



# **Connect and Lead: How to Overcome Risk Aversion and Embrace the Risks Your Mission Requires**

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# About NRMCC

The Nonprofit Risk Management Center **inspires effective risk management and Risk Champions.**

We help leaders identify and manage risks that threaten their missions and operations, and leverage opportunities to take bold, *mission-advancing* risks.

**[www.nonprofitrisk.org](http://www.nonprofitrisk.org)**



Find the answer here | [nonprofitrisk.org](http://nonprofitrisk.org)





A friend told me: "That's because the entire meeting isn't for you. It's for the group. If you take 5 percent away from this meeting, then that's great because the other 95 percent is for everyone else."





# Overview

- What are YOU afraid of? Where does fear come from? What are the costly consequences of risk aversion?
- How to manage the most concerning risks
- Closing thoughts and takeaways



**Our natural instinct  
is to explore and  
seek out new  
opportunities...**

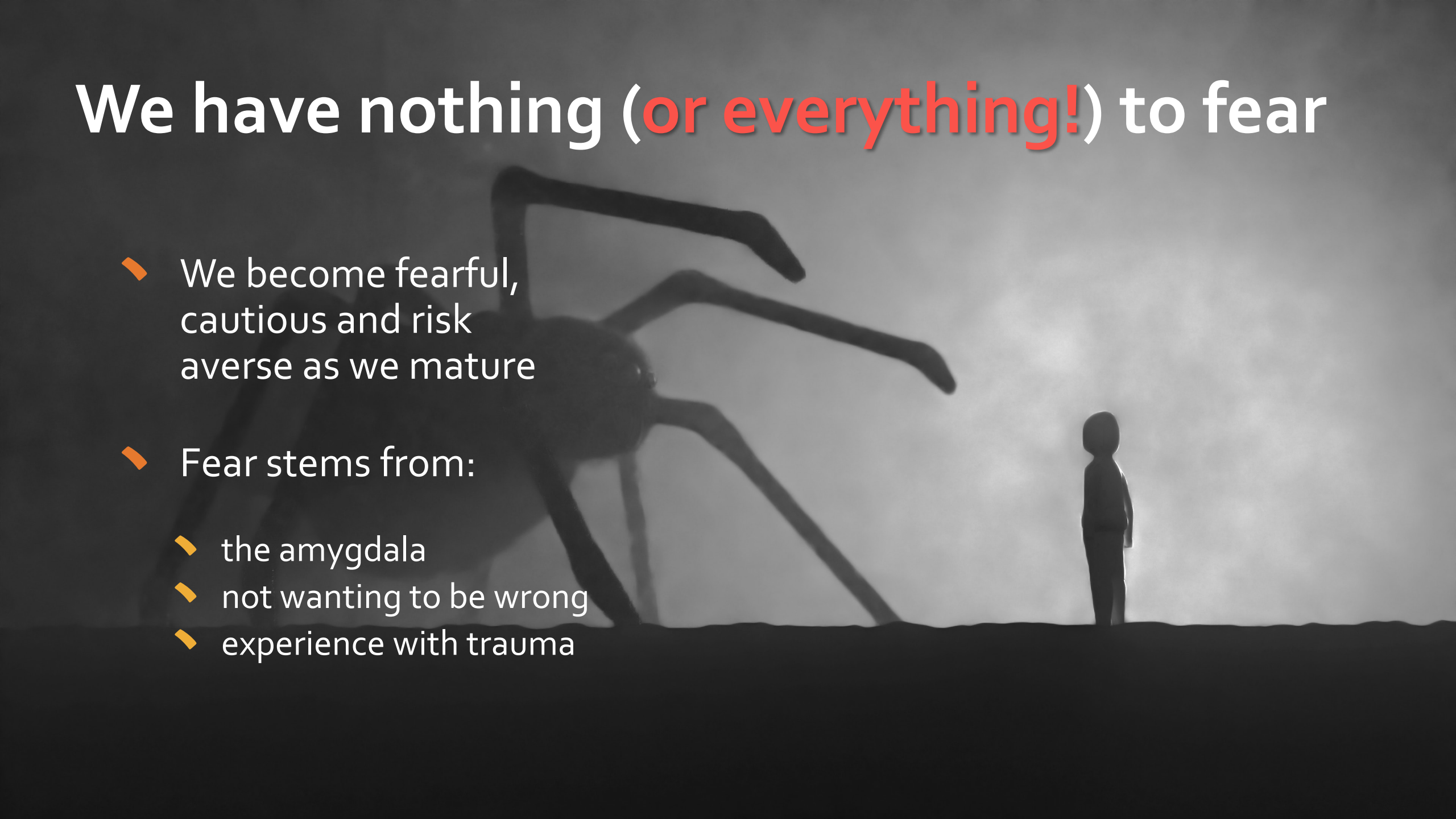
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# We have nothing (or everything!) to fear

- ✧ We become fearful, cautious and risk averse as we mature
- ✧ Fear stems from:
  - ✧ the amygdala
  - ✧ not wanting to be wrong
  - ✧ experience with trauma

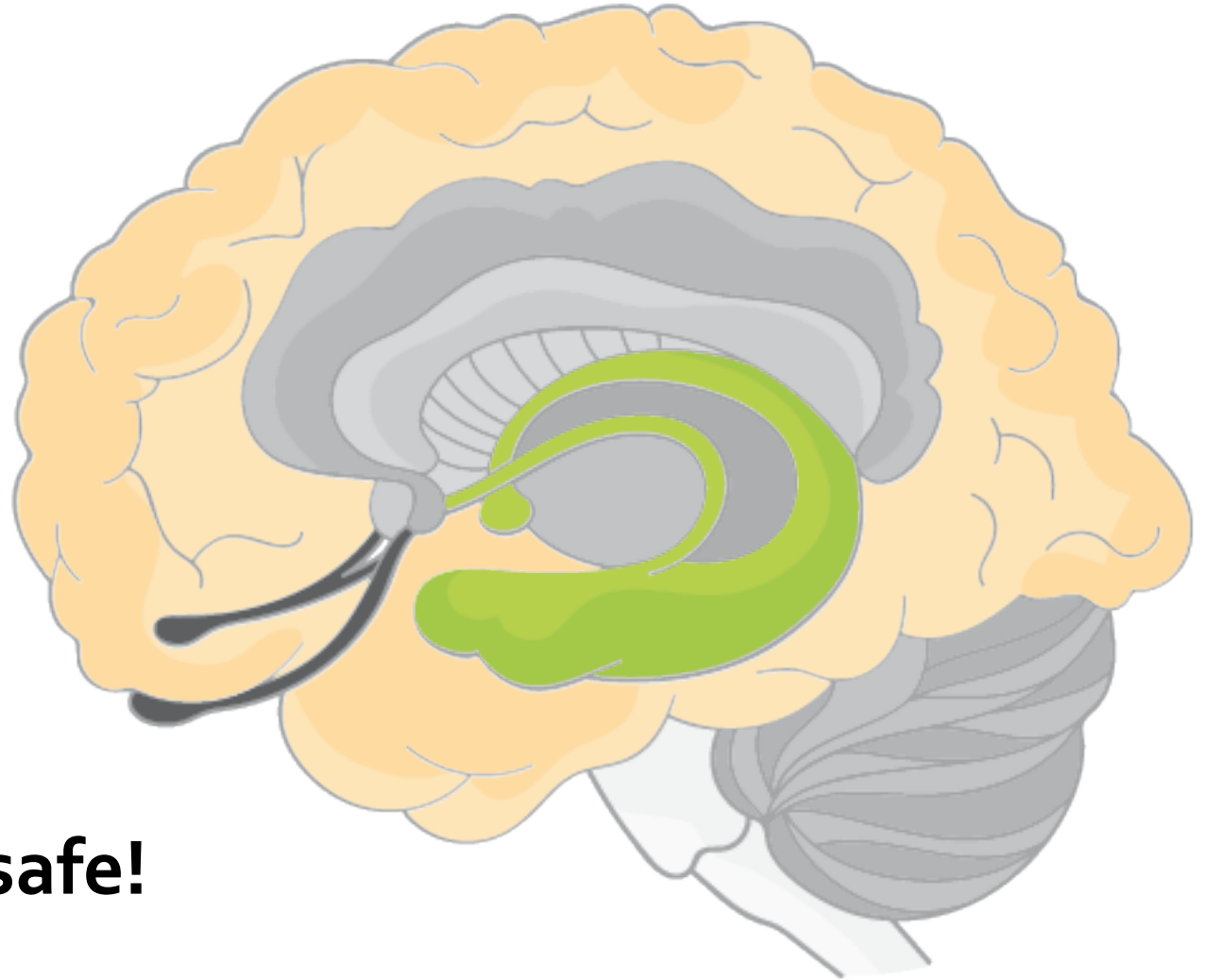




# When we're afraid

- Parts of our brain rev up (the amygdala)
- Others shut down (cerebral cortex, which harnesses reason and judgement)

