

Telescope, Microscope, Hamster Wheel: Choose the Right Tools, Discard the Rest



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Resource Type: Risk eNews

Topic: General

My Dad took pride in his collection of well-made, always organized shop tools. He loved showing me the cross pein pin hammer that was part of the set he purchased as a young aircraft mechanic apprentice. He'd explain that his original toolset lasted because the tools were well made. After dropping a teeny screw into a crevice on a friend's Norton Atlas, he sent me to his workshop—which family and friends always refer to as The Batcave—to find the perfect tool for the job: a wire with a magnet on the end. The tool did the work our fat fingers could not.

In [See Sooner, Act Faster: How Vigilant Leaders Thrive in an Era of Digital Turbulence](#), authors George S. Day and Paul J. H. Schoemaker remind us that choosing the right tool for the task at hand is fundamental to vigilance. They write, "In some cases, the right tool will be a telescope to look over the broad horizon; at other times, a microscope is better to examine a small part of the terrain in great detail."

In the NRMC's experience, risk oversight teams often clamor for a "deep dive" presentation on worrisome risks. After nodding politely during an overview of the high-level perspective required for sound risk oversight, they insist on looking through the lens of a microscope to validate their inclination that management is indeed managing risks. Day and Schoemaker caution that a close-up view is potentially dangerous because "the data mostly comes from familiar sources, can be overwhelming in volume, and is largely interpreted to reinforce rather than challenge prevailing beliefs."

The alternative to data diving is "active scanning," emphasizing curiosity about uncertainties "driven by creative hypotheses that shed new light on the preliminary evidence collected thus far." They liken such scanning to the scientific method and encourage scanners to begin with multiple hypotheses and continue with keen observation and further speculation. The end game of the process is "deeper insights" that inspire action.

The Familiar SWOT Analysis May Be Your Hamster Wheel

Nonprofit teams heading into strategic planning sessions often carry a familiar item of baggage: the SWOT analysis. Day and Schoemaker caution their readers that the SWOT analysis might not be the right tool after all. Essentially, a SWOT analysis might end up being a hamster wheel – a device that feels productive but doesn't actually take you anywhere and only takes into account a stationary moment in time, not the dynamic nature of

risk.

A typical SWOT can lead teams off course by narrowing and anchoring conversations about strategy. Day and Schoemaker write that the SWOT analysis “focuses on understanding current strengths and weaknesses as well as opportunities and threats. . . the very use of such labels as threat or opportunity...implicitly assumes the status quo as the relevant reference point. This may indeed be a valid benchmark, but an outside-in view would favor more neutral labels such as ‘issues or developments that deserve attention. This avoids prejudging these factors as either good or bad a priori and getting trapped in a self-fulfilling prophecy about threats specifically.’”

Choose the Appropriate Risk Tool

Risk Leaders must select and use the right tool for the job at hand. Sometimes, deciding what method to choose can be as daunting as designing a feasible risk action plan that will earn cheers, not jeers. While it isn’t always easy to select the ‘right tool’ or the approach that is an ideal fit for your culture and circumstances, below are a few rules of thumb that might be useful.

- Use a ‘microscope’ for an up-close look at risk in the wake of a near-miss or serious incident. Peel back the layers of excuse and justification by asking “why” something happened, and why that cause happened. Repeat the question five times. [The 5 Whys](#) approach will take you to the root causes of the near-miss, accident, or incident, revealing fissures in policy, focus, and messaging along the way.
- Use a ‘telescope’ to draw the attention of a risk oversight team to the distant horizon. Encourage leaders to look up and out at future possibilities and scan for barely visible trends on your mission’s horizon.
- Use an illustration, diagram, or drawing when you want to show connections and intersections between key processes, cause and effect, or reporting relationships in your risk program.
- Use a narrative when compiling a full internal risk assessment that requires a detailed analysis of a handful of top risks.
- Use a checklist when your process or procedure includes a series of items that must routinely be completed or a decision tree when your process involves “if this, then that” steps.

Use Question Prompts to Explore Issues

To escape the hamster wheel or the feeling of feeling stuck, invite your audit or risk oversight committee or full board to join you in scanning the complex, dynamic risk landscape, including the distant horizon. Lift up and discuss landscape features that could be relevant to the risks you might face or be inspired to embrace.

Skilled oversight teams are unafraid to jump into the conversation by sharing their unique lenses and vantage points. Disparate and sometimes distant elements of that landscape are revealed and reflected upon. Try these question prompts to get a creative conversation started:

- What are you seeing in your industry/line of work/subsector that could impact our relevance?
- What worrisome trends suggest that our business model/approach/mission may be irrelevant or obsolete?
- What far-off factors could reach us before we’re ready for them?
- What potentially misguided assumptions have we made about our key stakeholder groups? (clients, participants, donors, volunteers, employees)
- What are the potential sources or origins of a future surprise or wake-up call?
- What companies or organizations are innovating in one or more fields relevant to our mission?



At my Dad's funeral, we distributed a small card with his favorite expressions. We knew that our ["Tony-isms"](#) would bring a smile to the faces of the standing-room-only crowd of friends, neighbors, and vintage motorcycle enthusiasts/[gearheads](#). One of those expressions, "If I don't have it, you don't need it," was a reminder of Dad's extraordinary tool collection and his never-ending eagerness to share what he had and knew. Dad was an always determined and optimistic problem-solver who loved sharing his expertise, learning new things, and demonstrating how the right tool for the job could make a difference.

As you reflect on your risk function, your evolving ERM program, or your skillset as a risk leader, I encourage you to build a set of tools that will serve your nonprofit's mission well. Discard poorly constructed approaches that lead nowhere—your hamster wheels. Select tools and strategies that deepen your understanding of the risks you face and inspire creative thinking about the risk-taking your mission warrants. Don't hesitate before creating or adapting a tool that will meet your needs right now. Need help finding—or creating—the right tool for the risk task at hand? Reach out and let us help you. You're welcome to everything we have.

Melanie Lockwood Herman is Executive Director of the Nonprofit Risk Management Center. She welcomes your questions and stories about developing the right tools for any risk job in a nonprofit. Reach out to share your stories or questions to Melanie@nonprofitrisk.org or 703-777-3504.