Name the Elephant: Coping with the Biggest Risk to Your Mission

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Several years ago I read *An Insider's Guide to Risk Management*, by David M. Rowe. In Chapter 8, Product Innovations and Insurgent Competition, Rowe explores the intersection of change and risk management. One of the themes in the chapter is what Rowe describes as the tendency to "concentrate so much on the minutiae of daily risk control that we fail to notice a veritable tidal wave capable of striking at the very heart of an organization's competitive position." Rowe continues in Chapter 9, Behavioral Issues, by calling out the human tendency to "reach for short-term advantages while ignoring seemingly unlikely but potentially major risks."

The NRMC team has observed client organizations that are eager to address routine risks but squeamish when it comes to taking action in the face of existential threats. The proverbial 'elephant' in the risk room might be:

- The reluctance to replace long-serving members of a board with leaders whose diverse backgrounds match the community you serve
- Discounting the potential impact of younger, smaller organizations who are potential competitors
- Ignoring the poor performance of a senior leader or function and the toll that poor performance has on organization-wide results and staff morale
- Failing to recognize that the needs and preferences of the nonprofit's clientele have changed
- Ignoring the gap between the nonprofit's professed goals and commitment to diversity and inclusion, and the make-up of the leadership and governance teams

Rowe writes that "In some cases, management has a vague sense of the threat but finds it more comfortable to ignore the "elephant in the corner." Forcing recognition of the threat may also be a difficult and unpopular task, but it too is an essential risk management responsibility."

I've often spoken about the importance of identifying the 'silver linings' in risk events. One of the participants at one workshop remarked that the pandemic had offered her team an unexpected opportunity to pause and reflect on the types of changes her organization should make to be more robust, resilient, and effective. The unexpected disruptions of 2020 gave leadership teams space and permission to do something we should have been doing all along: take stock of what's important, scale back or eliminate activities that minimally support our missions, and treat team members as unique human beings whose needs cannot be homogenized in one-size-fits-all policies.

Questions to Unmask the Elephants in Your Organization

Consider the following questions to identify the existential and truly significant threats your organization faces:

- How does our structure constrain our ability to grow and compete?
- How does our structure inhibit or impede bold risk-taking and innovation?
- What changes in our environment or circumstances beyond our control make us most uncomfortable?
- What practice or program are we hanging on to, despite its irrelevance, diminishing value, or declining participation?
- In what ways do our actions fall short of our professed values?
- Is the actual experience of team members who work here markedly different from how we describe the experience?
- What bold moves or changes invoke fear in our team?
- What significant changes in who we are or how we operate have been proposed and discounted?
- What is our vision for the coming year? What are we doing now that impedes progress towards that vision?
- What are the most compelling lessons we have learned from coping through the pandemic? What changes must we embrace to leverage those lessons?
- What events or circumstances have caught us by complete surprise? What threats have we denied until it was too late?

Rowe wisely cautions readers about the danger of complacency, the “seductive influences of comfort with the status quo,” and the “ever present tyranny of the urgent over the important…” His words remind me of teams whose energies are sapped by recurring crises, leaving little to no time to pause and ponder the critical, existential threats and risk-taking opportunities.

Leaders who make time to explore the answers to these difficult questions have an opportunity to alter the trajectory of these existential threats. By keeping your head out of the proverbial sand, considering, and addressing the possibility of these events, nonprofits can make course corrections in time to save their missions from reputational harm or extinction. We have all been given the unique opportunity to see our organizations and missions from a perspective that no one could fathom—as an organization that has faced significant disruption, pivoted, and survived or as one that could not adapt and now questions its saliency. Be the former, embrace optimism and celebrate the opportunity to transform your organization to survive and thrive in a world where uncertainty reigns.

Additional RISK eNews Resources to help you uncover your elephants

- Question Everything
- A View to the Horizon: Managing Reputational Risk
- Surprises Await: Embrace the Future
- Adapt to Thrive