**Fear *can* keep us safe!**







Fear is Personal



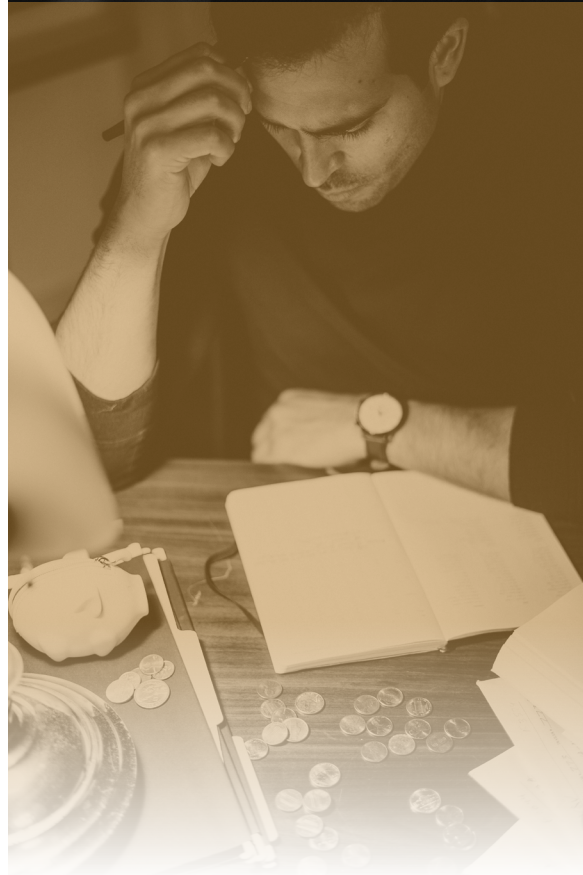


# We experience rational—and irrational—fear

**Rational Fear:** fearing something that could POSSIBLY harm you or someone you care about



People I love dying

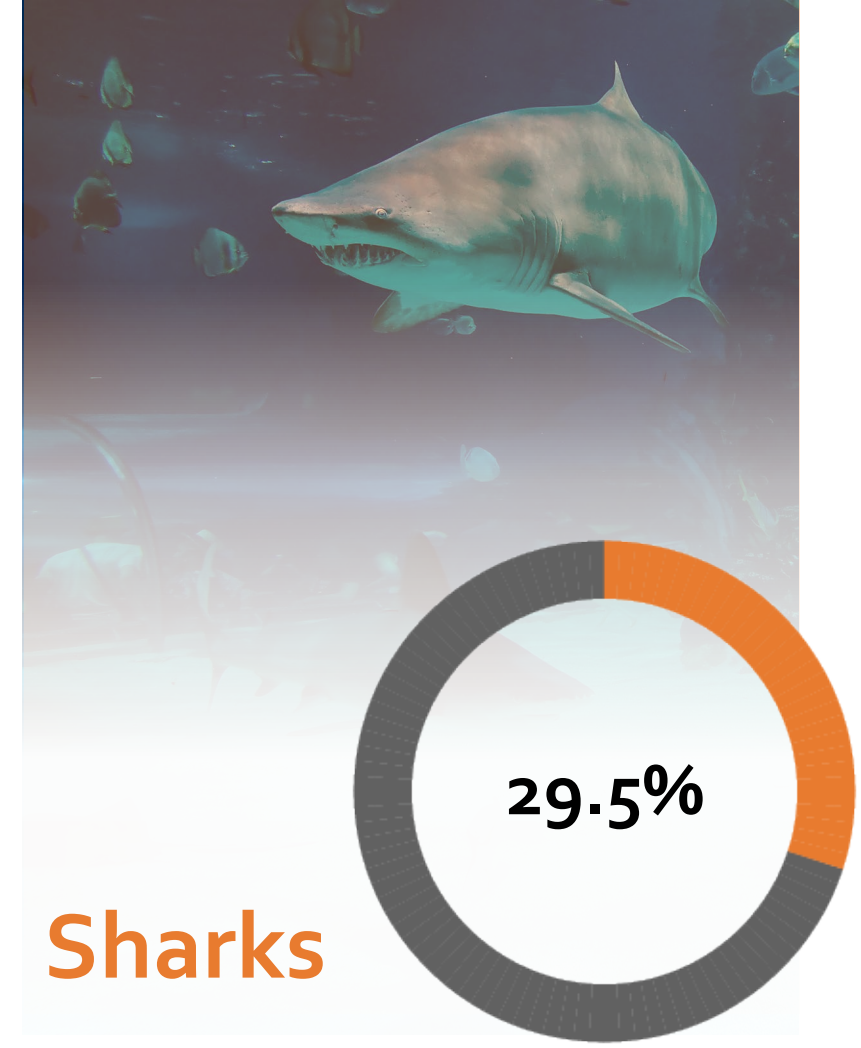
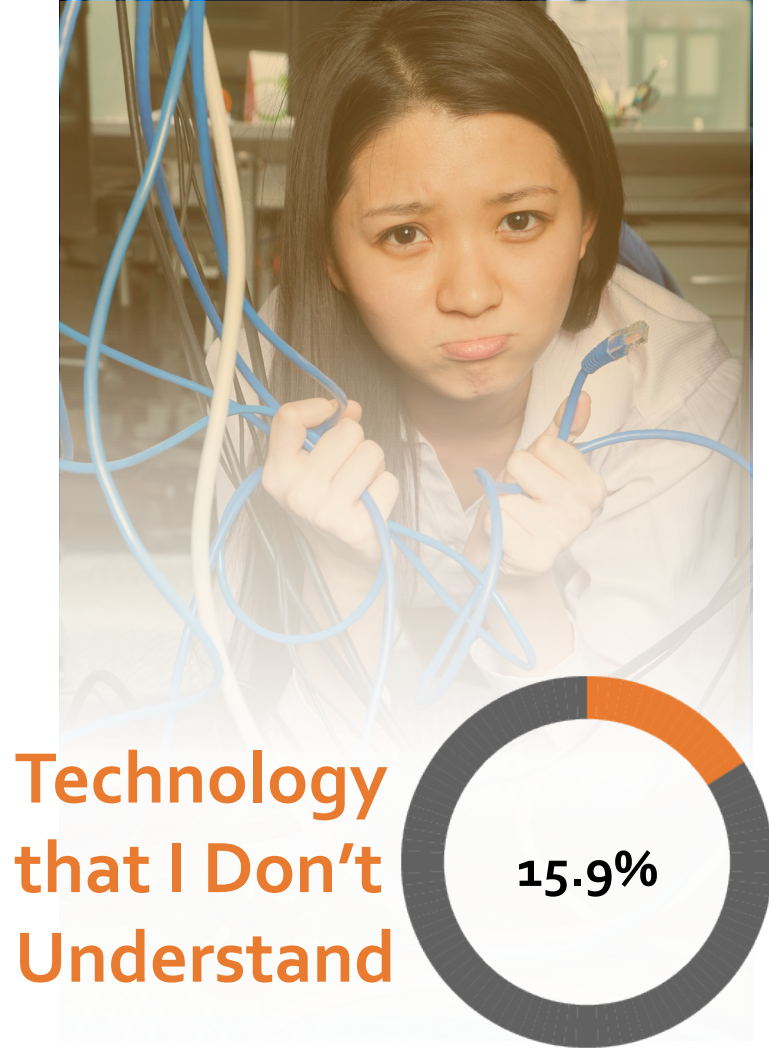
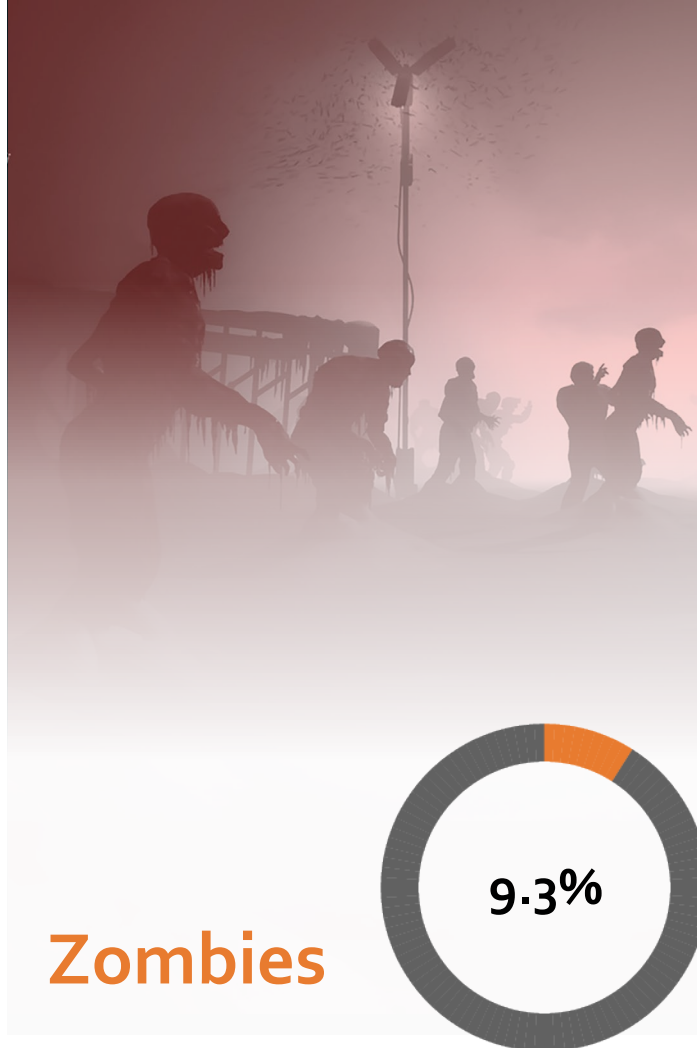


Economic/Financial Stress



Cyber-terrorism

**Irrational Fear:** Fearing something that is very unlikely to happen, or where there's no actual threat or reason





# From fear to risk aversion

- ✦ Risk Appetite is personal.
- ✦ Lack of control = discomfort.

