

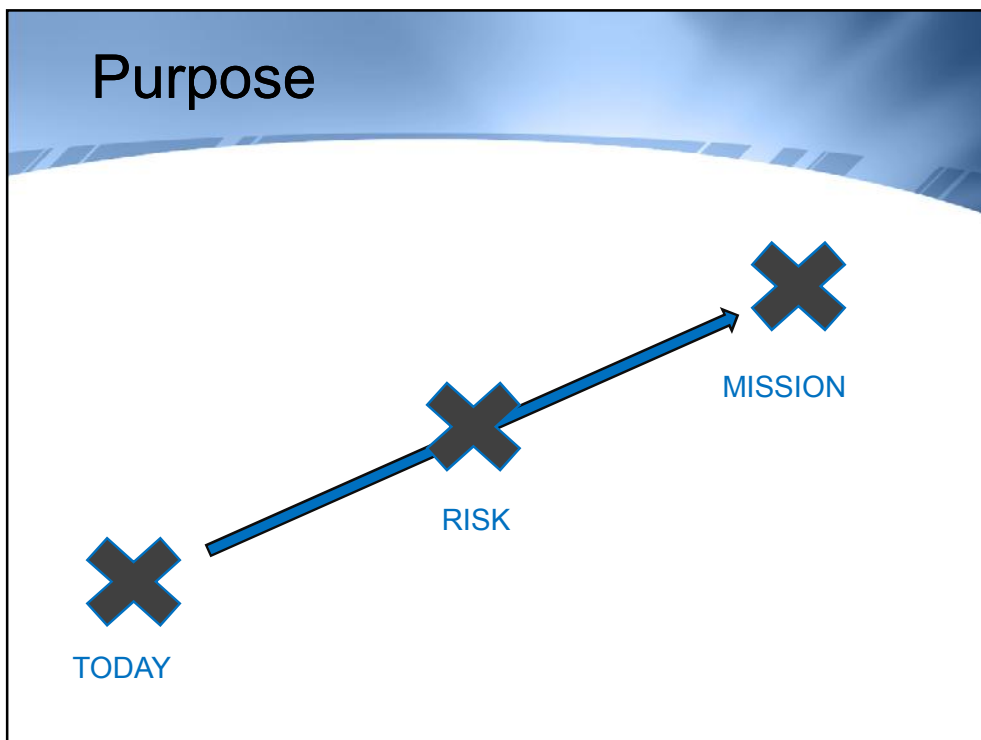
Discussion Forum

Risk Management for Non-Profits

Co Presented by:

Todd Anderson, CIC, CWCA, Risk Advisor

Jennifer Revell, MBA, Director Business Development



Year in the Life of Non-Profit X

- Disgruntled Employee
- Employee Falsely Accused of Sexual Abuse
- Rain and Windstorm – 72 Power Outage
- Employee Injuries – Workers Compensation
- Financial Downturn – Effect on Assets
- \$500,000 Grant Cancelled – Then Restored
- Damage to Property by Clients
- Social Media – Pictures of Clients posted on Facebook
- HR Attorney Died Suddenly After 20 Years Relationship
- Fire in Child Care Center
- Bed Bugs Infestations in Agency Buildings
- 1.2 mil. Renovation. Job Delayed 3 Months After Asbestos Discovered

Reputation

“It takes twenty years to build a reputation and five minutes to destroy it” - *Warren Buffett*

Risk & Reputation

\$64,000 Question –

How do the Best Non-Profits manage risk and protect their reputation?

Nonprofit Risk Management Center

www.nonprofitrisk.org

The screenshot shows the homepage of the Nonprofit Risk Management Center. At the top, there are navigation links for Home, Contact, and a search bar. Below this is a horizontal menu with links for Consulting, Training, Online Tools, e-Store Library, Marketplace, Advice, Calendar, and About Us. A central image shows several hands clasped together in a supportive grip. To the left of this image is a vertical sidebar menu with four categories: VOLUNTEER risk management, FINANCIAL risk management, EMPLOYMENT practices, and YOUTH protection. Below the sidebar is a 'PRODUCT SPOTLIGHT' section featuring 'New Tools!' and a book titled 'READY OR NOT?'. To the right of the sidebar is a '2011 Webinars: Sign Up Today!' section with a sub-section for 'BRAND NEW for 2011' and another section titled 'Enforcing Board Member Responsibilities'.

