



Risk Management in Action

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Objectives

- Frame the discussion/introduce prioritization
- Provide a practical example of how a team member might deal with a risk over time
- Broaden the lens to talk about commitments that underlie risk management

Review - Vocabulary

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



Review – Basic Tools of Risk Management

Identify - Risk Inventory

Track - Risk Register

Act - Risk Cycle

XYZ Nonprofit



Where XYZ is

- Exploring risk management
- Performed a risk inventory
- Performed a prioritization of listed risks



- Created its first risk register

Using Risk Register

- Defining risk
- Assigning responsible party
- Assigning next step
- Assigning date for check-in

Risk Register						
No.	Issue	Area	Description	Priority	Proposed Mitigation	Assignment
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Dealing with Reputation

No.	Issue	Area	Description	Priority	Responses	Date	Assignment
	Staff Training	Talent Mgt	Bringing on lots of new staff - worried about training them all	1	Develop timetable for new hires	8/1/2018	M Jagger
	Negative Perception	Reputation Mgt	Negative perception in community	2			J Jett
	Process Documentation	Operations	Lack of documented processes	3	Identify core processes throughout organization	9/1/2018	K Richards
	Staff Development	Talent Mgt	Staff concerned about lack of opportunities for development	3	Perform risk report	9/1/2018	M Jagger

Area	Description	Priority	Responses	Date
Talent Mgt	Bringing on lots of new staff - worried about training them all	1	Develop timetable for new hires	8/1/2018
Reputation Mgt	Negative perception in community	2		

Assigned to:



Work to define the risk

- Version 1 on risk register – “Negative perception in community”
- What should Jane do?



Potential Countermeasures





First “answer”

- Explanation – “Some of our board members and our chief development officer have said that it is hard to raise money for our organization because of a negative perception in the community.”
- Possible questions
 - **Is** there a negative perception?
 - How **prevalent**?
 - Is the negative perception about our mission **or** our operational fulfillment of our mission?

First update to risk register

Bringing on lots of new staff - worried about training them all	1	Develop timetable for new hires	8/1/2018
Negative perception in community	2	Define risk precisely	7/23/2018
		Identify core processes throughout	

More investigation ...



New description, new response

- New Description

Bringing on lots of new staff - worried about training them all
Concern about potential negative reputation that affects fundraising

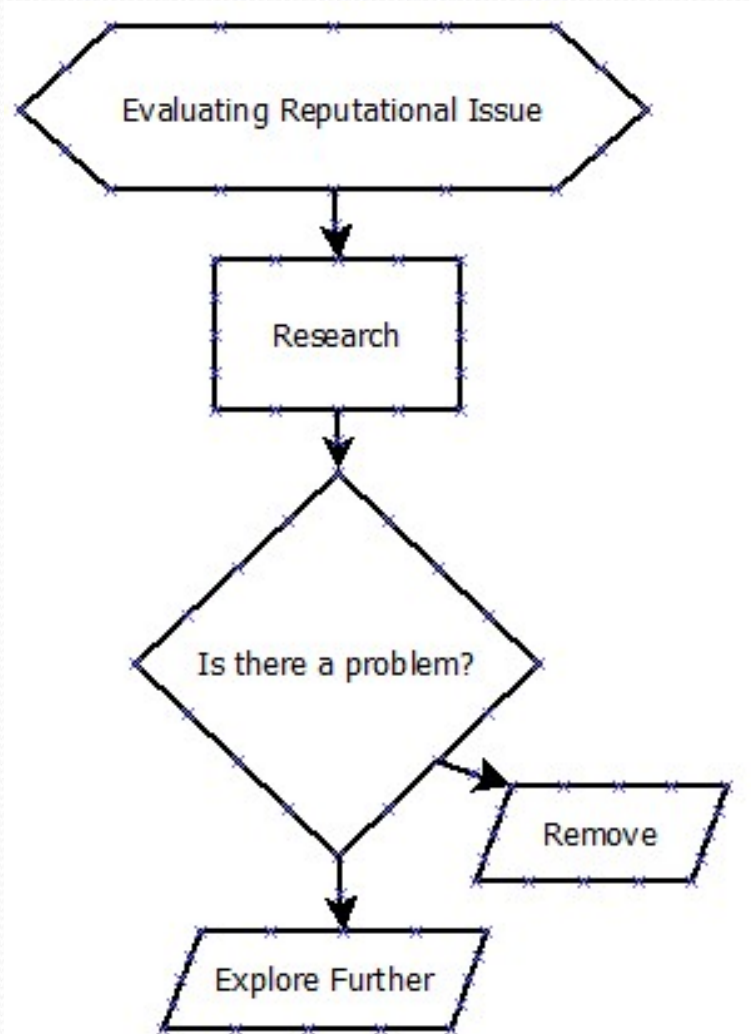
- New Response

Develop timetable for new hires
Perform survey of stakeholders to assess
reputation in community
Identify core processes throughout

What is Jane doing?

