

If Ruminating on Risk Inspires Worry, You're Doing it Wrong



By Melanie Lockwood Herman

Executive Director

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During a recent risk workshop, one of our participants commented, “Thinking about all of the potential risks facing my organization makes me really worried!” Her remark reminded me of the distinction between what many leaders *believe* is the narrow purpose of risk management and its *true* aim. The narrow view of risk management’s purpose is that worrying about risk inspires doing something about risk. The true aim of risk management is eloquently expressed by my long-time risk management coach and mentor Felix Kloman, who writes: “The proper goal of risk management is to build and maintain the confidence of stakeholders. That combined confidence and trust is often translated into much-needed support, financial and otherwise, when surprise inevitably hits. It is the essence of resilience.”

Pondering risk should inspire confidence and excitement about the possibilities, not excessive handwringing. Here are some practical ways to turn your risk worries into confidence-building conversations.

Turn the Risk Beat Around

- **Identify the positives.** During risk assessment conversations and workshops, take time to identify the potential positive outcomes or consequences of downside events. When our team teaches the Risk Bow Tie technique for risk assessment, we encourage participants to divide their “Consequences” field into two sections: upsides and downsides. Remember, every risk event has potential silver linings for a nonprofit organization. Listing the potential upsides of downside events is a potent reminder to look deeper and less tentatively at risk.
- **Rethink how you’re using the term risk.** Risk can be a trigger word. Instead of inspiring bold thinking about chances worth taking, many of us think about risk in the worst way. At NRMCM we encourage our clients and [Affiliate Members](#) to think about risk differently: taking risk is what propels your mission forward. Acting on potential risks (as opportunities) should free up resources and lend confidence to taking on more risk.
- **Don’t bury risk.** A common misconception about the path to inspiring confidence by stakeholders is that offering assurance is the best approach. We’ve seen this time and time again in presentations that convey the swept under the rug message that “we’ve got this.” At NRMCM we believe that building durable confidence requires brutal honesty about what’s in the works, but not quite there yet. We also put great value on shining a bright light on mistakes and turning our focus to what’s not working. Recently, I had an opportunity to teach a workshop about “failure as an innovation opportunity,” and I’ve written about the

topic of reflecting on mistakes [in prior issues of the RISK eNews](#).

- **Take it to the board.** Today's boards want to talk about risk. As a result, most of our risk engagements with complex nonprofits culminate with a presentation of the engagement findings, and recommendations to board committees and boards. I relish these opportunities to present to leadership teams charged with stewarding the mission of an organization and steering its direction. Yet, the most important risk question for the board rarely makes it to the board room. That question is simply this: What big risks should we take in the years ahead to advance our mission?

Surprise, like its cousin *variety* is more than the spice of life, it's rocket fuel for break-through innovations. At NRMC we believe that the nonprofit sector is uniquely positioned for innovation, and that risk should be nurtured for the life-changing, community-serving benefits it can foster. Innovation happens when bold people at nonprofits embrace curiosity, harness chance, and are brave with risk. We hope your team is making the right moves, and embracing the big risks and challenges that are world changing.

Melanie Lockwood Herman is executive director of the Nonprofit Risk Management Center. She invites your questions about risk-taking and NRMC resources at Melanie@nonprofitrisk.org or 703.777.3504.

Related Resources

Enjoy these NRMC resources that offer inspiration on building stakeholder confidence in risk management initiatives:

[Don't Be a Buzzkill: Restore Trust in Risk Leaders](#)

[Right Back At It: Fostering Organizational Resilience](#)

[Running Successful Risk Workshops](#)