

Nonprofit Resilience Risk Management 101

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Ground rules

- Post your questions using the Zoom “question” function
- We will use the “raise hand” function periodically
- When you pose a question, the assumption is that you’re talking about some **other** organization, so you’re not putting your organization under scrutiny

Roadmap for today

- The stakes
- Common vocabulary
- What IS risk management?

What's at stake?

Individual angst to team alignment



Standards for Excellence:

“Organizations should **make every effort to manage risk** and periodically assess the need for insurance coverage in light of the organization’s activities and its financial capacity.”

Independent Sector:

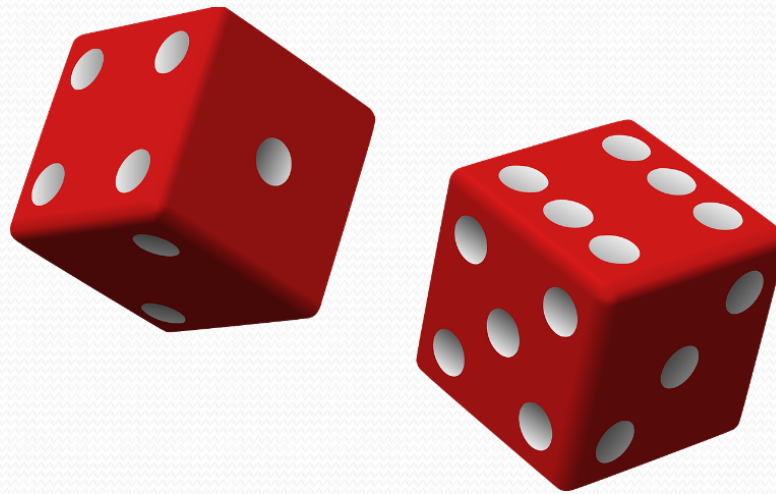
“The board members of a charitable organization are responsible for **understanding** the major risks to which the organization is exposed, **reviewing** those risks on a periodic basis, and ensuring that systems have been established to **manage** them.”

Why nonprofits need risk management:

- Hand to mouth
- Volunteers on the board
- (Often) volunteers for “staff”
- Needy service populations
- Risky service populations
- Understaffed, so blind spots
- Lower paid, so hard to recruit and retain staff



Without risk management, your strategic plan is just a strategic hope.



What is risk management?



The ultimate stakes - stewardship

- Clients
- Volunteers
- Mission



“It takes 20 years to build a reputation and five minutes to ruin it. If you think about that, you’ll do things differently.”
Warren Buffett



How does a risk management process differ from the following:

- Worrying
- Saying no to everything
- Insurance
- Strategic planning
- Annual audits

Vocabulary of Risk Management

Core Vocabulary

- Risk = Uncertainty
- Threats
- Opportunities
- Risk Management Process

Definition of risk management

If you have a process in place for regularly **identifying** risks, **prioritizing** them, and **dealing with** them, and doing that **over and over** again, you have a risk management process.

Risk Management Cycle



1. Risk Inventory



What is a risk inventory?



- Structured inquiry into threats and opportunities facing the organization
- Individual and group brainstorming

