Transcript – Episode 68 – Understanding Risk Management with Ted Bilich

Dolph Goldenburg: Welcome to the Successful Nonprofits™ Podcast. I'm your host Dolph Goldenburg, with another great conversation that will help your nonprofit thrive in a competitive environment. In just a few minutes, we'll be talking about risk management with Ted Bilich. Now, I know that a third of our loyal listeners just said, "Risk management?" and are digging phones out of their pockets right now to listen to the soundtrack of Atomic Blonde on Spotify just one more time. Now, if you are fishing your phone out of your pocket, it is even more important that you of all people listening to this episode, and do you know why? Because risk doesn't seem important until you receive a demand letter from a lawyer. Your bookkeeper informs you have a letter he just received from the Department of Labor or the local newspaper calls to ask for a quote about some scandalous rumors about financial mismanagement. So, from the classic trip and fall to running afoul of your state attorney, general risk is everywhere in the nonprofit sector, and unmanaged risk is dangerous.

This is why we invited Ted Bilich to be on the podcast today and he has one impressive bio. Let me just share a few of the highlights from his bio. First of all, he has an undergraduate degree in economics from Wake Forest. Now I went to a similar school Georgia State University. Not everyone can get into Georgia state, so you know, don't judge them for Wake Forest. But then he moved on from there, and he got a law degree from Harvard University. He spent over 20 years with the prestigious international law firm of Jones Day and also taught law at Georgetown University. So, clearly this is a guy who knows what he's talking about. He's currently the CEO of Risk Alternatives, LLC. And the thing I think I probably failed to mention is that Ted has lectured, presented and consulted throughout the United States and overseas on risk management, board governance, civic engagement and ethics. So, it is a real [treat] that we have him on the podcast today, and toward the end of our conversation with Ted, he is also going to share three freemiums that your organization can get from Risk Alternatives, LLC.

Hey, welcome to the podcast.

Ted Bilich: Thanks so much, Dolph. It's great to be here. Well, thank you. I'm hoping we convinced a third of our listeners to not switch over to atomic blonde on Spotify. I will admit I've been [jamming] to that soundtrack every day for the last week,

Ted Bilich: Spotify is the best place to spend what you think is going to be three minutes. That ends up being about 45 minutes as you go down rabbit hole after rabbit hole after rabbit hole.

Dolph Goldenburg: Exactly. That's a different kind of risk. That's a time waste risk, but I encourage those terms when they're done listening to this to switch over and listening to that soundtrack. It's incredible. But let's start with the basic because we're not talking about time wasting risks today. What is risk and what is risk management?

Ted Bilich: You know, it's so funny that you started out the way you did with your podcast, introduction, because so many people, when they hear the notion of risk management, they think that it's only talking about bad things and they think it's going to be scary and so they avert their eyes or they switched to their favorite playlist. Risk management is really something very different. Risk is not a bad thing. Risk simply means that you don't know for sure what's going to happen next. When we train people about risk management, we talk about two different kinds of risks. There are risks of negative outcomes, - threats, things that could go wrong - but there are also risks that involve positive outcomes. So, risk management is not just about thinking about scary things. Risk management is about identifying and dealing with threats and opportunities throughout an organization and so I always end up my training saying, you might think that you don't do risk management, but if you have a routine commitment to identify and address threats and opportunities throughout your organization as a regular part of business, you are doing risk management.

Dolph Goldenburg: Okay, so I've got a challenge, I guess both my assumption and some of our listeners' assumptions. Give me an example of risk management that results in a positive outcome.

Ted Bilich: Oh my goodness. We can talk in a little bit about the first step of risk management, which involves a risk inventory, but let's say you do an inventory of your risks throughout the organization. You may find that one of your employees identifies a customer service process within your nonprofit that's suboptimal, that customer service process can be addressed, and therefore, you can increase your customer satisfaction. You can increase your return on your efforts. It's an opportunity, not just something that could go wrong, and that can happen not just in operations, but in talent management, in finance, throughout the organization. You find that there are opportunities, positive risks, things that could go right.

Dolph Goldenburg: So, what are some of the key area of risks that you think nonprofits are kind of not addressing these days?

