Risk Management: It's FUN-damental

Nonprofit Risk Management Center
Find the answer here | nonprofitrisk.org

1

Agenda

🚀 **Scenario 1: Launch**

👣 **Scenario 2: Evolve**

🔍 **Scenario 3: Resuscitate**

🏆 **Wins / Fails**

🧑‍🏫 **Learn More**

2

Risk Management Process

Follow Up and Adjust → Establish the Context → Identify the Risks → Decide What to Do and Communicate → Act on Your Decision → Follow Up and Adjust

LAUNCH — Establish the Context

EVOLVE — Identify the Risks
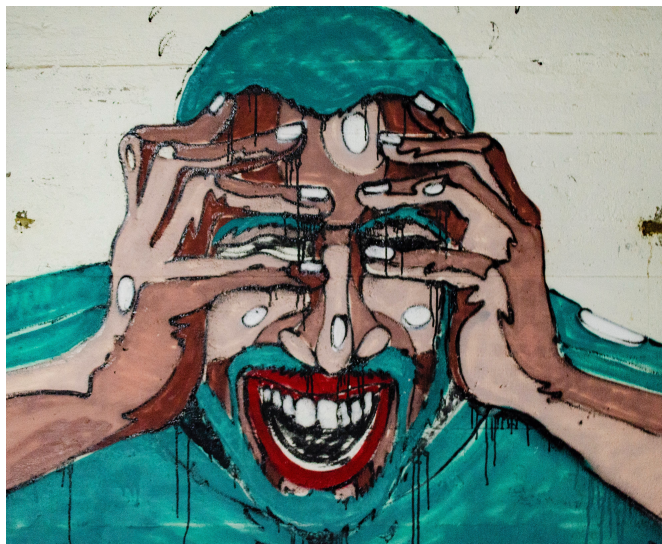
RESUSCITATE — Act on Your Decision

3

"Ready or Not"

How can we accomplish these laudable pursuits without exhausting the time, financial resources and patience of our staff and volunteers?

– Melanie Lockwood Herman

4

Scenario 1: Launch

: 5

Define the Risk Management Philosophy

- Philosophy
- Goals
- Statement concerning Risk Appetite

6

3

Identify the Environment

- Preventable Risks
- Strategy Risks
- External Risks

Source: *Harvard Business Review: Managing Risks: A New Framework*

Identify Your Collaborators and Benchmarks
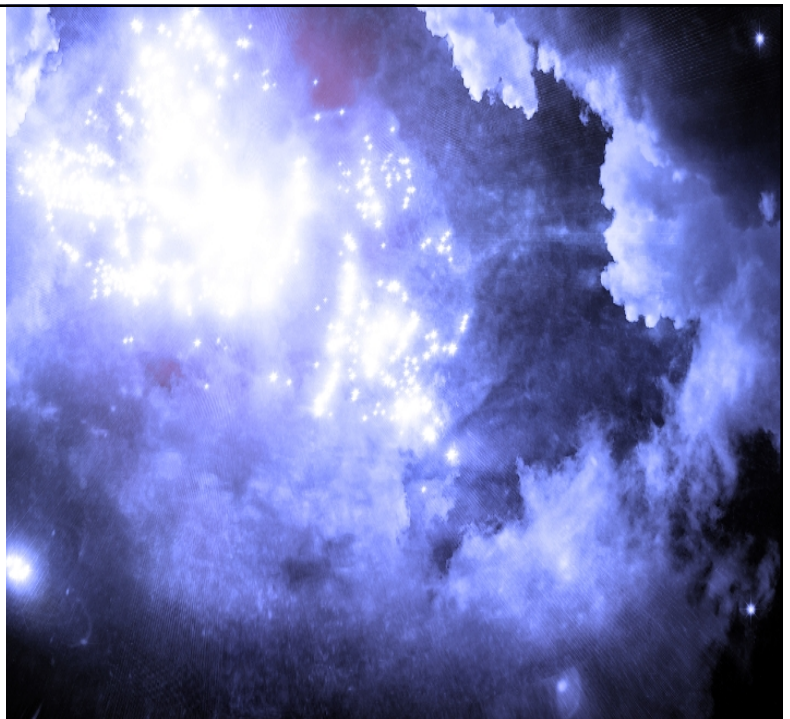
What Are We Doing?