Understanding & Managing Risk

12 Hallmarks of a Risk Aware Non Profit

- Takes More Risks Than It Avoids
- Heralds A Risk Management Champion
- Guided By Reality, In Addition To Scary Headlines
- Is Bold But Smart
- Cultivates a 'Can-Do' Attitude Among Paid and Volunteer Staff
- Sees The Whole Iceberg Not Just The Tip
- Understands That Hindsight Isn't 20:20, But It's Better Than A Blindfold
- Tells It Like It Is
- Is Transparent With Insurance Partners
- Values The Journey, Not Just The Destination
- Engages The Board In Battle
- Looks At Risk From Everyone's Perspective

12 Hallmarks
 Courtesy of Nonprofit
 Risk Management
 Center.
www.nonprofitrisk.org

Understanding & Managing Risk

- **Risk Defined**
 - *Anything that can hinder your ability to achieve your mission*
- **Risk Management**
 - **Anticipating** what could happen tomorrow
 - **Deciding** how to handle risks or problems

Examples of Risks

- Water Damage
- Special Events
- Transportation Risk
- Severe Weather
- Employment Risks
- Fires
- Board Governance**
- Emergency Evacuation
- Data Theft**
- Power Outage
- Regulatory Compliance
- Sexual Abuse
- Health Reform Consequences
- Volunteer Risk Management**
- Youth Protection
- Key People
- Disaster Recovery Planning**
- Cash Flow Interruption

Categories of Risks

- Insurable
- Uninsurable
- Cost Reduction

Understanding & Managing Risk

A circular diagram illustrating five risk management strategies: Avoid, Assume, Lessen, Transfer, and Prevent. The strategies are arranged in a circle, connected by a thin line. To the right of the diagram is a photograph of a young child with paint on their face and arms, smiling.

Understanding & Managing Risk

A vertical flowchart illustrating the process of understanding and managing risk. The steps are: Potential Impact, Type of Risk, Plan in place?, and Possible Strategies. Each step is connected to the next by a downward arrow.

Top 5 INSURABLE Risks-

- Any guesses?
- What type of risk?
- Best Strategies?

Our Top 5 INSURABLE Risks

- Insurance to Value & “Self-Insured” Gaps
- Transportation Risk
- Directors & Officers
- Business Income
- Employment Practices Liability

Top 5 UNINSURABLE Risks-

- Any guesses?
- What type of risk?
- Best Strategies?

Top 5 UNINSURABLE Risks

- Loss of Funding
- Disaster Planning
- Corporate Governance
- Volunteer Training & Recruitment
- Regulatory Compliance (OSHA, COBRA, FMLA, Reform, etc.)

Top 5 COST CONTAINMENT Opportunities-

- Any guesses?
- What type of risk?
- Best Strategies?

Top 5 COST CONTAINMENT Risks

- Work Comp Experience mods
- Claims Management
- Contractual Risk Transfer
- Employee Health & Wellness
- Proactive Risk Management Plan



Five Keys to Effective Risk Mgt

#2 - Risk Analysis

What is the impact on my Employees/Programs/Financial Health? Do I have A Plan?		Impact On Your Future	Current Plan to Address the Risk
BUSINESS RISK CATEGORY	NOTES	Low Medium High	No Plan Sporadic Systematic

Five Keys to Effective Risk Mgt

#3 – Design a Plan

KISS

FOCUS

Five Keys to Effective Risk Mgt

- #4 - Implement the Plan
- #5 - Review and update plan on an Annual Basis

Re-Cap on the Five Steps

1. Risk Mgt Team
2. Risk Analysis
3. Design the Plan
4. Implement the Plan
5. Review and update plan on an Annual Basis

Contact Information

Todd Anderson, Risk Advisor

tanderson@peelholland.com

(270) 527-6152

Jennifer Revell, Business Development

jrevell@peelholland.com

(270) 527-6130

Website

www.peelholland.com/HELP



Best Practices – Future Workshops

- Topics for In-Depth Discussions
 - Auto/fleet policies
 - Business Continuity Planning
 - Corporate Governance
 - Volunteer Recruitment & Training
 - Regulatory Compliance
 - Work Comp Experience Mods
 - Claims Management
 - Contract Reviews
 - Employee Health & Wellness
 - Other?

Suggested Readings

- **Good to Great and the Social Sciences**– Jim Collins
- **Good Governance for NonProfits** – Fredric L. Laughlin & Robert C. Andringa
- **Ready... Or Not - A Risk Management Guide for Nonprofit Executives** – Melanie Lockwood Herman
- **The Season of Hope – A Risk Management Guide for Youth-Serving Nonprofits** – Melanie Lockwood Herman

Other Resources

- www.guidestar.org
- www.nonprofitrisk.org
- www.kynonprofits.org
- www.peelholland.com/HELP



