

Surprises Await: Embrace the Future



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"The future is already here—it's just not very evenly distributed." - William Gibson

Whether you're finalizing your FY 2020 budget, wrapping up a 2020 work plan, or prepping talking points for a seasonal pitch to donors, my guess is that your agenda this month is fairly future-focused. As risk advisors, the NRMC team is future-obsessed. We help our <u>Affiliate Members</u> and <u>Consulting</u> clients ponder "alternate futures" (a term we picked up from author Randy Park), and imagine future decisions, actions, and circumstances that could catapult their missions forward or force inconvenient detours.

Our perspective on how risk management actually adds value to a nonprofit mission is ever-evolving. Many leadership teams continue to believe that risk management is a lengthy list of risks, or a process diagram showing steps. We disagree. We explain to our clients that the heart and soul of effective risk management is having timely conversations about 'what if' and 'what's next'. Yes, we're talking about meetings, not instant messages and verbose memos.

Is your team regularly engaging in timely conversations about risk and surprise and your bold plans to change the world? Thoughtful, reflective conversations about good bets and bad ones? To help get your synapses firing for these important conversations, we've drafted a handful of possible question prompts for your next huddle.

Future-Focused Board Conversations

- What does the best possible 2020 look like for our organization?
- What steps have we taken to make that best-possible future a potential reality?
- What should we be doing to increase the opportunities to make 2020 a stronger year for our mission?
- What are we doing to engender trust and inspire a deeper commitment to our mission: with our staff, with our volunteers, with our individual and institutional donors, and with our nonprofit and corporate partners?
- How is the board's role evolving? Have we done a rigorous, or perfunctory assessment of our composition, structure, operations, and accountability? (For more on whether your board amplifies risk, see <u>"Is Your Board an Asset or Liability?"</u>)
- How often, and to what degree does our board challenge prevailing assumptions?
- Which megatrends will significantly impact our organization next year (e.g., DEI, growing social activism, hyper transparency, disruptive technology, etc.)? What are we doing to understand and get ready for those impacts?

- What are the key drivers of risk for our organization?
- What strategies are in place to ensure resilience and continuity when things turn out differently from what we expect? What is our level of confidence in those strategies?

Envisioning the Future with Staff Teams

- What are the key assumptions underlying our plans for 2020?
- What's the riskiest move we will make in 2020? What have we done to understand the degree of risk we'll be taking?
- What are some of the 'safe bets' planned for next year? What circumstances, surprises or other developments could make those safe bets difficult or impossible to achieve? What have we done to understand those potential surprises?
- What indicators, issues, and developments must we monitor to forecast changes in our strategy and tactics?
- What were the most valuable lessons we learned in 2019? The most difficult or sobering? How have we applied that learning to our plans for 2020?
- What are the social silences in our organization: the subjects, topics, taboos, or risk concerns that we don't talk about? Why aren't these topics discussed? What can we do to bring these difficult issues to the surface so they can be discussed and possibly acted upon?
- What public commitments or promises have we made, but not acted upon?
- What are the most glaring gaps between what we say we do or believe, and what we actually deliver to our internal and external stakeholders?

Next year will be full of surprises for your nonprofit. And those surprises won't be evenly distributed among mission-driven organizations; some of us will face more, and others less. The key is doing your best to be as prepared as you can to leverage the wonderful surprises that await, and skillfully cope with the dreaded ones. Whether your risk function or risk program is doing just fine or stuck in a rut, don't let months pass before attempting to resuscitate, revamp or reimagine your approach. Reach out to NRMC if you need help developing or fine-tuning your risk plan for 2020.

Melanie Lockwood Herman is Executive Director of the Nonprofit Risk Management Center. She welcomes your questions about the evolving risk landscape, hot button risk worries, and future-focused risk planning. You can reach Melanie at 703.777.3504 or <u>Melanie@nonprofitrisk.org</u>.