“ Our brains need to be trained to be comfortable with uncertainty, ambiguity and change. ”


- Tania Luna, Surprise Industries





A woman in a red dress is walking across a suspension bridge made of ropes and wooden planks, surrounded by dense green foliage. The bridge is suspended by ropes and has potted plants along its side. The background is a dense forest with many trees and green leaves.

# The Secret to conquering FEAR:



Exposing ourselves to diverse environments, situations, and untrained arenas converts the unknown from friction to adventure, welcoming the invitation for us to be changed along the way.

— Seth Goldenberg, *Radical Curiosity*





How are you helping others face and overcome their fears?

## Risk-aware leaders embrace and promote:

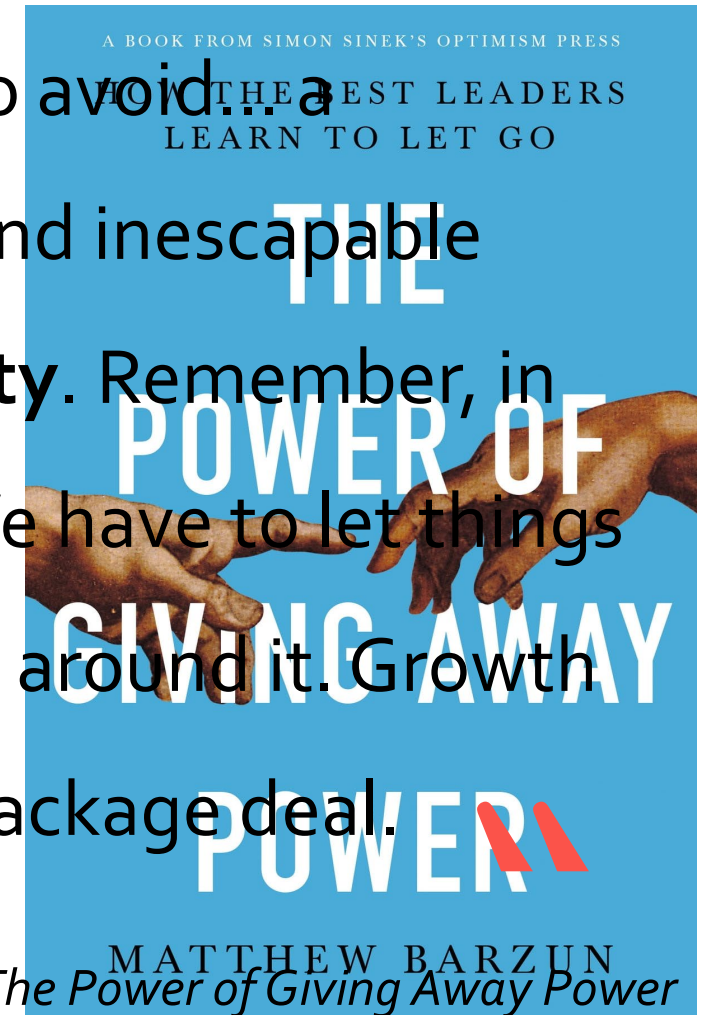
- ✦ The importance of *taking risks* to advance a nonprofit's ambitious mission
- ✦ The power of *diverse perspectives* and points of view when deciding whether to embrace or forgo a risk
- ✦ *Risk-aware decision-making*, rather than knee-jerk risk aversion, when outcomes are uncertain



# ... and model comfort with uncertainty

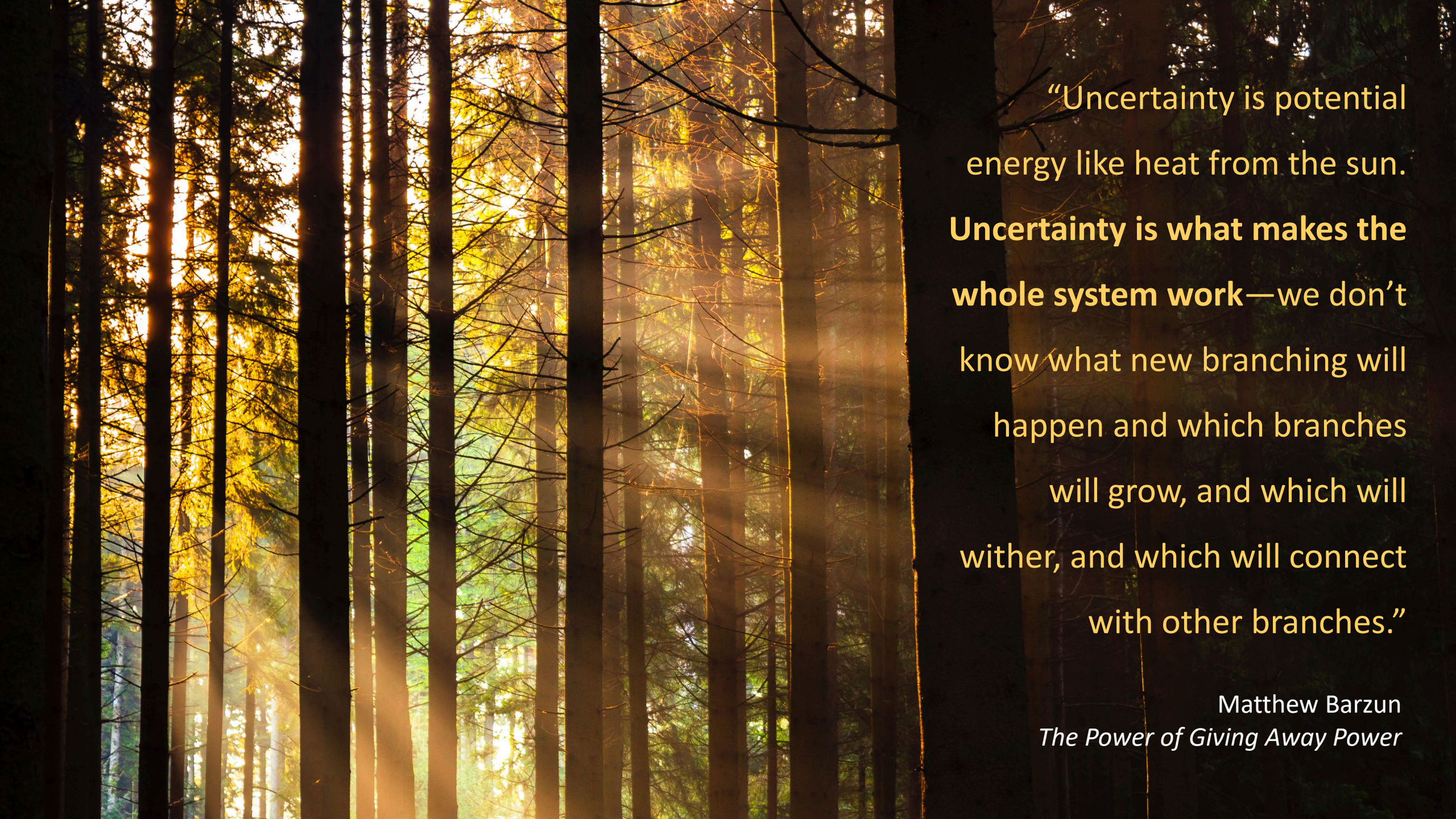
“

...we'll do almost anything to avoid... a fundamental, inextricable, and inescapable aspect of growth: **uncertainty**. Remember, in life, we don't grow things. We have to let things grow. There's just no getting around it. Growth and uncertainty come as a package deal.



— Matthew Barzun, *The Power of Giving Away Power*



A photograph of a forest with tall, thin trees. Sunlight is streaming through the canopy, creating a warm, golden glow and long, vertical rays of light. The trees are mostly bare, with some green foliage visible in the background.

