



RISK MANAGEMENT AND THE NON PROFIT

NPIP





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Presenter



- ❖ I am not an attorney
- ❖ My wife is not here to correct me
- ❖ I did not stay in a Holiday Inn Express

Today's Discussion



- ❖ How important is your mission?
- ❖ What might interfere?
- ❖ Risk Management Basics
 - Methods to manage risks and seize opportunities related to meeting your objectives
 - Important for all—big to small

Fear or not to fear?

❖ “The only thing we have to fear is fear itself.”

Franklin D. Roosevelt, 1st Inaugural Address, March 4, 1933



Risks



- ❖ What are they?
 - “The effect of uncertainty on objectives”
- ❖ Risk = Whatever creates uncertainty in your ability to succeed with your mission.
- ❖ What is Risk Management?
 - A process that identifies, assesses, and controls those uncertainties.

Good, Bad, Ugly

- ❖ Good risks
- ❖ Bad risks
- ❖ Ugly risks



What risks do you face?



- ❖ Property Loss—Harm to yourself
 - Buildings, equipment, vehicles, supplies, etc.
- ❖ Liability Loss—Harm to others
 - Unsafe conditions
 - Auto accident
 - Wrongful Acts

Washington Law Against Discrimination



❖ RCW 49.60.030

- “The right to be free from discrimination because of race, creed, color, national origin, sex, honorably discharged veteran or military status, sexual orientation, or the presence of any sensory, mental, or physical disability or the use of a trained dog guide or service animal by a person with a disability is recognized as and declared to be a civil right.”

Should I be worried?

- ❖ Are you an ostrich or a giraffe?
- ❖ Roof leak destroys office
- ❖ Visitor slips on slick floor
- ❖ Personal auto insurance insufficient
- ❖ Using a poem or stock photo without permission



Who would make a claim?

- ❖ May be little choice
- ❖ Lots of encouragement
- ❖ Lots of attorneys



Risk Management or Insurance?

- ❖ Insurance is part of risk management
 - Risk transfer
- ❖ Develop a risk control culture
- ❖ More later



You and Risk Management

❖ Which song best describes your risk management attitude?



Your loss history experience

- ❖ Have you ever felt
 - If only I could back up time a little?
 - So glad that wasn't me?
 - Relief knowing you are prepared?
- ❖ Don't wait—Do it now



What areas of risk to consider

❖ Property and liability

- Financial
- Operational
- Perimeter
- Strategic



Traditional Risk Management



- ❖ “A continuing process to identify, analyze, evaluate, and treat loss exposures. It involves **applying** and **monitoring** risk control and financial resources to mitigate the adverse effects of loss.”
- ❖ Three steps
 - Observation
 - Action
 - Review/Repeat

Enterprise Risk Management



- ❖ Today's thinking: No organizational silos
- ❖ Identify events/circumstances relevant to objectives
 - Risks and opportunities
- ❖ Assess their likelihood and magnitude of impact
- ❖ Determine strategy
- ❖ Monitor

What to do and where to start?



❖ Remember, it's not all up to you

- Dr. Seuss theme
 - One head, two heads, three heads more!
 - Other organizations and community groups

❖ Brainstorm

- “Brainstorming is the process of free thinking and generating ideas without being bound by restraints such as ‘is this a good idea.’”

Slater and Corey, 2003

- Ideas from everyone

Strategies



- ❖ Start with a plan
 - Structured brainstorming
- ❖ Be consistent and persistent
 - Develop a risk management culture
- ❖ Periodically review progress
 - Critique your effectiveness
 - Keep everyone informed

Structured Brainstorming/Planning

Risk	Vulnerability 1-10	Affect 1-10	Counter	Priority
❖ Financial				
▪ Property				
▪ Liability Loss				
❖ Operational				
▪ Suppliers				
▪ Local Code Changes				
❖ Perimeter				
▪ Weather				
▪ Local Infrastructure				
❖ Strategic				
▪ Leadership Changes				
▪ Staffing Changes				
▪ Reputation				

Risk Management Process



- ❖ Identify risks
- ❖ Assess vulnerability
- ❖ Determine affects of risks
- ❖ Identify ways to reduce likelihood and affect
- ❖ Develop and prioritize strategies

International Organization for Standardization (ISO)



- ❖ Risk management should
 - Create value
 - Be an integral part of organizational process
 - Be part of the decision making process
 - Explicitly address uncertainty and assumptions
 - Be systematic and structured
 - Be based on best available information

International Organization for Standardization (ISO)



- Be tailorable
- Take human factors into account
- Be transparent and inclusive
- Be dynamic and responsive to change
- Be capable of improvement and enhancement
- Be periodically reassessed

Will your plan work?

- ❖ Non-destructive testing
- ❖ No lab animals will be harmed
- ❖ “What if” discussions
- ❖ Table top exercises



Insurance and Risk Control Balance

- ❖ Property: Own/rent, physical assets
- ❖ Auto: #//Type of vehicles, drivers
- ❖ Liability
 - Personnel
 - Premises
 - Operational
 - Wrongful Acts



Closing Thoughts



- ❖ Get help
 - Non Profit associations
 - Insurance agent/broker

Questions/Comments





Claims Professionals • Personnel Experts • Risk Managers

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