We think most risks are **external**



Most risks are **internal**

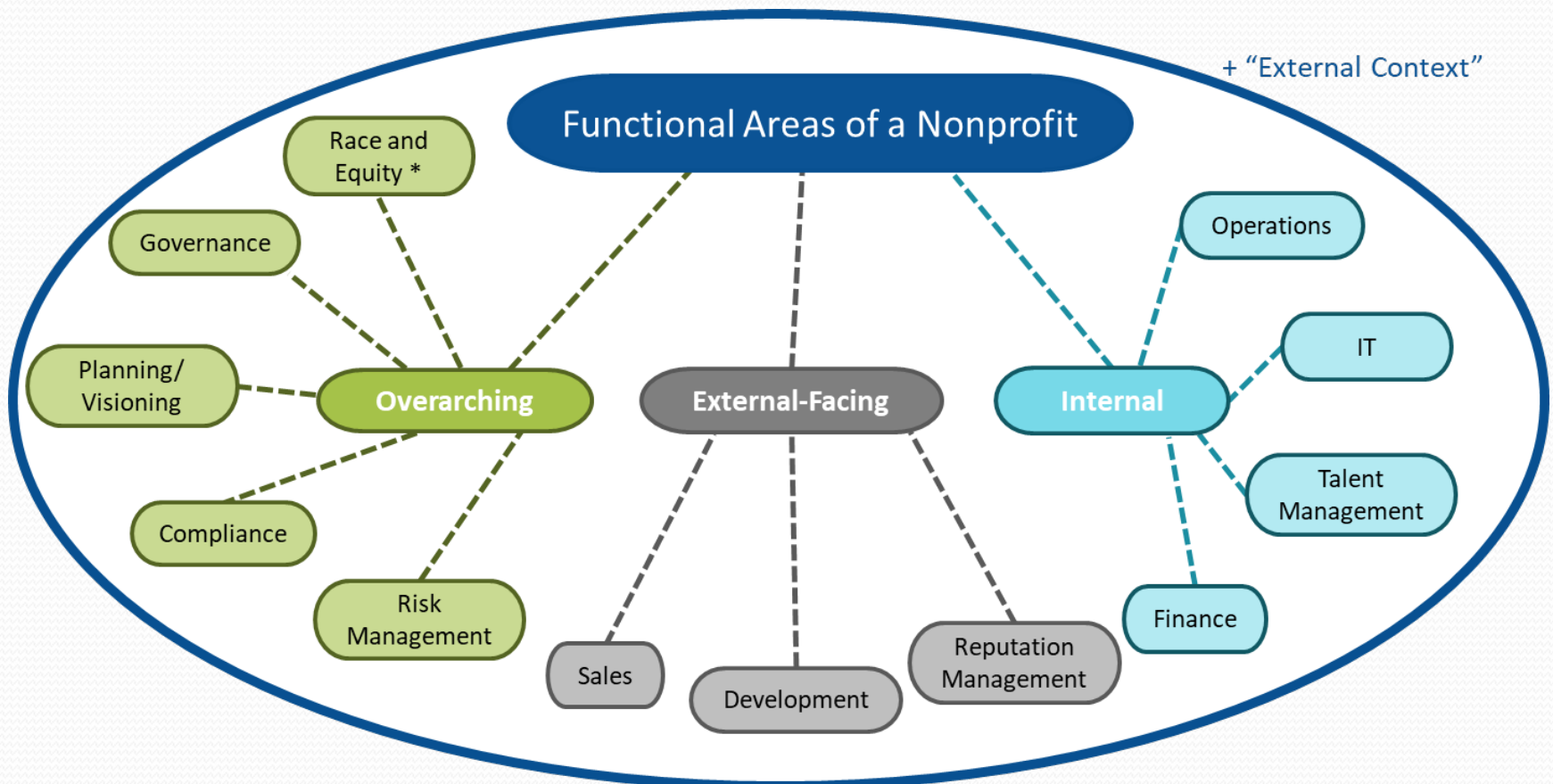


Up to 90 percent of even the best organization's efforts are either unproductive or actually harmful to the organization. P Drucker, People and Performance (1977).

In most offices, almost **95%** of activity is of no value to the ultimate customer.



Where to look

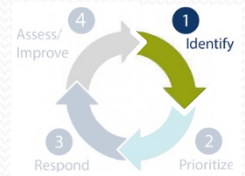


* Threats and Opportunities relating to race and equity should be sought in every functional area.

What might threats look like?



