



Teamwork is Job One

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Webinar Description

A common mistake in nonprofit risk management is delegating responsibility to a single staff member or volunteer. Attend this webinar to learn why an interdisciplinary approach to risk identification is vital, and how a team comprised of players from every level in the organization is the most effective driver for sound risk management. By the end of this webinar you will have the tools you need for the risk management and risk oversight functions in your nonprofit.

Webinar Agenda

- Why a team approach to risk management is vital
- The science of teamwork
 - Why teams fail
 - Information sharing, the basis for teamwork
 - 5 building blocks for effective teamwork
- Tools for teamwork
 - Communication skills for developing risk response strategies
 - Anonymous voting
 - The art of inquiry
- Additional resources

Why teamwork is essential for ERM

- Today's business landscape is complex and fast-paced
- For many issues, no one person can see the whole picture
- Effective teamwork helps to ensure that a nonprofit is:
 - aware of changes in the threats and opportunities in its internal and external environment
 - capable of managing its risks effectively

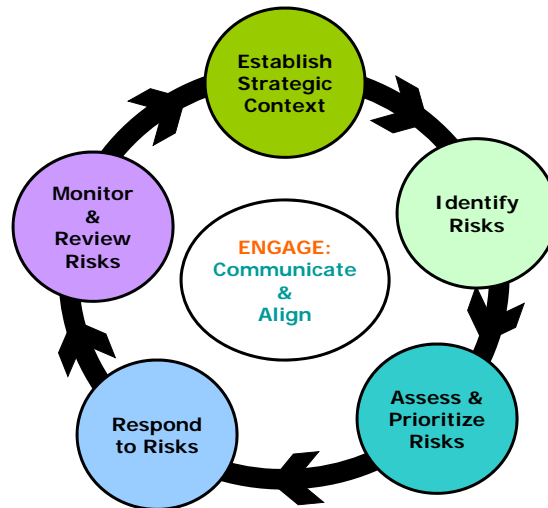
Who is responsible for ERM?

“Everyone in an entity has some responsibility for enterprise risk management. **The chief executive officer is ultimately responsible and should assume ownership.** Other managers support the entity’s risk management philosophy, promote compliance with its risk appetite, and manage risks within their spheres of responsibility...” – COSO – *Enterprise Risk Management – Integrated Framework, Executive Summary*

It takes a team...

- **Board directors/trustees**
 - **Main roles:** **Oversight**, setting tone from the top
 - **Focus:** Monitoring strategic risks and changes in the external environment, including stakeholder expectations
- **Executive team**
 - **Main roles:** **Leadership** (i.e., management feedback loops to align risk exposures with risk appetite and capacity)
 - **Focus:** communicating expected behaviours for managing risks, assessing & managing enterprise risks, ensuring coordinated response across silos
- **Managers, Employees, Volunteers**
 - **Main roles:** **‘Front line’ management** of risks, **risk assessment**
 - **Focus:** executing risk management strategies, spotting changes in the business environment, and escalating emerging risks
- **Risk Management function leader**
 - **Main roles:** Development of **organization’s risk management capabilities**, collating/aggregating risks into a **bird’s eye view**
 - **Focus:** Ongoing evolution of risk management tools and skills, facilitate/coordinate enterprise risk assessment and reporting

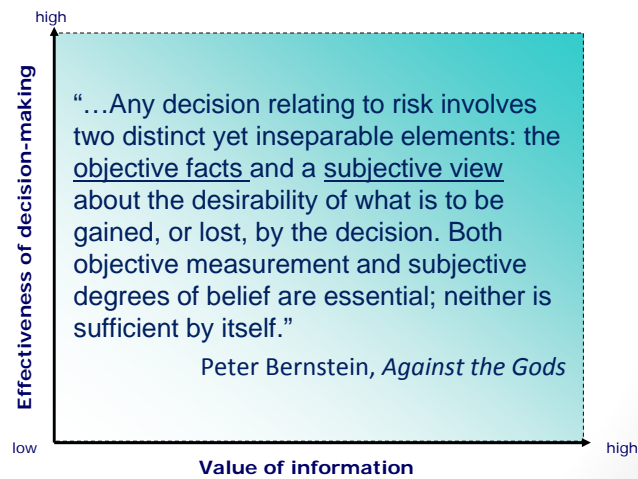
The Risk Management Process is designed to cultivate a common understanding of what risks the organization faces and what risk management behavior is expected of each team member.