Ted Bilich: We always start out the New Year thinking about emerging issues, and I'm not sure that any of these issues is exactly emerging, but one theme that I would emphasize is the constancy of attention right now by funders on risk management. As you mentioned, Dolph, we have a report on our website that we can link to in the show notes that explains why funders are increasingly interested in whether their grantees are performing risk management. So, the backdrop to all of this is that after years of neglect, organizations are starting to be asked about what risk management is within their shops and what they're doing about it. But when you look at the major risks that seem to be underappreciated, I think there are a few. First of all, cyber risk is increasingly prevalent, even in the smallest nonprofits. Yu hear A couple of years ago there was a major food bank out west that accidentally disclosed why something like 10,000 names, addresses card numbers and pin numbers of donors. And that was released into the ethisphere.

Dolph Goldenburg: Were they hacked or that they accidentally disclose it?

Ted Bilich: I believe they accidentally disclosed it.

Dolph Goldenburg: That would be terrifying as the marketing director, the executive director of board member. That would be terrifying.

Ted Bilich: Yes, exactly.

Another theme that is increasingly prevalent, and we've seen it in the political sphere over the last nine months and also in big, big business, is this notion of culture, but in particular sexual harassment accountability. I think that it's easy to look at the old white men in power and expect that the old white men might be doing things wrong, but I don't think they are going to be found to be the only people who are stepping over the line. We work with customers who are in a touchy, feely context. Everyone loves to hug. Everyone loves to make sure that everyone explains all of their feelings within the nonprofit sector. That creates additional ambiguity, and I would expect that if an organization has any sort of overlay of male-female relationships, they are putting themselves at risk of having sexual harassment as one of the themes that could come up in their own nonprofit over the next six to nine months. And if that happens, no one is gonna care whether the nonprofit generally does good things, they're going to care that there has been an allegation of harassment.

Dolph Goldenburg: Let me ask you this, and before I ask the question, let me be clear. And, of course, we always do a disclaimer at the end of the show. I am not a lawyer, neither you nor I are providing any kind of legal counsel at all today. If we talk about anything that raises any red flags for you, go talk to a lawyer. Don't use this podcast for legal advice, please. That would be a mistake. Okay. Having said that, and again, there'll be a disclaimer at the end of the show as well, let me ask you this question. Back when I was an executive director, I once had our HR person say to me that one of the ways to mitigate some of the HR-related risk was to do agency-wide HR annual training, so like equal opportunity training, sexual harassment training, etc., and he referred to that I believe is being able to not just train your staff but also have an affirmative defense should someone ever make a claim. What are your thoughts on that?

Ted Bilich: Well, as to whether it could be an affirmative defense, I don't want to get into the legalese terms, so let's talk in terms of the risks and how you address the risks. Absolutely. To have training is a useful component of addressing the threat of sexual harassment or racial harassment or bad workplace environment. One thing to be mindful of in having that sort of training is the same sort of thing about having disclaimers in your employee handbook. If you have the training but you don't walk the talk, it can set up the opposite effect. If you have something that says we don't tolerate harassment, but you don't really pay attention to that in your everyday activities, it can end up being an excellent factor. The plaintiff's lawyer rather than a fact for the defense. So the important thing is to yes, raise awareness, but then make sure that you're doing something to show that you're taking reasonable steps to actually apply that awareness every day in your business.

Dolph Goldenburg: So, it's not one and done. It's not, okay, well we just trained everybody on sexual harassment next month. We're training everyone on conflict of interest. We're done with this. You know, we won't address it for a year.

Ted Bilich: In addition to the culture and sexual harassment risks that I think is looming out there for the sector, I think another major factor that we have to address is the continuing uncertainty about, you know, the Trump effect, especially the 2018 midterm elections. There's a really well-known phrase that says that "If you're not at the table, you're on it." I think that if nonprofits are not thinking about the political context and trying to be advocates for their target populations, their target populations are going to be put at additional risk, and, therefore, the nonprofit themselves are going to be put at risk. And so I. I think that that's one aspect of the Trump effect we will see them playing out really strongly this year and then the final one, and I'd love your reaction to this, Dolph, is which way is this tax reform stuff going to cut? Now, that you've had significant changes in the way that deductions are taken, does that actually mean that there's going to be less money flowing into the system, or are we going to find that Americans are basically charitable people at heart and are going to make their deductions even if they're going to take the standard deduction?

