth — telling them all of it, and nothing else — and when they aren't. Everyone learns, to some degree, to recognize when someone is intentionally misleading them, when someone is just playfully "pulling their leg," when someone is telling only those parts of the truth that favor them but purposely holding back the unfavorable parts. Many even learn to sense when someone truly thinks they are telling the whole truth but they aren't — perhaps because they simply don't know the facts, perhaps because they are mentally out of touch with reality, or perhaps just because what they are saying conflicts with what the listener knows to be the true situation. Everyone learns, to some degree, to sift through what people say, how they say it — and often what they don't say — to find as much of the real truth as they can in what others say to them.

Sifting for Truth to Serve the Mission

While everyone — to some degree — does learn in life to recognize what is true in what others tell them, executive directors and other managers of community-serving nonprofits have learned especially well from experience how to sift the real grains of truth from the wishes, pleas, promises, exaggerations, denials, confessions and practiced recitations that nonprofit administrators hear almost daily from some clients, staff members, donors, other funders, regulators and even fellow administrators. Everyone who effectively leads any organization must develop some instinct for separating truth from the hopes, delusions, mistakes and even deliberate falsehoods in the messages they receive.

More than just anyone, however, nonprofit administrators need to have especially keen senses for truth finding. They must be even more perceptive than others, because their charitable service missions bring them into especially close and frequent contact with people for whom the truths of life often have been painfully harsh. These often are people for whom truth hasn't frequently been a friend, who may have been tempted to find protective shelter, even material gain, by deceiving themselves and others about highly adverse, seemingly unconquerable, realities.

By sifting especially carefully for the stated, implied, omitted or disguised truth in others' messages, leaders of nonprofits seek not to unmask and indict tellers of falsehoods — to some extent, we all are that everyday — but instead to find what is true in everyone. Learning to unearth, recognize and cope constructively with truth — whether it be while screening potential clients or job applicants, while formulating budgets that support realistic goals, in resolving staff conflicts, while responding to funders' or regulators' queries, while dealing with the sometimes conflicting wishes of a nonprofit's diverse constituencies, or while objectively evaluating objectively the job performance of one's subordinates or even oneself — is essential to serving the mission of any nonprofit. Truth is the friend of a worthy mission.

Sifting for Truth to Manage Risk

Sensing the truth — or the untruth — in what others say or write is just as crucial in effectively managing a nonprofit's risks of accidental loss. As examples, a nonprofit's managers leave their organizations seriously exposed to major losses if they fail to recognize when —

- An applicant for a staff position — employee or volunteer — fails to disclose on the application or during interviews some experiences or personal characteristics that, if known, would cast serious doubt on the applicant's suitability for the position.
- A client falsifies records relating to his or her case, jeopardizing both the client's entitlement to service and the nonprofit's eligibility for funding, because it has served persons who aren't qualified to be its clients.
- A member of the nonprofit's staff makes false or misleading statements about an accident, perhaps hoping to exonerate the staff person but more likely jeopardizing the nonprofit's legal defenses if the accident gives rise to a claim.
- Regular safety inspection reports aren't filled out accurately, leaving significant hazards unrecorded and, therefore, uncorrected,
- A salesperson's exaggerated claims for a safety device, for a claims management service, or for the breadth or amount of coverage provided by a particular insurance policy aren't confirmed — leaving the nonprofit with a false sense of security.
- Any person — a member of the public or of the nonprofit's own staff or clientele — stages an "accident" on the nonprofit's premises, setting the stage for a fraudulent lawsuit against the nonprofit, a suit which the nonprofit's staff may be able to forestall by asking the right questions and gathering appropriate evidence at the "accident" scene.

The key element in each of these examples (and each reader's experience or discussions with colleagues will yield many other examples) is that, in each case, something just doesn't seem right, doesn't add up. The ability simply to ferret out that something is wrong, even though it may not immediately be clear what that "something" is, may be the beginning of good risk management. This is risk management that can truly safeguard a nonprofit's ability to fulfill its mission.

Among many other fine qualities for managing risk, the leaders of successful nonprofits have already proven themselves to be fierce ferrets of the truth. Once they have found the truth about the potential accidental losses that threaten their organizations, then they can lead others in finding and applying cost-effective ways of preventing or paying for any such losses and in remaining alert to new or changing hazards that could endanger the mission.

Risk management is an unending, ever-renewing process. But it always begins with, and constantly seeks to find new truths that others — knowingly or inadvertently — bring. It's often said that the truth can make us free. It can also help keep our organizations safe.