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To assess and manage risk *intelligently*, you need to:

1. **gather information** about the risk, and
2. **extract meaning** from it, i.e., determine what is relevant and important to act on now.



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Risk management conversations engage team members to share their perceptions



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When to work individually vs in a team approach

INDIVIDUAL

- Idea generation
- Critical thinking
 - Assessment
 - Evaluation

TEAM

- Check for understanding
- Discuss results of evaluations and assessments
- Determine priorities

The Science of Teamwork

"Teamwork is the ability to work together toward a common vision. The ability to direct individual accomplishments toward organizational objectives. It is the fuel that allows common people to attain uncommon results."

- Andrew Carnegie

Why do teams fail?

- **Dysfunction #1: Absence of TRUST**
- **Dysfunction #2: Fear of CONFLICT**
- **Dysfunction #3: Lack of COMMITMENT**
- **Dysfunction #4: Avoidance of ACCOUNTABILITY**
- **Dysfunction #5: Inattention to RESULTS**

Source: *Overcoming the Five Dysfunctions of a Team: A Field Guide for Leaders, Managers, and Facilitators* by Patrick Lencioni, published by Jossey-Bass in 2005

Why do teams fail?

- Failure to create a team-based structure
- Insufficient training
- Uncooperative culture
- Underestimating the importance of relationships
- Neglecting talent within the group

Source: Deborah Machin of New Directions Consulting

Why else do teams fail?

We underestimate:

- **The power that teamwork unleashes; and**
- **The painful steps required to make teamwork a reality.**



How can you build a better team?



Research on Teamwork

- **What team members “think” and “feel” is as important as what they do.**
- **Teams are bound together with emotional “glue.” Emotional states can be “viral.”**
- **Feedback to individuals (versus the team) can improve individual performance at the expense of team performance.**

Information Sharing and Teamwork

- Information sharing is the basis for team decision-making.
- **Optimal environment:** teams make better quality decisions after considering “inputs” of team members with varying perspectives (“uniquely held information”)