- Going back to the person who raised the risk to get more information, so that she knows what she needs to evaluate and address
- Gathering baseline data to evaluate the factual basis of the alleged risk

Decision Flow



“A3” or “Risk Report”

- **Background**
- **Current Conditions**
- **Targets/Goals**
- **Analysis**
- **Proposed Countermeasures**
- **Implementation**
- **Plan Follow Up**

“A3” or “Risk Report”

- **Background:** *Why are we talking about this threat or opportunity? What’s the business reason for choosing this issue?*
- **Current Conditions:** - *Where do things stand today? What’s the problem with that? What’s the actual symptom that requires action?*
- **Targets/Goals:** - *What is the specific outcome required? What is the specific change we want to accomplish now? How will we measure success?*
- **Analysis:** *Why are we experiencing the symptom? What constraints prevent us from achieving the goal? What is the root cause? [In this analysis, it may be useful to use decision tools like the “five whys” exercise or a “fishbone” diagram. Examples can be found by googling those terms.]*

“A3” or “Risk Report”

- **Proposed Countermeasures:** *What alternatives could be considered? How do we choose among the options? What are the decision criteria? How will the proposed countermeasures impact the root cause in order to change the current situation and achieve the target?*
- **Implementation Plan:** *Use a chart or table, if possible, to show actions/outcomes, timeline, and responsibilities. This may include details on the specific means of implementation (who will do what, when, and how). Indicate how we will measure progress, including how we will know if the actions have the impact needed.*
- **Follow Up:** *What remaining issues can be anticipated?*

Background

- “In our annual budgeting process on [date], our CDO was discussing proposed fundraising goals with the BOD development committee. A, B, and C [names] noted that the goals seemed ambitious because of our organization’s negative reputation in the community. Our fundraising is important to our long-term sustainability, so we decided to investigate.”

Current Conditions

- “We met with 7 of 9 city council members, plus 5 of our top donors and 5 recent prospects who did not give us funds. We determined that stakeholders believe we are operationally sound, but they do believe it is a “hard sell” to get donations for a program that swaps drug user needles. We believe that this perception is impacting our fundraising ability, either because of actual potential donor hostility or at least because board members are inhibited from making the ask.”

Target/Goals

- “We want to improve understanding among our potential donor community about the safety and health value of needle swap programs for users, as well as the collateral safety and security benefits to the community of reducing crime and disease. If necessary, we also want to educate board members on these data so that they feel confident in making requests for contributions.”

Analysis

- “We need persuasive data on the health benefits for users.”
- “We need persuasive data on community benefits of needle swaps.”
- “We need to determine how to effectively get these data out to our target community.”
- “We also need to ensure our board members know these data so that they will feel empowered to make the ask.”

Proposed Countermeasures

- “Short term – Perform necessary research.”
- “Longer term
 - “– Develop outreach program to measurably improve potential donor awareness of benefits of our programs. Develop metrics by which such improvement can be measured.
 - “– Consider board education to improve confidence.”
- “Also for consideration – Do the reputational negatives from having the needle exchange impact our other programs in a way that makes us consider whether to abandon the program?”

Implementation Plan

- “Research on user benefits performed by J Jett and completed by DATE”
- “Research on collateral community benefits completed by Consultant by DATE”

Follow Up

- “We anticipate that a successful education program will take time. We will want to keep the BOD development committee and the entire board apprised of progress and challenges.”

Update Risk Register

- New description, new response

Description	Priority	Response
Hackers won't "get off of our cloud"	1	Define risk more concretely
Lack of community awareness about benefits of our needle swap program affects ability to meet fundraising targets	2	Gather research on user benefits and community safety benefits of swap programs
Need to develop solid documentation for each operation within the	3	Document needle swap program

- New date

10/1/2018
9/15/2018

Potential Countermeasures



Continuous Risk Cycle

Risk Report

Risk Name: _____ Version: _____

Reporter's Name: _____

Date: _____

Background:
Why are we talking about this threat? What's the business reason for choosing this issue?

Current Conditions:
Where do things stand today? What's the problem with that? What's the actual symptom that requires action?

Organizations:
What is the specific customer request? What is the specific change we want to accomplish now? How will we measure success? If the threat appears "chronic" (likely to go away completely) how do we know that? If it really is chronic, what is our goal for reducing the threat to a manageable level, and how will we measure that success? Are there relevant benchmarks we can find for other organizations that face the same threat?

Analysis:
Why are we experiencing the symptom? What constraints prevent us from achieving the goal? What is the root cause? For this analysis, it may be useful to use decision tools like the "Five Whys" technique or a "Fishbone" diagram. Examples can be found by googling these terms.

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Broader – Key Commitments

- Risk management is a process.
- Awareness trumps ignorance.
- Simple trumps complex.
- Mistakes are necessary, but making the same mistake repeatedly is not.
- We can never be perfect, but we can always improve.
- What gets measured gets done.
- To cement lasting commitment throughout the organization, risk management leadership must come from the top.
- Context is critical.
- We need risk management goals.

Questions?

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