“Uncertainty is potential  
energy like heat from the sun.  
**Uncertainty is what makes the  
whole system work**—we don’t  
know what new branching will  
happen and which branches  
will grow, and which will  
wither, and which will connect  
with other branches.”

Matthew Barzun  
*The Power of Giving Away Power*



# Reality check in an uncertain world

- ✦ **Multitasking is a Myth:** we worship it while we know that it doesn't work; lower productivity and focus... harm to our mental health
- ✦ **Focus is Fleeting:** The typical office worker is interrupted every 3 minutes and 5 seconds (on average), and it takes 23 minutes and 15 seconds to regard our prior level of composure
- ✦ **Information Overload is Expensive:** The cost to the U.S. economy is estimated at \$1 Trillion+ per year



“  
Experience  
is inevitable.  
Learning is  
not.”

– Paul J.H. Schoemaker







# The Cost of Risk Aversion and Fear





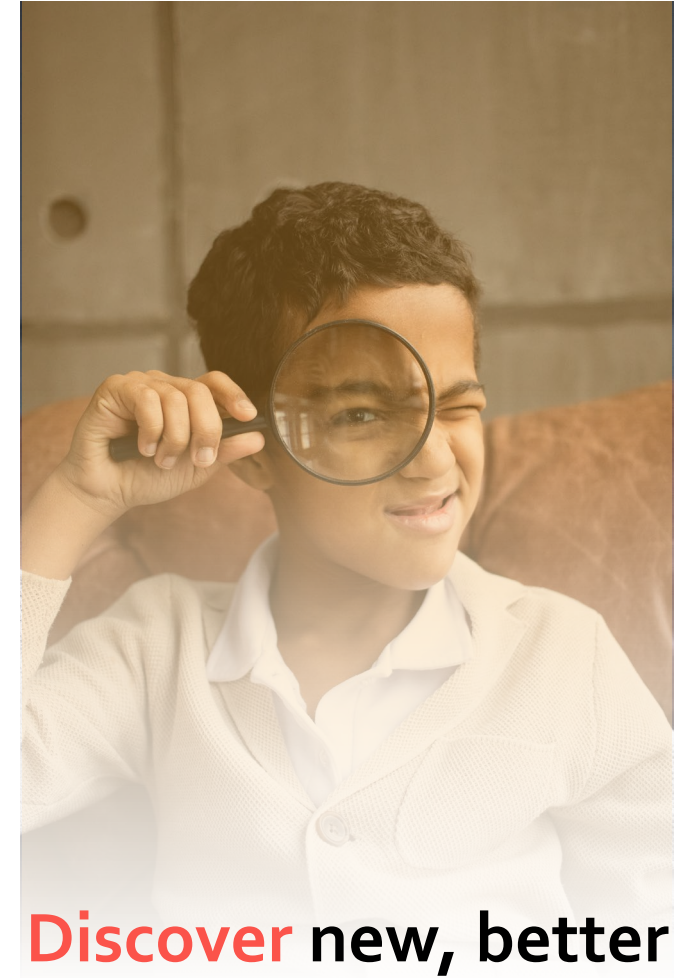
# Missed opportunities to:



**Improve** the lives  
of people



**Inspire** our teams



**Discover** new, better  
ways of doing things





# How to Manage Concerning Risks





CONNECT



ENGAGE



STORIES



CULTURE



LEAD

CONVERSATIONS



NUTRITION



QUESTIONS  
QUESTIONS



BELONGING  
You  
belong.



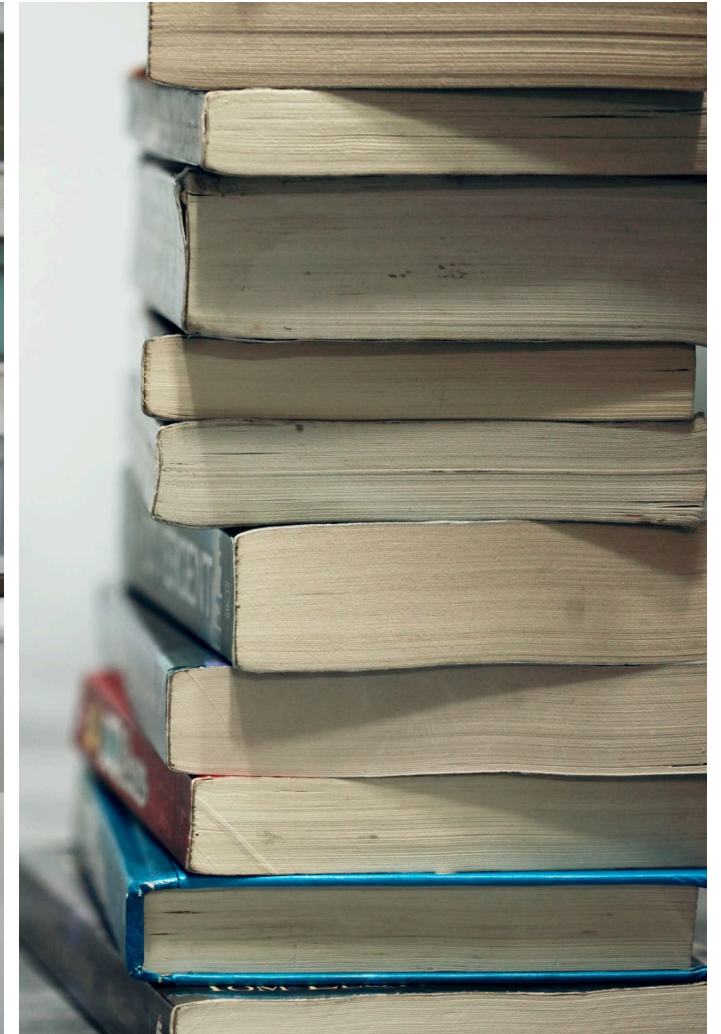
# CONNECT + LEAD





# Recognize the difference between *explicit* and tacit knowledge

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# Engage to Lead

- ◆ Ask team members, “how are you doing?” to show that you care about their well-being (1<sup>st</sup>) and work (2<sup>nd</sup>)
- ◆ Conduct pulse surveys (anonymous)
- ◆ Start-over with Performance Management:
  - ◆ find out what your team wants to get out of the process and design it accordingly!
  - ◆ examples of ‘wants’: support reaching career goals, problem-solving, re-aligning around goals and roles, next steps to improve performance

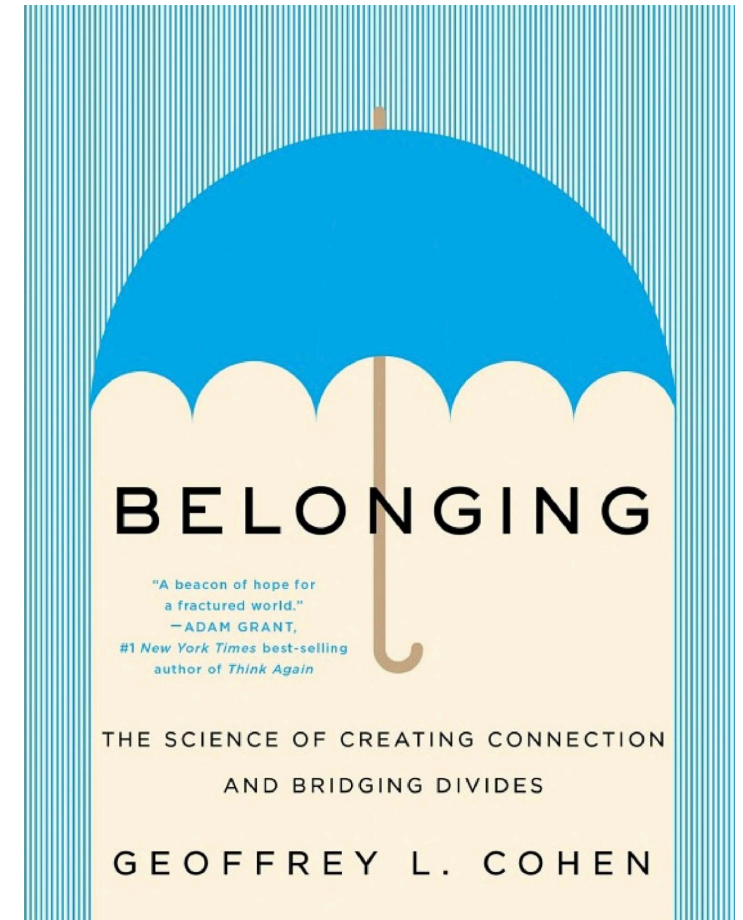


# Cultivate Belonging

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“The word “belong” literally means “to go with,” and our species has evolved to journey through life with each other.”

- ❖ A growth culture is one where norms focus on *improving* not *proving*.
- ❖ Belonging is fostered at organizations where employees, ideally at all levels, are offered the opportunity to lend their voices in problem solving and to feel that they are a respected, appreciated part of the team.