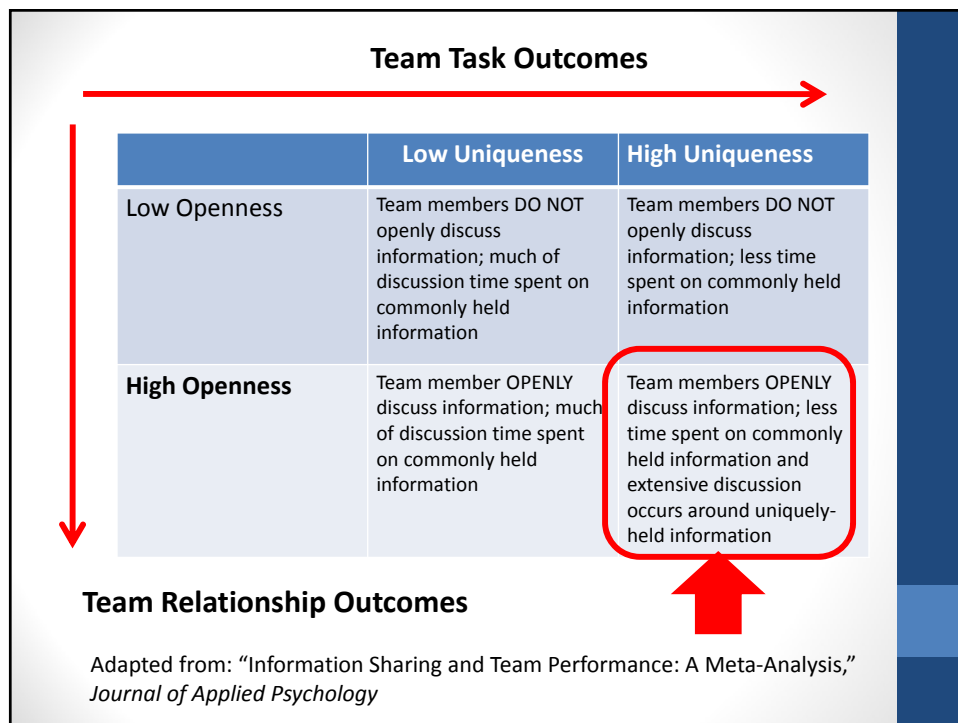
Information Sharing

The Real World:

- Groups spend more time discussing information already known by all group members (“shared information”) than information uniquely held by one group member (“unshared information”).

Components of Information Sharing

- **Uniqueness** – Do we explore and effectively incorporate (exploit?) the unique perspectives and specialized information available from individual members?
- **Openness** – Do we make conscious and deliberate attempts to exchange work-related information, keep one another apprised of activities and inform one another of key developments?



5 Building Blocks of Effective Teamwork



1. Vulnerability-Based Trust

- **Members comfortably acknowledge mistakes, weaknesses, failures and their needs for help**
- **Members acknowledge the strengths of others-even when they exceed their own.**
- **Modeled from top down...**
- **Examples:**
 - "I was wrong."
 - "I need help."
 - "You're better at this than I am."

Adapted from: *The Trouble with Teamwork*, by Patrick Lencioni

2. Productive Conflict

Executives avoid conflict because:

- They worry about losing control; and
- They see conflict as a waste of time.

Practical steps?

- Look for “artificial harmony” and incite “productive” conflict.
- Focus on asking the right questions, rather than having all of the answers.
- Ask for others’ opinions before you decide, not after.

3. Unwavering Commitment

- Willingness to commit to decisions when there is less than perfect information available, and in the absence of natural consensus.
- How? Engage in productive and unguarded conflict.
- What is the cost of failing to achieve an “unwavering commitment”? The cost of revisiting the same issues again and again.

4. Unapologetic Accountability

- Members call each other on actions and behaviors that don't contribute to the likelihood of success

Less effective teams?

- Report unacceptable behavior to the leader
- Engage in back-channel gossip



5. Collective orientation to results

Common barrier: tendency to focus on individual or departmental results.



Tools for teamwork

- Six Thinking Hats
- Anonymous Voting
- Inquiry
- Listening
- Advocacy / Speaking Up

Tools for teamwork – Six Thinking Hats

(Edward de Bono, 1985)



WHITE:

- Neutral & Objective
- Checked facts (evidence) vs. believed facts (interpretation)

RED:

- Seeing red
- Emotions & feelings
- Intuition & impressions



BLACK:

- Somber & serious
- Cautious & careful
- Points our danger

YELLOW:

- Sunny & positive
- Optimism & positive thinking
- Points out value



GREEN:

- Grass, vegetation
- Creativity & new ideas
- Movement vs. judgment

BLUE:

- Cool. Sky above everything else
- Organization of thinking, use of hats



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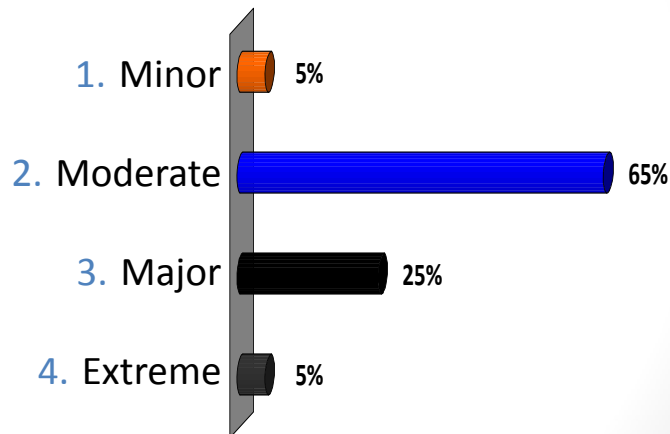
Tools for teamwork – IDEAS planning template for designing risk response strategies

