Ready, Mindset, Go!



By Melanie Lockwood Herman

Executive Director

Resource Type: Risk eNews

Topic: Enterprise Risk Management

During two Risk Assessments / ERM engagements for complex nonprofit organizations, our team has shared the idea of a 'risk aware mindset' with our clients. What are we referring to? In general, we're talking about a leadership team that is:

- Eager to learn, and learn some more
- Comfortable and humble when it comes to failure–we all fumble with failure!
- Determined to achieve the best possible understanding of risk by engaging diverse points of view, and by facilitating candid, regular conversations about risk

To check my understanding of mindsets, I picked up Carol Dweck's book, *Mindset: The New Psychology of Success*. A quick re-read of several chapters set my head abuzz about learning, potential, intellect, and fixed versus growth mindsets in the world of nonprofit leadership.

Dweck's life work focuses on the effect of deep-seated beliefs, and the potential to change your beliefs with profound effects. She cites the work of Morgan McCall, author of *High Flyers*, who writes that, "Unfortunately, people often like the things that work against their growth… People like to use their strengths… to achieve quick, dramatic results, even if…they aren't developing the new skills they will need later on." Don't get me started about those 15 minute, once-a-week workouts or the diets that promise too-good, too-quick results!

One of my 'ah ha' moments while reading *Mindset* was the revelation that we're all born with a love of learning. Sadly, a fixed mindset can dampen or even undo the inner yearning to learn. As a CEO nearing her 20th anniversary in that role, I found myself intrigued by the author's reference to 'CEO Disease.' Someone with CEO disease prefers reigning from a pedestal, not the trenches; she prefers being perceived as perfect, rather than fallible. With their fixed mindsets, CEOs with this particular disorder ignore their shortcomings, exile critics and surround themselves with worshippers.

During Risk Assessments and other engagements, our team is offered a privileged behind-the-scenes look at what's not working well in a nonprofit; some CEO clients are understandably uncomfortable when it's time to share our findings and recommendations, believing that the opportunity to improve may appear to reflect poorly on their leadership. These clients have heard me say, time and again, that a leader's willingness to share, discuss and reflect on what needs to change is far more likely to increase respect for the CEO on the part of the staff as well as the board. After all, as respected basketball player and coach John Wooden said, "Failure

isn't fatal, but failure to change might be."

Applying a Growth Mindset to Key Disciplines in Your Nonprofit

- **Human Resources** – Through stories from her research and the work of others, Dweck reminds us that many revered human qualities, including intellect, can be cultivated through effort and hard work. When you're filling an important position in your nonprofit, don't be distracted by a long resume or the candidate's stories about past accomplishments; focus your attention on the candidate's *potential*: their capacity to learn and grow as a member of your team. Jack Welch, former CEO of General Electric, selected members of his inner circle based on what he referred to as their 'runway,' or potential for growth.
- **Risk Management** – As a Risk Champion, your mantra should be "nothing ventured, nothing gained," and not "nothing ventured, nothing lost." We're *not* suggesting that you overlook hazardous conditions or poorly planned new initiatives; we *are* suggesting that you embrace the mission-advancing possibility that risk-taking represents. Be the leader who champions attention to what might go wrong, while also championing how the project could catapult your mission.
- **Strategic Planning** – Too many strategic planning exercises start with a SWOT (strengths, weaknesses, opportunities and threats) analysis and evolve into a tactical plan to achieve goals that feel within reach. The bold visions for a different future are lost when strategy is burdened by practicality and detail, when groupthink sets in, or when cautionary tales are told. To paraphrase Dweck's advice for personal growth, if there is something your nonprofit team has always wanted to do but you are all afraid you're not good at it, then make a strategic plan to do it, and set high standards that encourage you to do it well.
- **Training** – Too often, a nonprofit's commitment to professional development is a hollow promise. To make good on your promises of professional development and to inject the growth mindset in your staff training programs, embrace the following tips from Dweck:
    - Hire managers who have a 'zest for teaching and learning, an openness to giving and receiving feedback and an ability to confront and surmount obstacles'
    - Train managers to communicate, coach and mentor their direct reports
    - Present skills as learnable
    - Convey that your nonprofit values learning and perseverance, not just ready-made genius or talent
    - Give feedback in a way that promotes learning and future success
    - Tout managers as resources for learning
- **Performance Management** – The annual performance review is dreaded by supervisors and supervisees alike, and most conversations about performance take place in private. Yet there is much to celebrate on a typical performance review. Many nonprofit workplaces only pause to celebrate big wins–or worse–when a valued employee is *leaving*. Recalibrate your criteria for celebration by remembering the importance of learning and drawing inspiration from the success of others, a quality of a growth mindset. Celebrate in the moment when an employee impresses you, your team, or him or herself. Celebrate individual and team achievements publicly, not in private. And encourage employees to be comfortable receiving on-the-fly feedback to improve their performance day by day, rather than saving a slate of criticism for a formal review down the road.

In her book *Mindset*, Carol Dweck acknowledges that not only is change hard, but also that we're not all primed to embrace the risky road that the growth mindset calls for. But Dweck's research and the work of other psychologists, neuroscientists, and learning experts offers compelling evidence that accomplishing the hopes and dreams of your nonprofit mission relies heavily on your willingness to change a lot–even your mindset.

Remember, "the phoenix must burn to emerge." – Janet Fitch, Author

Risk Resources

To learn more about the intersection of cognitive biases and hiring, visit Beyond Belief: How Cognitive Biases Shape Our World.

To learn more about effective strategic planning, visit: Can't Touch This: How to Bring Your Strategic Plan Back to Life.

Melanie Herman is executive director of the Nonprofit Risk Management Center. She welcomes your questions about how to cultivate a risk aware mindset, and your questions about NRMC consulting services and web applications. Melanie can be reached at 703.777.3504 or Melanie@nonprofitrisk.org.