





Boards and Risk: Seeing the Whole Picture

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Contact Info



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Today's Agenda

- What Makes Risk Governance Hard?**
- Misconceptions + Missteps**
- What Are the "Musts"?**
- How to Help Your Board Think Strategically About Risks**

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What Makes Risk Governance Hard?

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The Hard “Stuff”

- ❖ It’s about strategy
- ❖ People come with different attitudes, experiences, and beliefs about risk
- ❖ It’s always easier to deal with the short term.



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The Hard “Stuff”

- ❖ No two boards are the same
- ❖ On the same board, the players keep changing
- ❖ There is no national ‘standard’ for excellence on risk reporting and governance



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Misconceptions + Missteps

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Misconceptions

- ❖ Boards mainly want to talk about operations
- ❖ Risk is about money
- ❖ Risk isn't alluring

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Missteps

- ❖ Feeding the board what you believe the board wants to hear
 - “all **green** all the time!”
- ❖ Creating a massive Risk Register and Heat Map helps discharge a board’s risk governance role
- ❖ Avoiding talking about risk unless the management team have all the answers in advance

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What are some “musts” in Risk Governance?

What are useful skills to support Risk Governance?

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Musts

- ❖ Bring different expertise and experience
- ❖ Think strategically about issues
- ❖ Comfortable with:
 - Uncertainty
 - Disagreement
 - Knowing there are no guarantees that things will turn out as expected

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Skills

- ❖ Listeners and Learners
- ❖ Active and Engaged
- ❖ Supportive and Constructive
- ❖ Thoughtful and Decisive



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More Skills

- ❖ (General) Awareness of the nonprofit's risk landscape
- ❖ Specific awareness of one or more facets of the organization (subject matter expertise)



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How to Help the Board Think Strategically About Risks

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Help Board Members be “Risk Savvy”

- ❖ Help the Board Understand:
 - Purpose + mission and
 - What it means to fulfill the mission
- ❖ Provide a general overview of
 - Risks the organization faces
 - How risks are managed/mitigated, and
 - What risks are posed by each key strategies



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Help Board Members be “Risk Savvy”

- ❖ Show how they can use their expertise + experience to guide strategy
- ❖ Guide them to agree on the guardrails for all important strategic decisions
- ❖ Help them understand how to keep ‘Noses in, fingers out’



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Clarify Roles & Responsibilities

- ❖ Differentiate Risk Governance from Risk Management
 - Don't call your governance committee the 'Risk Management Committee'
- ❖ Develop a Risk Glossary with definitions that make sense for your organization
- ❖ Plan and facilitate risk-related workshops for your board



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Use Your Words

Risk breadth and depth:

- ❖ Have discussions about risk related to the direction of the organization and key objectives
- ❖ What could cause major disruptions or discontinuities to how the organization exists today, such as changes in regulations, technology, business models, and demographics?

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Use Your Actions

Risk culture:

- ❖ Is there a process by which the board supports risk management by sharing its unique perspectives on the changing risk landscape?
- ❖ Does the diversity of the board ensure that the leadership team is seeing the world from multiple vantage points?
- ❖ What perspective(s) is/are missing from the discussion on the impact of the world situation and on the key objectives and strategies of the organization?

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Use Your Tools

- ❖ Risk Framework
- ❖ Risk Dashboard
- ❖ Tell a story
- ❖ Spark engagement around the tools



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RISK FRAMEWORKS

Who, What, When, Where, Why, and How?

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The value of a BLANK PAGE

who does what, where do they do it, when do they get involved, how do they do it, and why?

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Framework Creation Prompts

- ❖ Purpose/Goals
- ❖ Audience/Communications
- ❖ Content/Information
- ❖ Format/Design

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Framework User Prompts

Does this framework make sense?

Is there clarity about:

- ❖ Where responsibility for risk monitoring and action lies based on the type, complexity, or source of risks?
- ❖ Who makes the decision?
- ❖ What will be used to inform risk decision making?
- ❖ Whose opinions are missing from this process?

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The value of a

BIASNIBPARD

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Dashboard Creation Prompts

- ❖ Purpose/Goals
- ❖ Audience/Communications
- ❖ Content/Information
- ❖ Format/Design

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Dashboard – Practical Tips

- ❖ Place the most important item at the top, in the upper left corner
- ❖ Structure the dashboard from top to bottom and left to right
- ❖ Avoid using multiple color schemes (no more than 2 color palettes); if the meaning behind the choice of color isn't obvious, include a legend
- ❖ Use one legend if possible; if not, place legends as close as possible to corresponding visuals

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Dashboard User Prompts

- ❖ What is surprising about the dashboard?
- ❖ Is the content of the dashboard helpful?
- ❖ What, more or less, would you want to see in the Risk Dashboard to inform those decisions?
- ❖ From your perspective, is our “top risks” profile accurate this year?

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Board Discussions

Risk Taking:

- ❖ Are we taking enough risk, and in the right areas to advance the mission and achieve the core objectives of the organization?
- ❖ During the past 5 years, what bold risks has the board inspired? To what result?
- ❖ In what areas will bold risks be necessary in the next 1-5 years? 5-10 years?

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Board Discussions

- ❖ What emerging/changing risks should we monitor more closely in the future?
- ❖ How might our risk profile and ongoing risk management activities inform our strategy-level decisions?

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Practical Tips for Engaging Your Board

- ❖ Demyth-ify risk
- ❖ Use visual tools
- ❖ Employ prompts
- ❖ Listen

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Practical Tips for Engaging Your Board

- ❖ Know Who to Talk to When
- ❖ Use Your Tech
- ❖ Content and Timing of Delivery Matters
- ❖ Flexibility between Conversations and Board Business

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Check out these resources!

How to Report on Risk to Your Board

<https://nonprofitrisk.org/resources/how-to-report-on-risk-to-your-board/>

Risk and Resilience: The Board's Role

<https://nonprofitrisk.org/resources/risk-and-resilience-the-boards-role/>

Improving Board Risk Reporting

<https://www.corporatecomplianceinsights.com/improving-board-risk-reporting/>



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Thank You

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