# Belonging and Inclusion

“ Maslow had it wrong... Love and belonging might seem like a convenience we can live without, but our biology is built to thirst for connection because it is linked to our most basic survival needs. ”

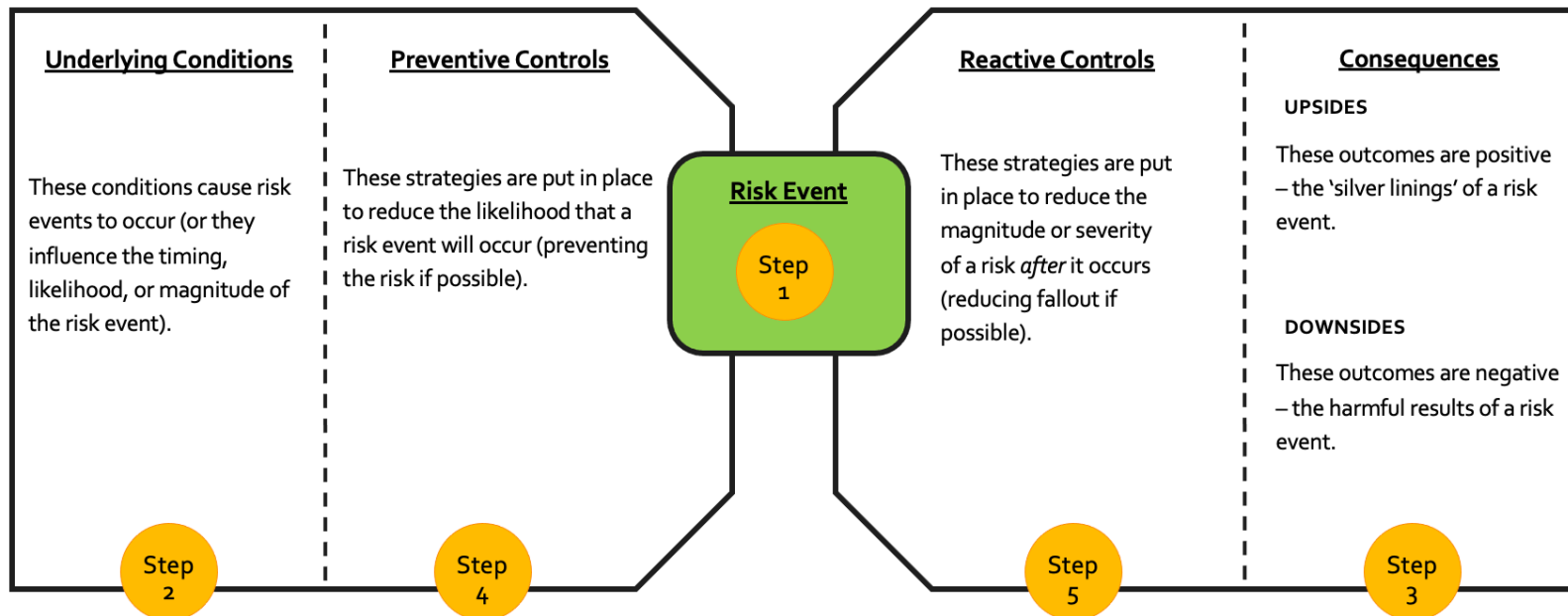
– Dr. Matthew Liberman





# Distinguish risks from causes and impacts

- ✦ The Risk Bow Tie is a powerful, potentially helpful exercise to “unpack” risk nuances and drivers that are often overlooked.





# Use practical tools to understand risk!

### Step 1. Describe the risk.

A "risk" is a future event, action, or decision with the potential to significantly impact one or more strategic priorities.



### Step 2. Underlying circumstances.

What are the underlying circumstances, conditions, or trends that could cause this risk to occur?

### Step 3. Proactive Strategies.

What actions should we take to address one or more circumstances listed in Step 2?  
(Hint: list strategies to address the underlying circumstances and potentially help you avoid the risk described in Step 1.)

### Step 4. Consequences.

What are the potential upside and downside consequences if this risk materializes?

### Step 5. Reactive Strategies.

What actions should we take to either leverage the upside consequences or reduce the downside consequences listed in Step 4?



## Broaden Your Perspective.

One of the risks associated with risk assessment and risk mitigation is that the team responsible for either identifying or developing treatment strategies may not see the nuances, layers, or implications of the risk events or proposed responses to those events (proactive or reactive strategies).

This exercise helps a team broaden its view to spot and incorporate missing or obscured elements.

### Step 1. Identify the Risk you want to focus on.

Risk = future action, event, or decision with the potential to significantly impact a key objective or the mission at your organization.

### Step 2. Confirm that the “risk” is a risk (not an operational reality).

YES NO

Is it something that COULD happen in the future? (Versus something happening now.)

Is it something with the potential to significantly impact a strategic objective, our reputation, or ability to move forward with important plans? (Versus something that is an annoyance we should simply fix.)

Is it something that might or might not happen? (Versus something certain to happen; example: it is certain to snow next year, so snow isn't a risk; it's possible but not certain that someone will suffer a disabling injury commuting to work during a snowstorm.)

If 'No' to one or more of these questions, choose another risk!

### Step 3. ASK:

How does this risk compare to another risk we've already faced or challenge we've grappled with? List similar risks/events and the actions we've taken to date.

Risks/Events

Actions

## Broaden Your Perspective.

### Step 4. Imagine.

Imagine how an individual or organization you admire would address this risk. What mitigating actions would they take now? What actions would they take were the risk to materialize?

NOW (preventative actions)

THEN (reactive steps)

### Step 5. Which actions above are reasonable & practical?

Cross out any that do not seem feasible or appropriate for any reason. Circle the remaining actions.

### Step 6. Opposition.

Who might strongly oppose any of the remaining actions? Why?

### Step 7. Build Support.

What steps or strategies must be considered to satisfy or persuade the nay-sayers? What changes in the proposed action would make a strategy feasible, practical, or more likely to garner support? Do those changes potentially dilute the value of the strategy?

## Broaden Your Perspective.

### Step 8. Potential, Unintended Negative Consequences.

What are some of the potential, unintended negative consequences of these actions

### Step 9. Next Steps.

What specific next steps do we propose to advance the actions we have highlighted as reasonable and practical for our organization? Are there “must do” steps as well as “nice to do” steps?

MUST DO Steps

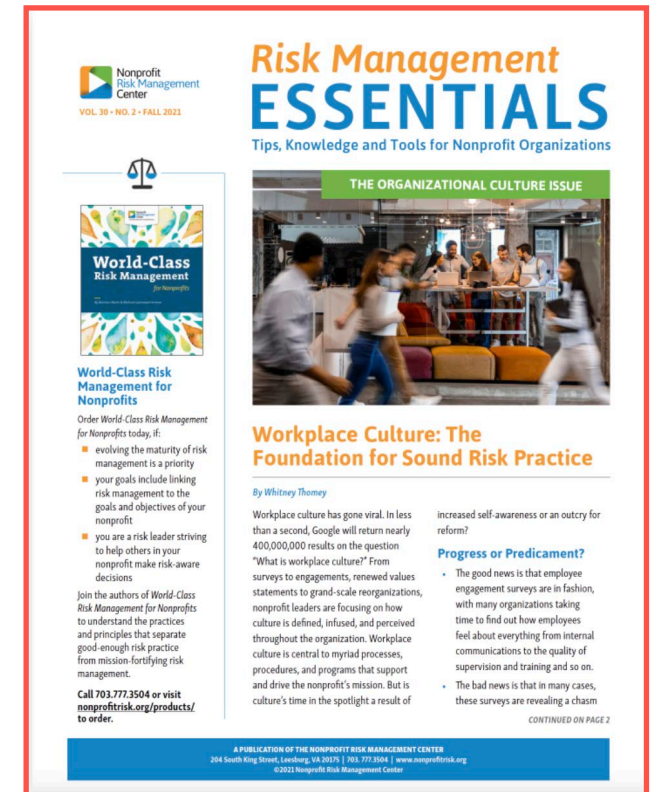
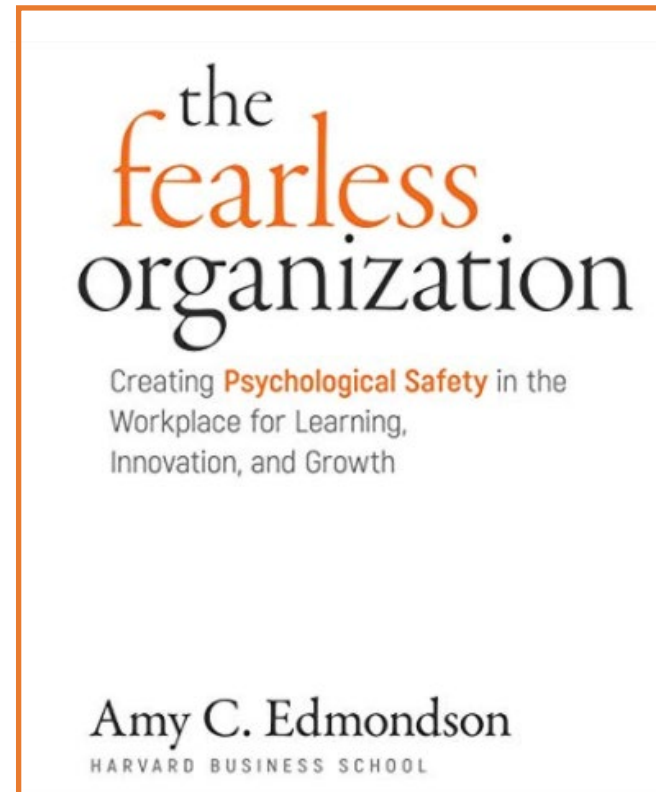
NICE TO DO Steps



# Remember that culture trumps strategy

Cultivating psychological safety in your organization is more important than adopting a risk framework!

