

The Promise No Consultant Should Make This Year



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'Tis the season for 2024 outlooks to flood our email inboxes (NRMC has one too: our annual Risk Insights white paper, coming soon!). Many of these missives come from consultants who promise to help you “future-proof” and “de-risk” your organization’s most important endeavors.

A piece of beachfront property in New Mexico, where I live, might pair well with those claims.

The impetus behind them is understandable—even kind. Our world and all of us who live here face an onslaught of change that shows no sign of abating. Nonprofit organizations grapple with the effects of war, environmental catastrophe, grinding poverty, and much more. Humans are wired to seek certainty. In the face of atrocity, need, and fear, we’re tempted to only do things we know will work out perfectly. Those who counsel nonprofits can feel pressured to give advice in a way that meets that need.

But we can’t de-risk or future-proof any endeavor—and if we could, it probably wouldn’t be worth doing.

Think back to your wedding day, or the moment you became a parent or guardian, stood on the summit of a mountain, or held a loved one’s hand as they left this world. These are some of the moments that give life meaning. They are fraught with peril. Risk is inherent in them. That’s why we chase these moments, why we commit to goals and relationships even though at some point, we will mess up. We know things might turn out much worse than we imagined, but we also know they could turn out wildly better.

The same is true for organizational endeavors. Imagine something your team has longed to try but couldn’t wrap your brains around. The path you imagine will be fraught with risk. It might also be the most impactful thing your nonprofit could do for your community.

Done well, risk management can empower your nonprofit to do big things. Big things that might fail. And we think that’s the only way to approach 2024.

Anticipate and Mitigate Risk, Don’t Avoid It

At NRMC, we believe risk management should help you understand the risks you face. Risk management should help you better prepare for risks (possibilities) you don’t control, like severe weather and growing cybercrime,

so you can intentionally take more of the strategic risks that could be transformational for your organization and the people and communities you serve. Nowhere in that equation will risk disappear from your world. You can and should learn to prepare for, anticipate, envision, and mitigate risk, but you will always face unknowns—especially if you're taking bold action to serve your community and advocate to change broken systems.

Where do you stand on the risk spectrum? What about your bosses? Maybe you chafe at what feels like risk aversion on your board. Or maybe you think your leadership and board want to do too much, too fast, without considering the real-life consequences for employees and people who receive services. If either of those scenarios resonate with you, it may be time to talk about risk appetite, the amount of risk your organization is willing to take or bear to achieve its mission and strategic priorities.

Government and corporate systems are struggling under the weight of change. Nonprofits are, too. But our unique position in society can allow us to have an impact in a different way than our for-profit and government colleagues. While we answer to our boards and our constituents, we don't have shareholders squeezing us to eke out every last dollar. And while many nonprofits receive significant funds from government agencies and must abide by the rules of that funding, nonprofits aren't government bodies. We should make the most of the flexibility and independence we have.

We can't meet the needs of this moment if we tiptoe forward and only approve tiny, incremental changes. Our times demand bold action. To take it, nonprofits need great risk management: an awareness of the risks we face, plans to mitigate them as best we can, and a shared understanding of how our team members will support each other as we work to disrupt broken systems and make change.

Here's to a risky 2024. To a commitment to go boldly into a future we can't fully foresee. At any point on the journey, if someone from NRMC promises to future-proof or eliminate risk in your organization, transport us immediately to the nearest emergency room. And when we've recovered from what's ailing us, politely request the return of your full fee.

Rachel Sams is Lead Consultant and Editor at the Nonprofit Risk Management Center. Risk management is her second career, after two decades in journalism. She's beginning to think she might be an optimist, but her family is not convinced. Reach her with thoughts and questions about 2024 risks at rachel@nonprofitrisk.org or (505) 456-4045.