- Identify where your program is going…

  - 1 year
  - 3 year
  - Long term

The Leadership Engine

"The best way to get humans to venture into unknown terrain is to make that terrain familiar and desirable by taking them there first in their imagination."
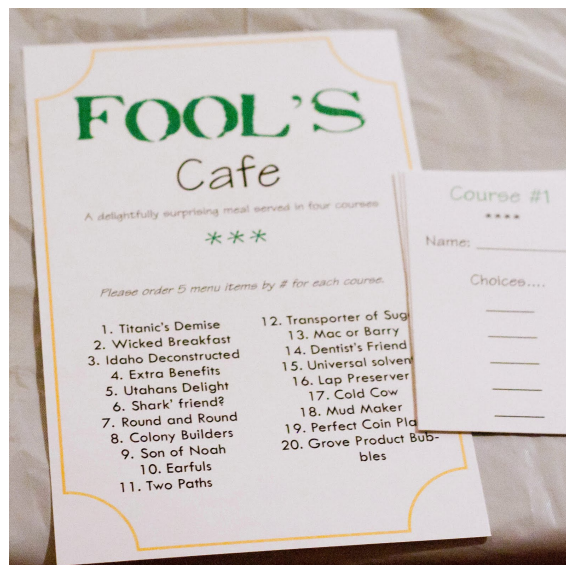
– Joel Tichy

Scenario 2: Evolve

11

Risk Identification

"There is no such thing as a 'definitive list of risks."

- H. Felix Kloman

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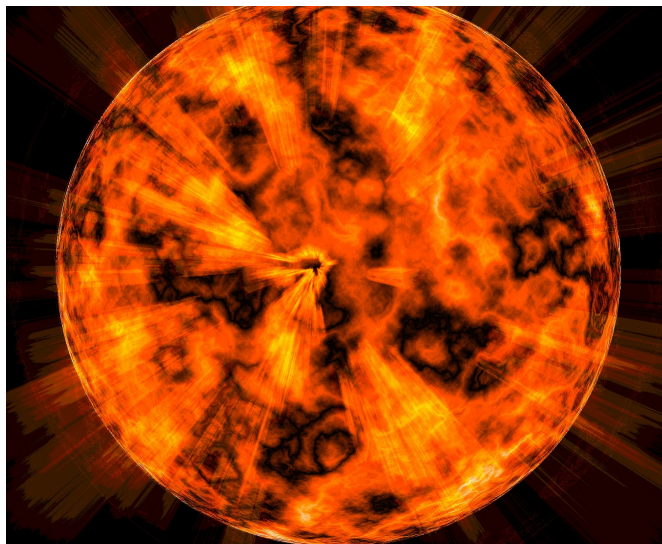
12

No Perfect Point of View

- Bright Spot
- Dark Spot
- Blind Spot

Bright Spots

A nonprofit's bright spots are those things known and readily observable by others

Dark Spots

A nonprofit's dark spots are things not known by the nonprofit's leaders or other stakeholder

15

Blind Spots

Discrepancies between how a nonprofit's leaders view the organization and how the greater community of stakeholders views the organization

16

Scenario 3: Resuscitate

Go Back to the Beginning

- What did you intend to do?
- What are the positive outcomes?
- Where have we made progress?
- What can be improved?

Why did we stop using this?

- Identify what aspects went wrong.
- Was the risk function to ambitious?
- Were the correct people involved?

19

Does the risk function feel foreign?

- Does this fit in your nonprofit's ecosystem?
- What can we do so this risk process feels more natural?

20

Slide 21

Wins!

Documents stored in a shared drive and organized
- Capabilities are shareable to all

Organization simplifies its incidence reporting
- Risks are openly discussed

Fails

Our vetted contractor can become a sub to get around "the system."
- New RM process too onerous

No two staff can fly together on a plane
- Should have a succession plan

Slide 22

Learn More

Affiliate Dashboard

Nonprofit Risk Management Center — Affiliate Membership

Upcoming Learning Opportunities

- ERM Symposium, April 6, 2020 in Arlington, Virginia
  - https://nonprofitrisk.org/events/2020-erm-convening/
- 2020 Risk Summit, October 19-20 in Houston, Texas
  - https://nonprofitrisk.org/events/2020-risk-summit/

Resources

Continuing the Learning

- "Managing Risks: A New Framework," by Robert S. Kaplan and Anette Mikes, hbr.org/2012/06/managing-risks-a-new-framework

- "Mixed Signals," by Sam Gosling, psychologytoday.com/us/articles/200909/mixed-signals

- "The Nitty Gritty of a Risk Committee," Risk eNews, nonprofitrisk.org/resources/articles/the-nitty-gritty-of-a-risk-committee/

23

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Thank You

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24