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Kate Sayer: Bring your risk strategy in line with your charity's values

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It's important that the leadership, including the board and the executive, agree on what the risk culture should be



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When you join a new organisation, you are looking for cues that will tell you what is accepted or rejected, encouraged or discouraged, recognised or simply ignored. This is the organisational culture. One aspect of that culture is the organisational attitude to risk.

Individual people will have different approaches to risk and uncertainty, some of them feeling more comfortable with uncertainty, others risk-averse. Our perceptions of risk are subjective and based on previous experiences, whether this is conscious or not.

In order to align risk culture with the strategy, you need to surface the existing risk culture and think about ways in which you can nudge it in the right direction if you need to.

For example, if you want to encourage innovation, you will need to think about how you can encourage creative thinking. This is an area where you want to be risk-taking. This is not the same as doing things that are risky, which implies there is not enough planning or

thought about the potential consequences.

An organisation might have a culture that is too risk-averse, or one in which too many risks are taken, at least in certain areas. What is rewarded? If the heroes of the organisation are mavericks and ignore the rules, what does this say about the risk culture? Or maybe there are severe reprimands for anyone who doesn't follow procedures, so no one dares to initiate new ways of doing things but just does things "as they've always been done".

So you might need to consider changes to your risk culture to bring it into line with your strategy and values. So how can you make changes?

First, it's important that the leadership, including the board and the executive, agree on what the risk culture should be. This is typically derived from the organisation's ethics and values, but needs to be brought to life with stories.

For example, you might be able to tell a story about the time you chose not to bid for a contract to continue an existing service, but asked beneficiaries what they wanted and created a new service. The story gives you a chance to explain why your organisation does things the way it does.

Then you need to make sure systems and procedures are aligned to the culture you want. It's easy for processes to contradict the message you want to give out. For example, if you want people to innovate, you'd better make sure it's easy for them to get a small amount of funding to try something new.

Leaders need to set a good example and model the behaviour they want to see. People are quick to notice if a leader says one thing, but does something different. It's like having a clear-desk policy but having a messy desk yourself. It's visible, obvious and relatively easy to fix. Live the values and culture you want to see.

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