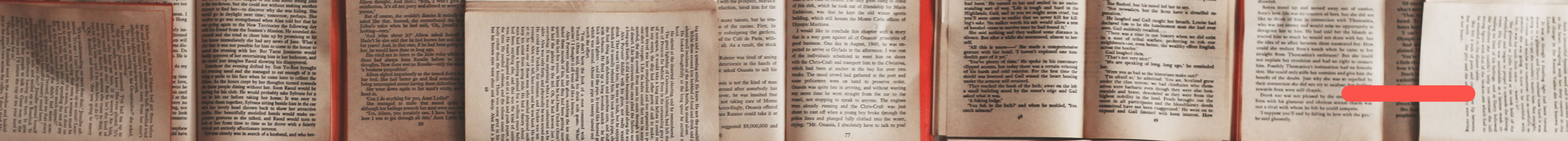
In a psychologically safe organization, fear of holding back *eclipses* the fear of being candid—sharing sensitive, threatening, or wrong ideas.



Name the elephant  
(**risk**) in the room







# Unpack your Stories



# Hit the reset button

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# Substitute empty calories with potent nutrition

“ Labor for the sake of laboring is the workplace equivalent of empty calories. ”

— Seth Goldenberg





# TALK More (and **DO** less)

“ Conversations,  
when they are at  
their best, are  
unscripted vehicles  
for discovery. At  
scale, they create a  
symphony of  
discourse.



— Seth Goldenberg





# Focus on questions (before obsessing about answers)

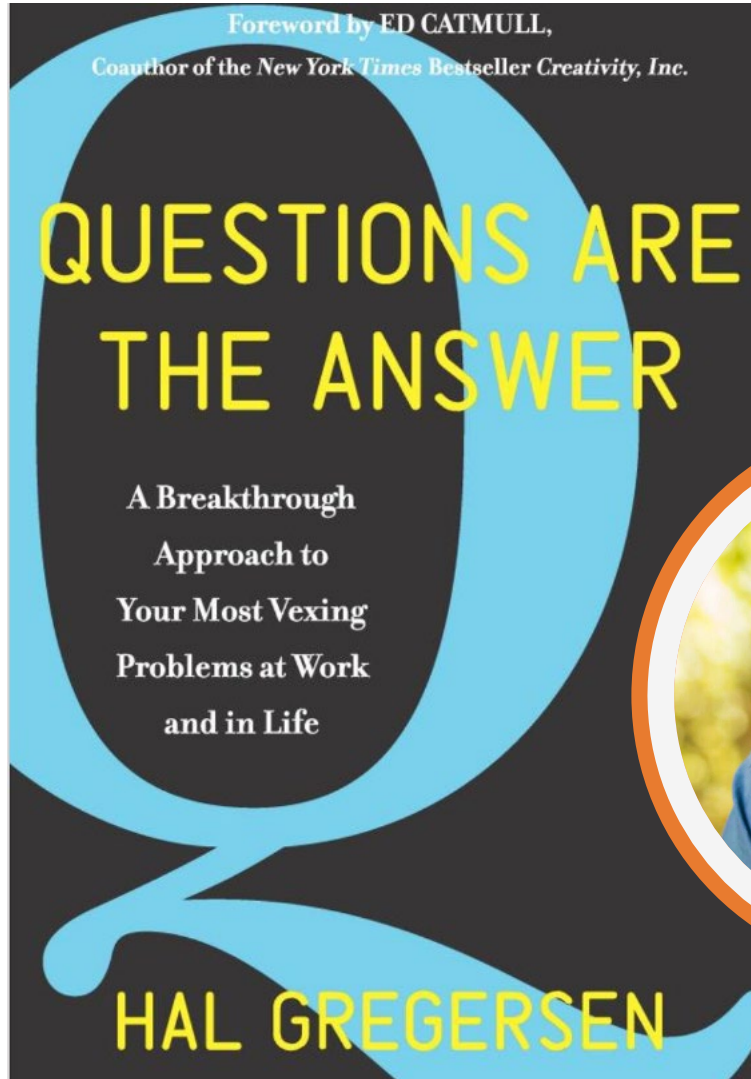
- ◇ What's the worst that could happen?
- ◇ What's the best possible outcome?
- ◇ Have we identified at least one viable contingency? Are we ready to pivot?



# Keep asking!

- ✧ Have we done this before? What happened?
- ✧ What aspects of this decision are familiar? unfamiliar?
- ✧ What assumptions have we made?
- ✧ Ask and involve the (un)usual suspects: **who would have a very different perspective on this decision? Why?**





If you want to find a new angle on a problem and ultimately fund a breakthrough solution, you must **rid yourself of the impulse always to display deep competence.** For the right questions to surface, you must spend more time feeling mistaken.







“ The strongest  
discourse is a diverse  
ecology of voices. ”

— Seth Goldenberg



# Protect your MOST precious asset

A glowing treasure chest sits on a dark wooden floor. The chest is open, revealing a bright, golden light inside. Wisps of blue and white smoke or steam rise from the chest, creating a dramatic, ethereal atmosphere. The background is dark, with some light rays visible in the upper right corner.

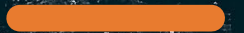
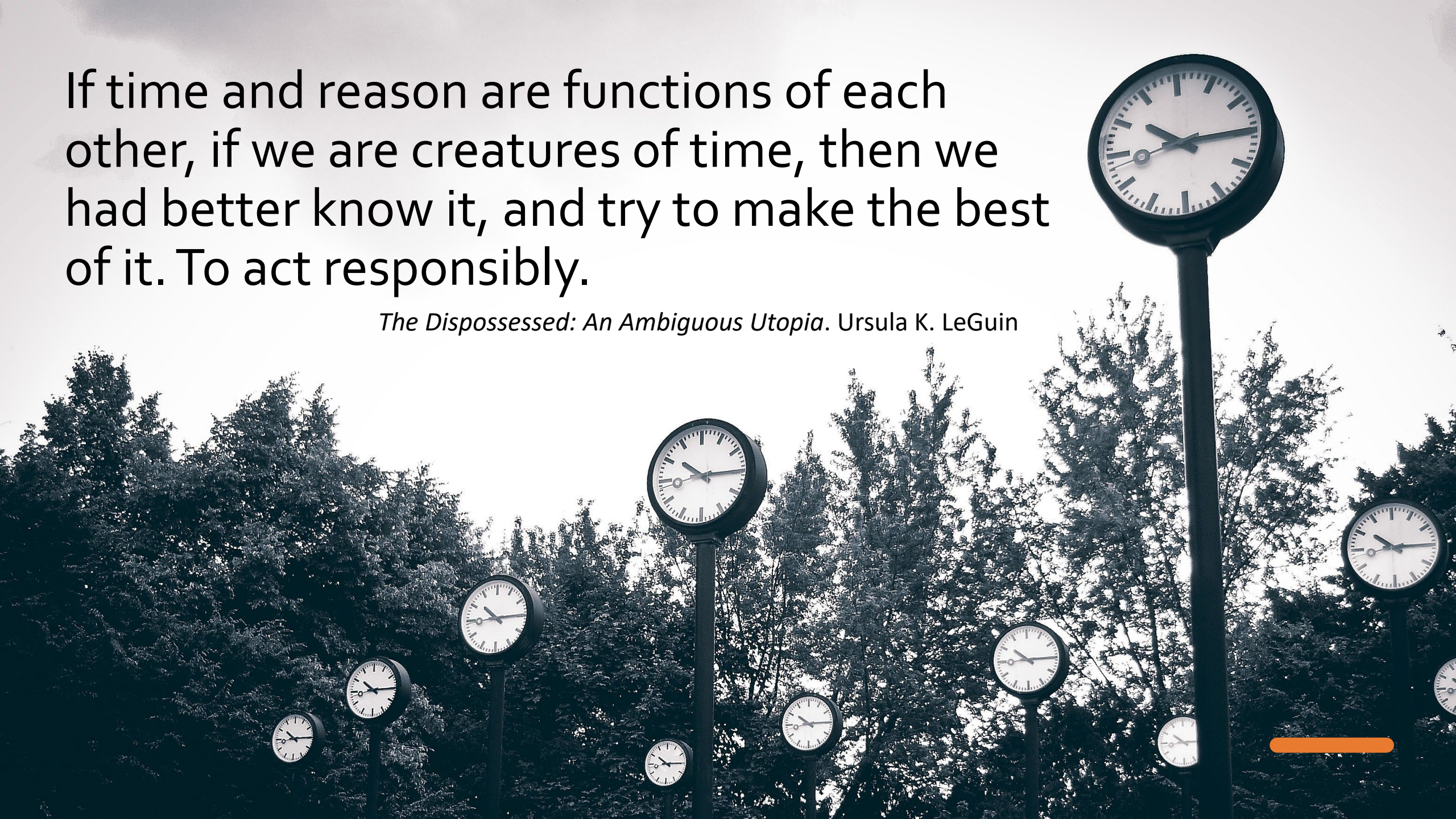
- What is your agency's MOST precious asset?