- The **I D E A S planning template** developed by Nxknowledge enables leaders and teams to develop a shared understanding of the issues before them, thoroughly explore potential solutions and make decisions that account for multiple perspectives with this process:
 - **I - Identify**/frame the issue
 - **D - Dialogue**: develop shared understanding
 - **E - Explore** solutions
 - **A - Action**: make decisions and plan
 - **S - Specify** outcomes and learnings

Source: "Communication Skills for Effective Enterprise Risk Management", *Risk Management Made Simple* Advisory Bonus Resource article March 2013

Tools for teamwork – Anonymous Voting

Please rate the impact of undiscovered & ongoing fraud



Mean = 2.3

(30)

Anonymous Voting – Pros & Cons

- Anonymous voting approaches are very effective to get people's view of the risk on the table
- However, if **people are reluctant to discuss the reason behind their vote**, the opinion of the majority or of the strongest personality will prevail.
- Autocratic behavior by leaders can:
 - completely shut down discussion
 - have a chilling effect on future discussions
 - delegitimize the risk management process
- For anonymous voting to work, you need
 - **a skilled facilitator**
 - **a safe climate for discussion**

Tools for teamwork - **Inquiry**

“Inquiry is asking questions to learn more about other views and to encourage others to learn more about your view.”

Mary Ann Archer, Nxknowledge

A culture of inquiry is essential to:

- achieve a full and true understanding of your risks,
- learn from experience and then apply that learning to enhance your risk management capabilities, and
- question your status quo to get inspired to innovate and take advantage of upside risk.

To establish a culture of inquiry leaders must model it by:

1. **expressing their initial view** as one of many possible perspectives (not the single 'correct' view)
2. **seeking input from others** on this initial view and giving thoughtful consideration to that input, and
3. **describing how they have evolved** their understanding based on the input received. This is essential to ensure that managers know that their views have been honestly considered.

Key 'culture of inquiry' behaviors that directors need to oversee enterprise risks

1. Humble and unafraid to ask basic and necessary questions
2. Confident and assertive and able to manage conflict with strong personalities and to challenge "group think"
3. Healthy skepticism, able to probe, challenge and learn without becoming antagonistic



