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The Seven Deadly Sins of Borrowed Risk Management Policies

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Melanie Lockwood Herman, Executive Director
Nonprofit Risk Management Center
Melanie@nonprofitrisk.org

Risk Management and Policies

Tools, including policies
Culture
Training and Supervision
Risk Aware Nonprofit

www.nonprofitrisk.org
Common Policy Needs

- Governance
- Facilities
- Finance
- Human Resource / Volunteer Management
- Youth Protection
- Liability Shields
- Fundraising
- Special Events
- Technology (including social media)
- Intellectual property
- Records
- Workplace safety

Borrowing Policies: The Upside

- Avoid "reinventing the wheel"
- Fosters "networking," and reaching out to leaders of other nonprofits
- Borrowed policies have been "tested" somewhere else

Seven Deadly Sins - #1

- Internal inconsistencies
  - "We recommend that you remove references to 'Members' in your Bylaws since ABC Nonprofit is not a membership organization."
Seven Deadly Sins - #2

- Mismatch with “corporate” culture
  - “The Paid Time Off policy includes language that refers to compensation categories normally founds in a sales or manufacturing business. This language seems wholly inapplicable to your workplace.” For example:

    - Paid days off are paid at the employee’s base pay rate at the time of absence. It does not include overtime or any special forms of compensation such as incentives, commissions, bonuses, or shift differentials.

Seven Deadly Sins - #3

- Overly complex or prescriptive
  - “We are concerned that through the adoption of many detailed, highly prescriptive policies, ABC has voluntarily subjected itself to numerous rules and requirements that go far beyond the scope of the laws that apply to the organization. In addition, the agency has created a web of policies that it must follow carefully. We believe that these policies are unnecessarily complex and their complexity creates a high risk of non-compliance.”

Another Example

- “We recommend deletion of the section providing very prescriptive penalties for excessive absenteeism and tardiness; a more typical policy would give management discretion to administer discipline for such offenses, up to and including termination.”
Seven Deadly Sins - #4
• Mixed / inappropriate messages
  • “The current policy on conflicts of interest reflects a common view that conflicts of interest are always and without exception a bad thing. Many nonprofits have adopted a similarly black and white but impractical view. Conflicts of interest are inevitable in organizational life. The key is that they are handled in a timely and appropriate manner.”

Seven Deadly Sins - #5
• Dated or over-reaching
  • “Hair accessories can include barrettes, comb, and ponytail holders. No excessive hair accessories or colors are allowed (i.e. colored or metallic hair jewelry, neon or extreme hair colors).”

Seven Deadly Sins - #6
• Impractical or a “poor fit”
  • “The overarching concern we have is that there are a multitude of policies that ABC has adopted which mimic those that are suited to and required in larger organizations with paid employees.”
Seven Deadly Sins - #7

• Best kept secret or ignored
  ▪ "A good rule of thumb for all policies—and especially employment policies—is that if the policies are so complex or voluminous that they are not strictly followed, changes should be made. ABC can improve its Employee Policy Manual by modifying the current policies to better suit the organization and eliminating those policies that are unworkable."

Policy Drafting Tips

• Before you begin drafting:
  ▪ Think about style (e.g., formal versus informal) and organizational culture
  ▪ Anticipate resistance and other implementation challenges
  ▪ Reflect on the context for any new policies
  ➢ Relationship to existing policies and risk management activity; who should be involved

Policy Drafting Tips

• Use clear, concise language
• Strive for consistency
• Think practical
• Respect cultural norms
• Avoid overly prescriptive procedures that “tie the hands” of management
Post-Drafting Tips

• Invite feedback
• Consider how best to “roll out” and introduce new policies
• Consider whether you require confirmation of receipt

Policy development tool

• My Risk Management Policies
  ▪ We are providing a complimentary subscription to participants in today’s webinar
3 ways to search

1. Simple: enter the name of the policy you wish to create or a substring of the policy name.
2. Advanced: enter a search term in the search box.
3. Policy: click the policy template name to see the template that you wish to search.

Policy Name
- Enter a policy name here.
- The policy name is case-sensitive.
- Policy names can contain spaces.
Questions?

Next Month’s First Wednesday Webinar

• Risk Communication
• Wednesday, March 2, 2011
  2 pm Eastern