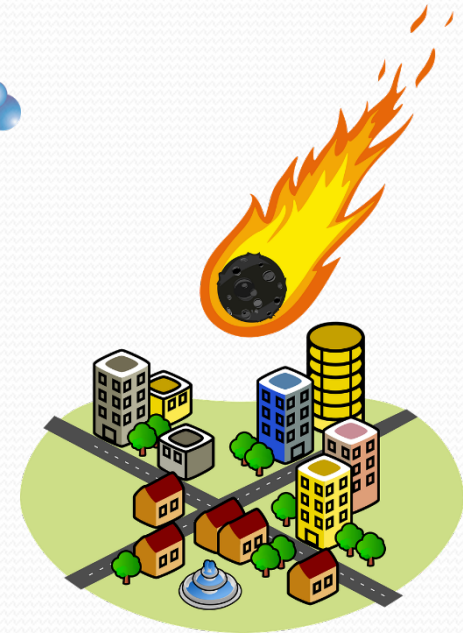
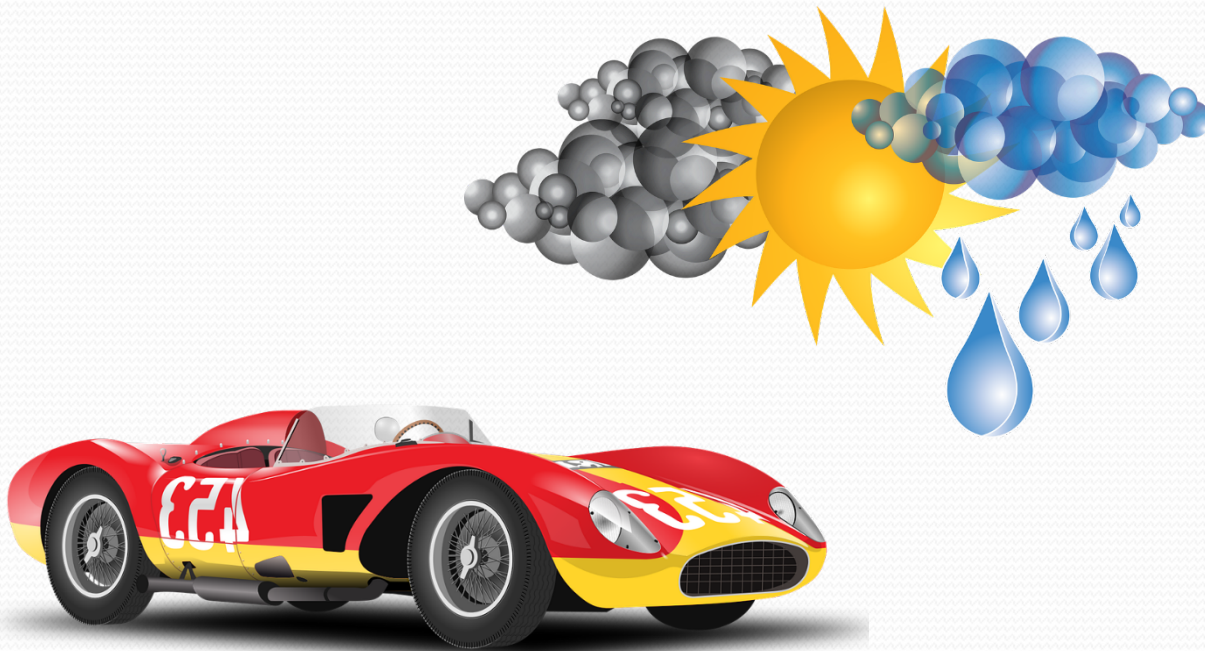
What might opportunities look like?



Action item or risk?

- An **action item** is a documented event, task, activity, or action that needs to take place. Action items are discrete units that can be handled by a single person. *(Wikipedia)*
- **Risk** is “the effect of uncertainty on objectives”. *(International Organization for Standardization (ISO) Guide 73)*
- **Risk Statement:** IF... “X” happened, THEN...the consequence could be “Y”.

2. Prioritize



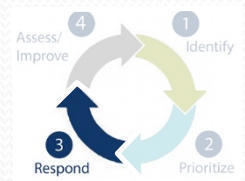
3. Risk Register



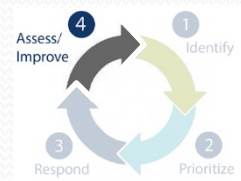
- Gathers and prioritizes threats and opportunities
- Assigns risks to team member responsible for response
- Summarizes active and proposed responses
- Result - Living, changing, prioritized document in simple Excel format

Row	Issue	Owner	Description	Priority	Proposed Mitigation	Completed
1						
2						
3						
4						
5						
6						
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3. Respond



4. Assess/Improve



- Follow up progress on risk treatment
- Discuss regularly (quarterly, monthly, weekly staff meeting – whatever is best for your organization)
- Monitor treated risks for re-occurrence or migration
- Reinforce the Risk Cycle

Individual Angst to Team Alignment





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