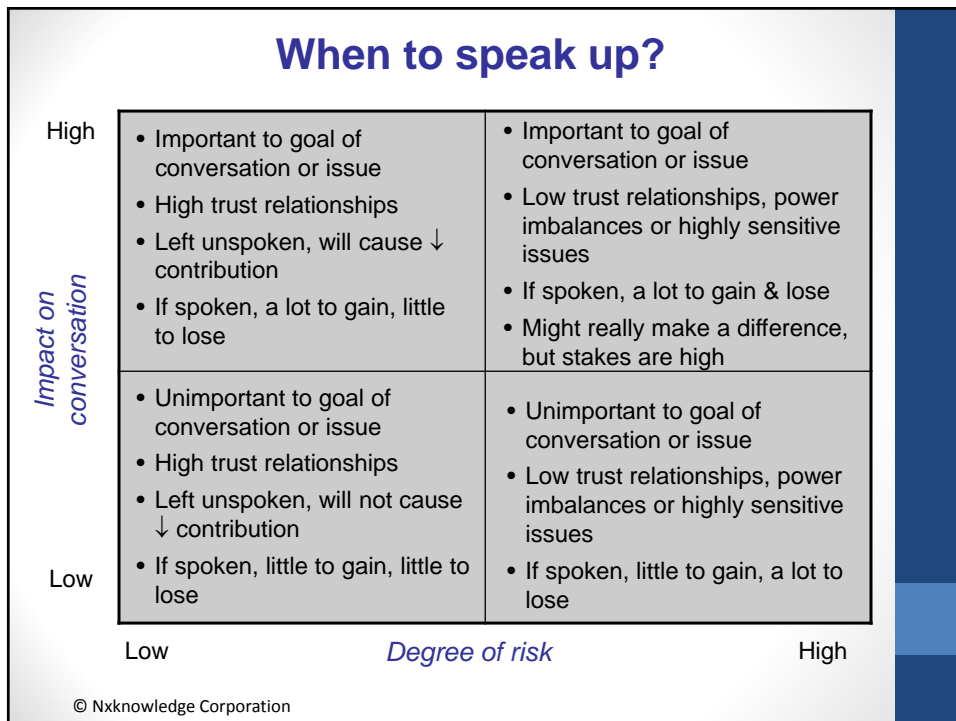
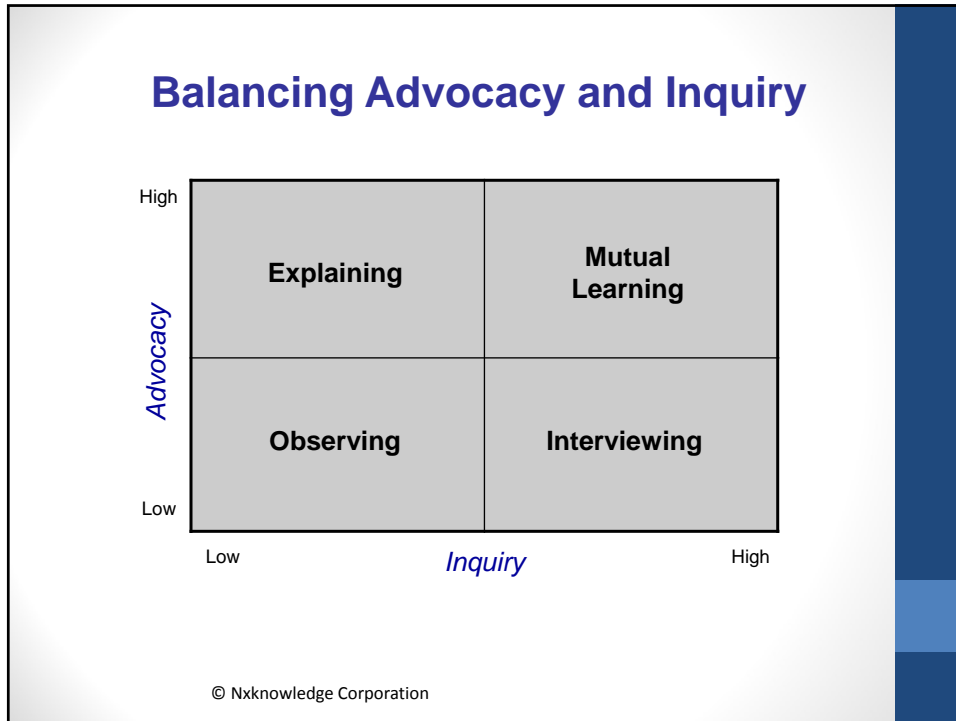
Food for thought: How can your board nurture these 'culture of inquiry' behaviors?

Adapted from: "Qualified Risk Director Guidelines", The Directors and Chief Risk Officers Group, June, 2013.

Tools for teamwork – **Listening & Advocacy**

"Talk so people will listen, and listen so people will talk."

Rodger Dean Duncan, *Change-Friendly Leadership*, 2012



Resources

- **“Five Team Dysfunctions That Will Undermine Your Risk Management Culture,”** *Risk Management Made Simple* Advisory Bonus Resource article Sept 2012
- **“Communication Skills for Effective Enterprise Risk Management,”** *Risk Management Made Simple* Advisory Bonus Resource article March 2013
- **“Creating a Healthy ERM Culture – Part 3,”** *Risk Management Made Simple* Advisory Feature article March 2013. This article includes a discussion of the art of inquiry.

Thank You!

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