Most people answer “reputation.”  
But reputation is an asset that can be earned, squandered, and later repaired.



If time and reason are functions of each other, if we are creatures of time, then we had better know it, and try to make the best of it. To act responsibly.

*The Dispossessed: An Ambiguous Utopia.* Ursula K. LeGuin





# Closing Thoughts + Takeaways







# Go upstream

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# Stop tunnelling; start slacking



It's a terrible trap: If you can't systematically solve problems, it dooms you to stay in an endless cycle of reaction. Tunneling begets more tunneling.





**Identify Your Lifeline**





“If I’m an advocate for anything, it’s to move. As far as you can, as much as you can. Across the ocean, or simply across the river. Walk in someone else’s shoes or at least eat their food. It’s a plus for everybody.”

— Anthony Bourdain





Embrace emotion in decision-making





# Be Fearless

- What external factors are threats?
  - What if Amazon bought your largest competitor? How might they compete against you faster?
  - Which 3 organizations in your field (or an adjacent field) are taking bold risks?
- “study worthy rivals” – Simon Sinek



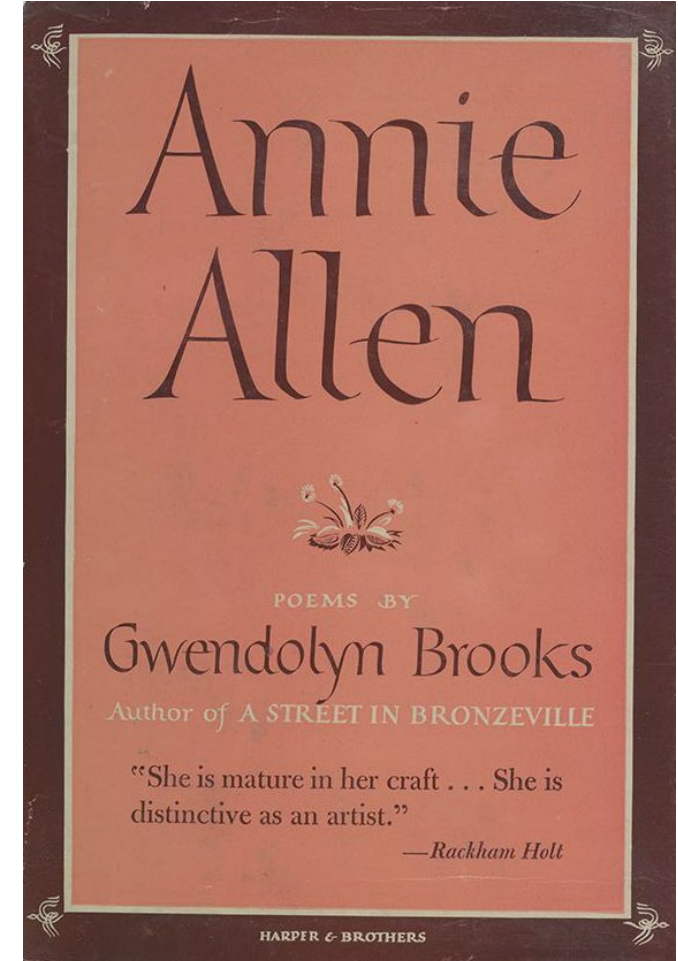
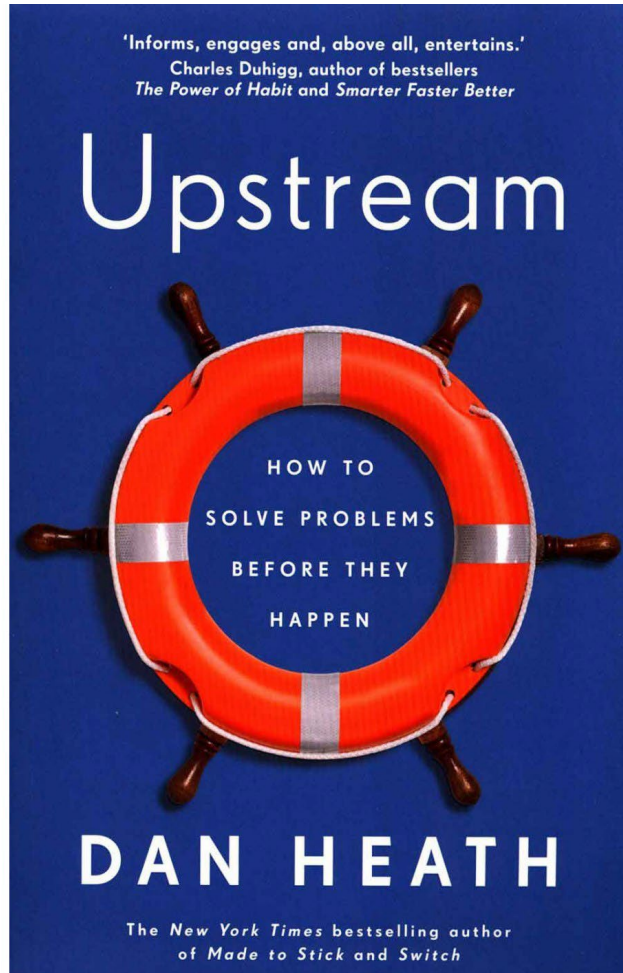
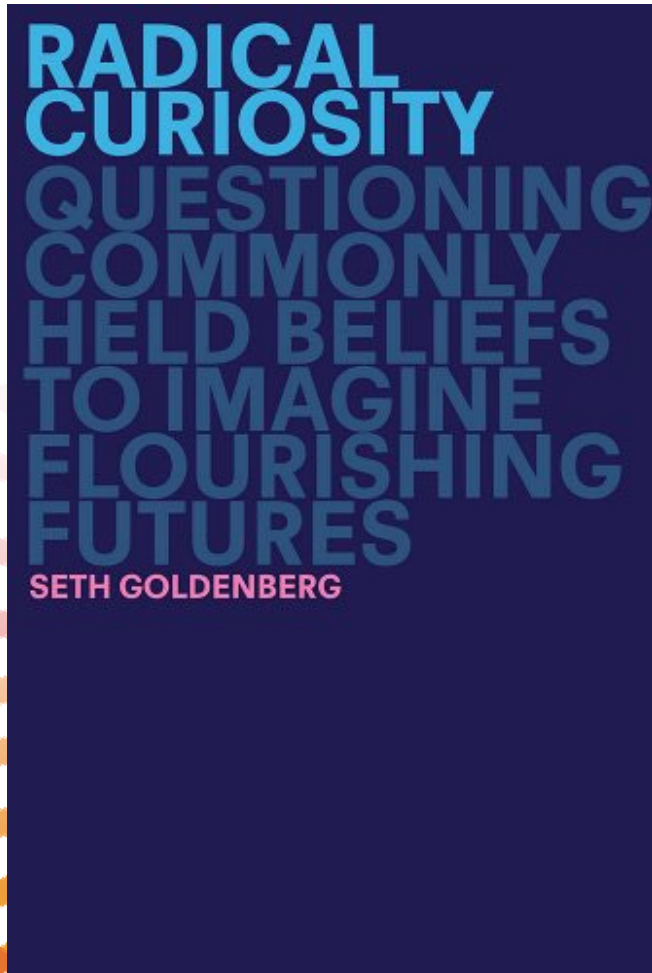
# Treasure the people toiling for your mission; invest in potential

We are each other's harvest; we are each other's business; we are each other's magnitude and bond.

