Anything Could Happen: The Wild, Wild West of External Risks

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What is an external risk?

Factors outside your organization over which you have no control

That could cause harm to your mission or bolster opportunity

Requires a unique risk management approach
How to view External Risk

• How will this external risk effect our organization’s objectives?
• What mission-critical processes must continue?
• How will we resume our normal business functions?

Risk Management is:

• Periodic
• Continuous
• Not about listing all potential risks

“Risk management is about understanding what might happen (uncertainty), assessing how it could affect the achievement of our objectives, and acting accordingly.” – World-Class Risk Management for Nonprofits
What makes External Risks SO hard to manage?

- It’s virtually impossible to predict the LIKELIHOOD or SEVERITY of an external risk...
- Your best course is to PREPARE to act; but your actions won’t be necessary if the risk never materializes...
- You have NO control over these risks

Why is Managing External Risks Important?
Adapt

• How will we continue with our critical business functions?
• What can we do now, so we aren’t caught off guard later?
• Is there something we are already doing that we can adjust if this risk occurs?

Intelligence is the ability to adapt to change.
– Stephen Hawking

Managing External Risks
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- Understand external risks
- Prepare – develop back-up plans
- What is the worst that could happen?
- What is the best that could happen?

Business Continuity Planning

- What is the purpose of the plan?
- What is the scope of the plan?
- What procedures do we follow to ensure the continuation of mission critical functions?
- How should we communicate?
- How will we train?
- How will the plan be maintained?
Positive Power of Negative Thinking

- Be on lookout for potential risks
- Consider what you would do if that risk occurs before the situation arises

Tips for Building Resiliency

- Look for warning signs
- What can you do to prepare?
- Use our three-step approach to build resilience: Ponder, Plan, Practice

“Seek to understand your context better. Things that are out of place in a context bear closer inspection.”

–Karl Weick and Kathleen Sutcliffe
Identify and Assess

- What are the likely repercussions of an external risk event?
- What are our critical business functions?
- What opportunities exist for growing organizational capacity?
- Don’t try to make one single exhaustive list!!

“Uncanny situations; reasons to ponder for action!”
– Ernest Agyemang Yeboah

Build a Flexible Framework!

- Flexibility is your friend
- Communicate
- Identify key roles and responsibilities

“The backbone of success is hard work, determination, good planning, and perseverance.”
– Mia Hamm
Maintain Essential Records

- Know where the plan is stored!
- Know where organizational documents are.
- Ensure redundant backups.

Prepare

Practice

- Test resilience of your plan
- Identifies gaps without high-stakes
- Builds “muscle memory”

“Practice is the hardest part of learning, and training is the essence of transformation.”
– Ann Voskamp
Navigating in the Wake of an External Risk Event

What can you do?

- Prioritize communications
- Add measures to help safeguard stakeholders
- Learn

Past Events

- 2001 – 9/11
- 2005 – Hurricane Katrina
- 2008 – Housing Crisis
- 2011 – Magnitude 9 earthquake in Japan
- 2012 – Sandy Hook shooting
- 2018 – Data Protection Act

2020: COVID-19
4 Resources to help you plan!

- Ready.gov
- CDC.gov
- Redcross.org
- CISA.gov
Thank you!

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