

Optimist or Pessimist? Risk Management Needs Both.



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I've just returned from a wonderful vacation with a college friend I've known for many decades. During our adventures in a place neither of us knew much about, we reveled in our shared interests and marveled at how two opposites—an avowed optimist and a determined pessimist—could get along so well.

Now that I've returned to fall temps, growing piles of leaves in my yard and a long to-do list of year-end tasks, I'm reflecting on how the risk discipline can benefit from both orientations.

What If... Anchoring Risk Work in Optimism

Colleagues closest to me know I try to lean into curiosity and build a list of great questions, never a long list of risks. When we anchor meaningful risk-themed conversations in optimism, we're compelled to ask:

- What does success look like?
- How might this project/activity/partnership/plan turn out better than you hope it will?
- How could you scale up if this really takes off?
- What are the opportunities to be better prepared for whatever happens?

An optimistic frame—equal measures of hopefulness and confidence about the future—can help anchor conversations with peers, colleagues and higher ups who expect the risk leader in a nonprofit to come at them with “why this is a bad idea.” Countless risk champions have told me over the years that they have taught themselves not to say “What?!?!?” when a co-worker shows up with a wild idea. Especially when that idea is already in full implementation mode.

Confidence—the sense that we've thought about a range of outcomes and we're ready for whatever happens—is a trait nonprofit Boards look for and appreciate. When the NRMCC designs a risk briefing for a nonprofit Board, we always ask ourselves whether the final text or slide deck will inspire confidence by the Board. Nothing productive will transpire when a risk briefing causes alarm. And while nonprofit leaders must, from time to time, bring difficult challenges to the Board table, there is always a way to do that with calm confidence, demonstrating that “we've really given this issue some thought; here's our plan and some options

we want to talk about.”

What If... Pondering Pessimistic Possibilities

My circle of trusted colleagues includes a few perpetually pessimistic folks. And while I can’t foresee myself camping in those grounds, I do see the wisdom pessimism can bring to risk management. A pessimistic risk professional might ask:

- What’s the worst that could happen?
- What’s our pivot plan should events turn out differently than we hope and expect?
- Where are the forks in the road ahead; at what point might we decide to pull back or reverse course?
- What are the signs or signals we must monitor to know that it might be time to trigger the contingency options?

A singular focus on optimism or pessimism can lead us astray. Research on “hyper-optimism” suggests that hyper-optimists are sometimes unprepared for challenges they weren’t willing to consider. And pessimists may miss out on the opportunities that lie beneath the surface of a failure or downside event.

Just as our society is healthier when we encourage diverse points of view, risk programs benefit from the talents and tendencies of optimists, as well as pessimists. In her brilliant book, *I Never Thought of It That Way*, Mónica Guzmán writes that, “We think of perspectives as interpretations of information. But when it comes to the things that divide us, perspectives *are* information. And gathering more perspectives gets us closer to a bigger, more complicated truth.” And in their equally fascinating book, *Risk: A User’s Guide*, General Stanley McChrystal and Anna Butrico remind us that, “If you don’t see and address a problem from multiple perspectives, you’ll miss something—and it may be the critical thing.”

McChrystal and Butrico also remind their readers that risk leaders must confront the biases that are part of being human, but lead us astray. One of the less known biases I found interesting was the “Common Information Sample Bias,” which they describe as the bias to “spend more energy and time on information everyone already knows rather than the information that is new and could likely be helpful.” Great questions to navigate this bias include:

- What assumptions have we made?
- What don’t we know at this point but need to know?
- Whose perspective on this topic would be very different from ours?
- Who might know something about this topic that could prove crucial to the success of the activity/project?
- How might this activity be more complex than we imagine?
- If this project were to fail or go off the rails, what might be some of the reasons or factors in play?

While it’s hard to imagine changing how I see the world and adopting the stance of a pessimist, I’ve come to see that we need both optimists and pessimists in the mix to unpack and act on the risks—possibilities—that nonprofits face today and into the future.