— Gwendolyn Books

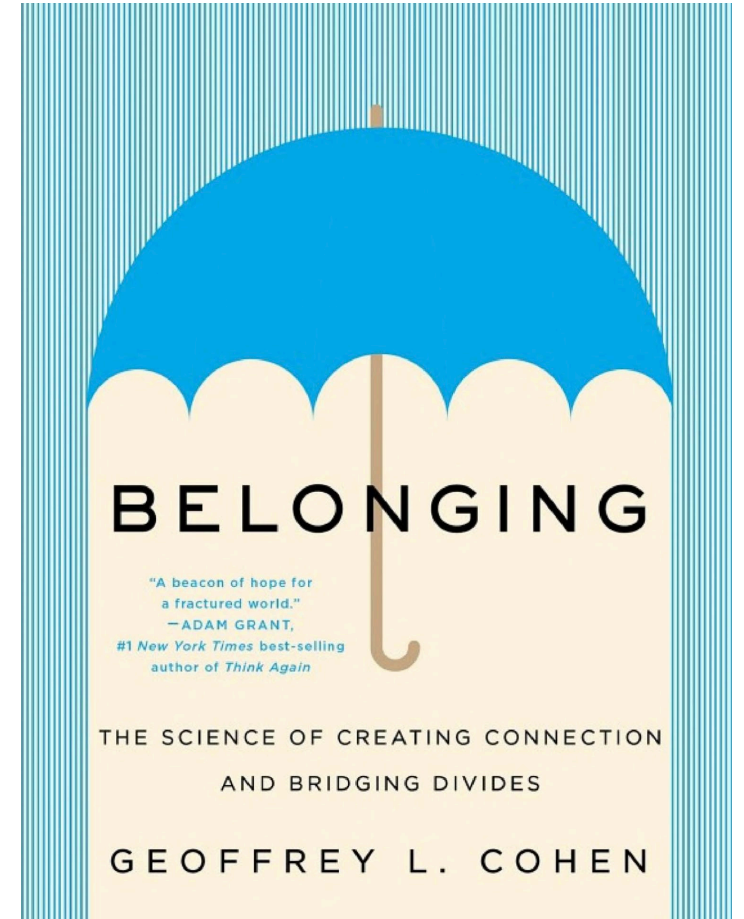
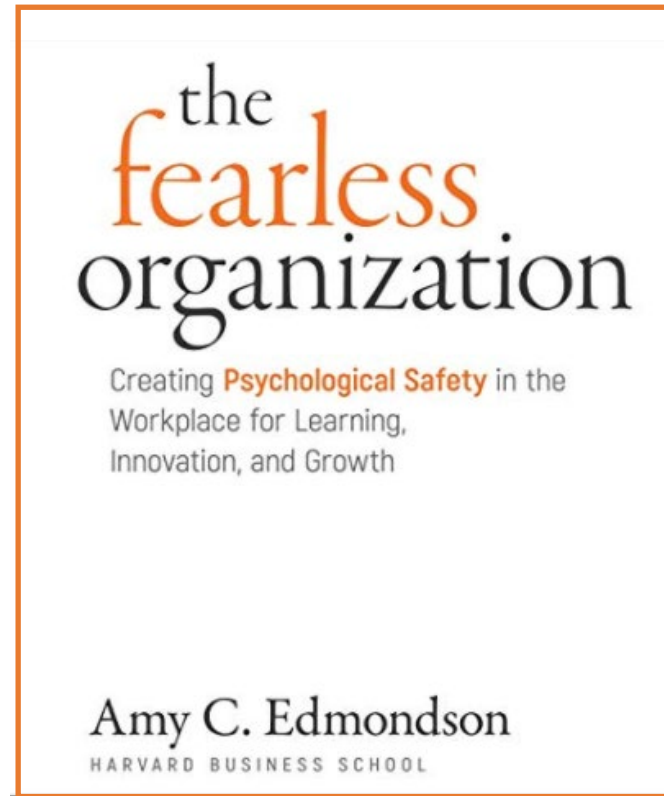
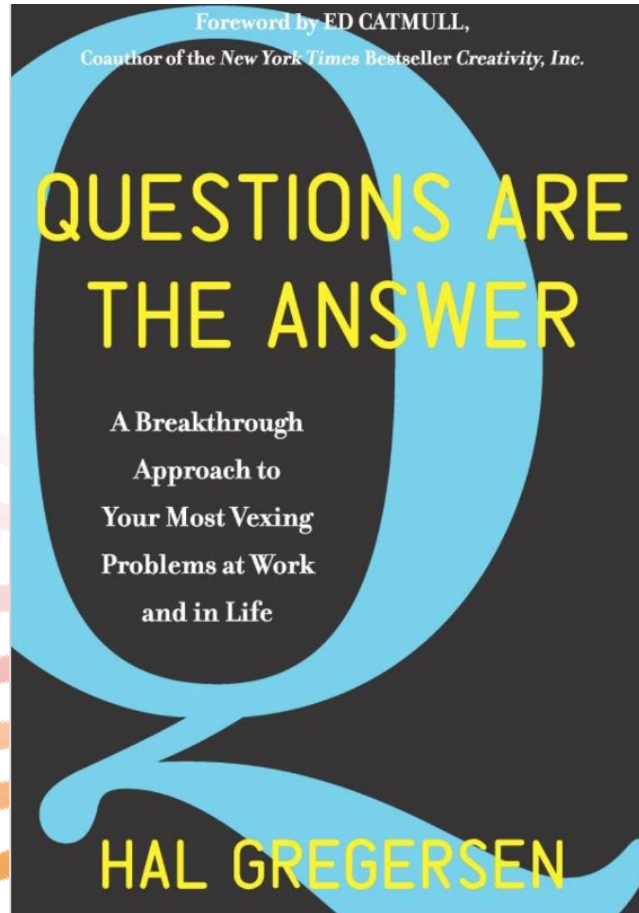


# Books that inspired this presentation





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2023  
**RISK SUMMIT**  
*a risk management journey*

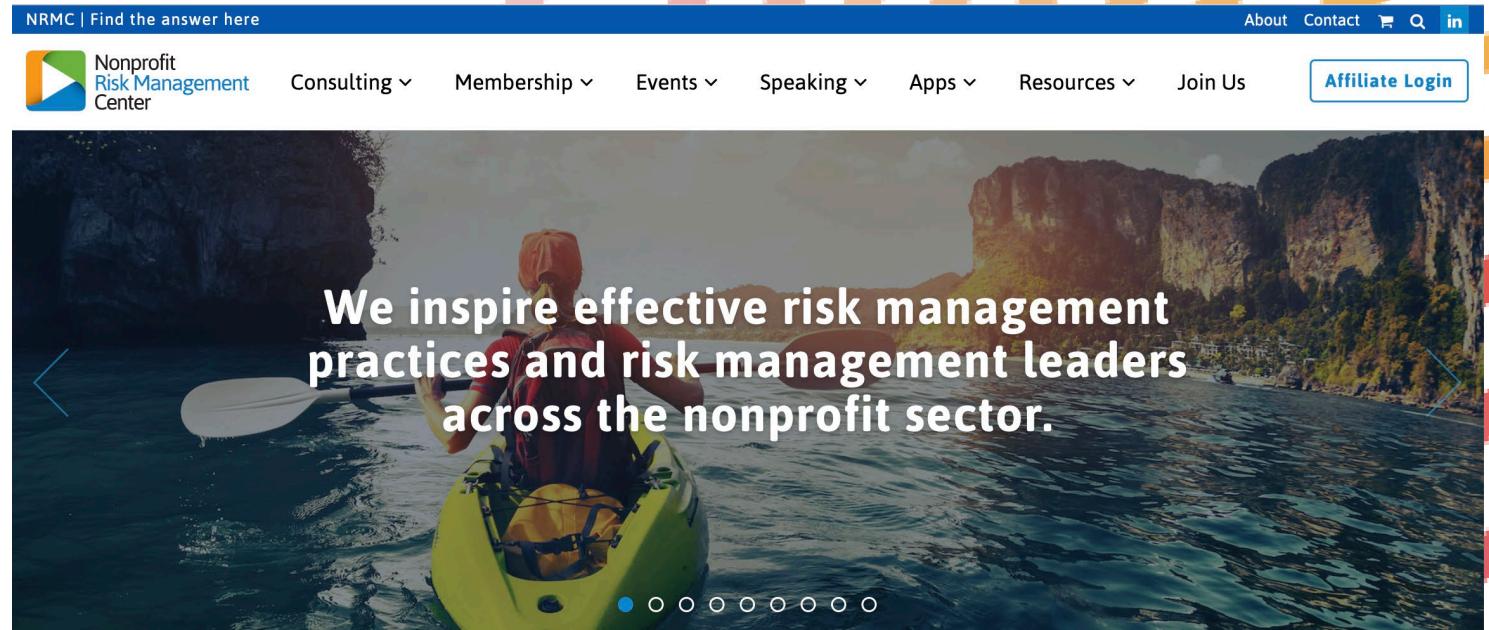
**OCTOBER 16-17, 2023**



**2023RiskSummit.org**

**nonprofitrisk.org**

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# THANK YOU



Nonprofit  
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Find the answer here | [nonprofitrisk.org](http://nonprofitrisk.org)

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