



3 Risk Resolutions for 2014

By [Alexandra Ricketts](#) and [Melanie Herman](#)

The beginning of a new year is a wonderful time to begin tackling a fresh set of goals. Whether your list of goals is personal, professional or related to the vision and mission of your nonprofit, we all have hopes and expectations for the coming year.

In the paragraphs that follow we share three risk resolutions for nonprofits. We hope you will add one, two or all three to your list of risk aspirations for 2014.

1. **Resolve to Use Your Feet, Not Your Fingers** — Most managers are guilty of using text messaging and email to communicate important information to peers and subordinates. And the same managers are also guilty of tuning out or missing the key points buried in the large number of messages they receive from others via text and email. When it's time to convey critical messages about client safety, caregiver training requirements, or changes in risk management policy or protocol, get up out of your chair and take a walk to talk face-to-face with the people who need to hear and understand your message. Stop using the ease of email or text messaging as a poor substitute for two-way, face-to-face communication.
2. **Resolve to Reach Out for Help before it is Too Late** — Nearly 85% of the fatalities that occur during triathlons happen during the swim portion of the event. A colleague involved in the sport once told me that it is not unusual for a swimmer who is struggling to refuse assistance offered by concerned event staff. Too often, refusing help precedes the death of a competitor in this challenging sport. As your nonprofit begins a new year of service to individuals, families or a wider community, resolve to seek and accept help before you are facing a crisis. Take advantage of free or affordable resources available to your organization, including:
 - *Webinars, articles, and advice from membership associations.* If you don't already have an inventory of the associations in which your nonprofit or staff participate, resolve to create that inventory before the end of the month. In addition to the association name and website, list the relevant free and discounted services that are available to members. Let key staff and volunteers know about these member-only resources and encourage everyone to take advantage of educational and cost-savings benefits in the New Year. And if you haven't already considered [Affiliate Member](#) status with the Center, we hope you'll do so without delay.
 - *Support from board members with relevant expertise.* Although we advise against relying upon legal advice from the lawyers on your board or investment advice from the finance professionals on the board, there is little risk asking every board member to recommend resources and resourceful people who can be of help. Resolve to create an inventory of the special skills, interests and resources available from and through the members of your board.
 - *Pre-termination help from a law firm through your D&O carrier.* Many insurers offering directors' and officers' (D&O) and employment practices liability (EPL) insurance tailored for nonprofits, also offer free "pre-termination" legal help through firms under contract with the insurer. If your insurance carrier is one of the companies offering this service, resolve to



always use this service before terminating an employee. Expert help during the riskiest phase of the employment relationship can help you avoid a costly legal claim.

3. **Resolve to Calibrate the RM Function** — During introductory meetings with new consulting clients, we hear various explanations for how the risk champion role came into being. In one client a new government contract with complex compliance requirements led to the creation of a new position responsible for compliance. “Risk” was later added to the title and job description for the compliance officer. In another nonprofit the CEO came from the private sector and was accustomed to seeing a Director of Risk Management role on the organizational chart. He added a similar role to the nonprofit’s org chart soon after being appointed by the board.

Regardless of how the position, function or department came into being, the risk management role requires periodic calibration. The word “calibrate” means: “adjust precisely for the function.” To begin the process of making adjustments to the risk management role in your nonprofit, ask:

- What does risk management mean in this organization? Are we focused solely on avoiding and reducing downside risks (losses, harm, etc.), or do we include better than hoped for results when we think about risk?
- What are the risks keeping us awake today? Are the most critical risks facing this organization familiar operational risks, enterprise-wide* risks, or enterprise-level** risks?
- Is the current risk management role, function or department positioned and resourced to help advance the nonprofit’s mission and goals?
- Is the risk management function working in a way that is consistent with our emphasis, for example, on compliance, operational risks, client safety, or enterprise risks?

Calibrating the risk management function to better suit your needs, mission and strategic goals is necessary as a nonprofit evolves and embraces new challenges. Doing so doesn’t mean that the original structure or focus was wrong; like other roles in a nonprofit, risk management is an area that must evolve over time to ensure its relevance.

*Enterprise-wide risks are risks that arise in one area of the nonprofit but have the potential to negatively or positively affect the entire organization.

**Enterprise-level risks are risks that arise at the governance level, such as risks related to multi-year strategies adopted by the board.

Two mistakes are common when we establish resolutions for the New Year. First, we adopt resolutions that are unrealistic, such as losing 50 pounds by the first of June. Second, we create long lists of resolutions rather than focusing on just a few important “must do” items. We invite you to give the 3 simple risk resolutions in this article a try, and as always, don’t hesitate to reach out to the team at the Nonprofit Risk Management Center for help making your resolutions a reality.

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- [Cain Consulting Group, Inc.](#) provides on-site, printed and web-based consulting and training material for boards, management and staff of nonprofit and government organizations across the United States and Canada.
- [Health Care for All](#) seeks to create a consumer-centered health care system that provides comprehensive, affordable, accessible, culturally competent, high quality care and consumer education for everyone, especially the most vulnerable.
- [International Planned Parenthood Federation - WHR](#) is a provider of and an advocate for sexual and reproductive health and rights. The organization serves vulnerable people throughout the Americas and the Caribbean each year.
- [National Association of Area Agencies on Aging](#) (n4a) is an aging issues leader for Area Agencies on Aging and a champion for Title VI Native American aging programs. N4a supports a national network of programs through advocacy, training and technical assistance.
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