Dolph Goldenburg: Ted, I am so glad you asked that question because I actually had a conversation with an ED about this yesterday, and as I look into my crystal ball, which some people think is goldfish bowl, I could be very wrong about this, but here's where I think the tax reform is going to impact nonprofits. So, I think people that are giving in March, that are giving in September are probably still going to give because those are people who have a motivation to give before there's been one up to this point has really been an artificial deadline of December 31st to give if you want to take it off on your taxes and you know. So, for a lot of people have often referred to. Although I've never… I should be careful because I've never actually said this directly to the face of a donor. So, now I'm gonna get myself in trouble, but I think oftentimes people who give it the in the last week or two of the year are people who are holding off to see how the year goes financially, and at some level, though also kind of maybe postponing their good intentions until there is a threat of something bad happening to them. "Oh, I will not be able to take this off my taxes until the following year if I don't make this gift now." I actually think a lot of nonprofits we'll see low-level gifts, gifts of under a thousand dollars that are made in those last couple of weeks of the year might actually decline. I think your stable base of support (so those people that give to you in May and those people that give to you in September and October) are going to continue to do that. But ultimately, I think that might mean since a lot of donations come in those last couple of weeks, a decrease of 10 or maybe even 20 percent for a lot of nonprofits. And it's interesting you say that because I also think how we mitigate that risk is we need to do a better job of cultivating our donors and making sure they understand the benefit of donating to the causes that we care most about besides just, "Oh, you're going to get a tax deduction."

Ted Bilich: That is absolutely right. And one thing you know when you mentioned crystal balls, it's something that comes up a lot with risk management is, what is the next big thing? Really that's not the purpose of a risk management program. Having a process of risk management is not to have a crystal ball. It is to think strategically about what might happen without any expectation that any of those particular things will happen, and therefore, you're more agile in the face of that uncertainty that ends up coming up. We don't know what the actual effect of tax reform is going to be. We don't know how the Trump effect in politics is going to impact the sector, but we can hypothesize, and we can think about what the first reasonable step is we can take in response. Even though we can't predict with any certainty.

Dolph Goldenburg: I was reading one of your articles that might've been the one in the Stanford Social Innovation Review, and you have an interesting perspective on insuring against risk. While you recommend people have insurance, can you share your perspective on mitigating risk through insurance?

Ted Bilich: Absolutely. Well, insurance is one thing that people always associate with risk management, and there's a reason for that. Insurance is a part of a reasonable risk management package, but insurance is only one way to deal with risk, and it comes up considerably down the path. When I talk about what you should do with respect to risk management, risk management involves first identifying and prioritizing risks and then addressing them in a variety of different ways. You might be able to avoid certain risks by making policies and procedures against them. You might develop certain risks that are positive risks. By having some sort of pilot program. You might mitigate risk by decreasing the chance of that risk happening. Then, and only then, do you think about shifting risk to other people, and that's where insurance comes in. Insurance is one way that you can shift known potential risks to other parties.

It's not the only way though, Dolph. As you know, there are other ways to shift risks, and it's something that the nonprofit sector doesn't do as well as it might. Those other two elements are by entering into joint ventures, so that the risk is shared with some other organization that has similar intentions. Or the risk can be in some ways shifted by having contract terms that spell out duties and obligations more clearly. Again, because nonprofits tend to deemphasize traditional business practices, sometimes they don't realize that right there in their pencil and paper they have the power to shift risk.

Dolph Goldenburg: It's interesting that you point out that people can do that, and organizations can do that in their contracts. For my own consulting practice, I've got professional liability insurance, and one of the things that I actually do, in fact, I actually just um, just renewed my professional liability insurance for the year, and I actually go through and I read the document and it's not a fun read, let me be clear. I read the document, and then I say, how does my standard contract need to change? I send it over to a lawyer and say, “Here's what I think this insurance document now says. Here's what the contract currently says. I think it needs to say something like x, Y, Z to [accommodate] this new exclusion that my insurance policy has.” So often, I think we feel like we're shifting the risk over to our insurer, but our insurer sometimes shifts a good chunk of that risk back to us.

Ted Bilich: Absolutely. No, absolutely. And, and that's why. Well, insurance is important with respect to risk management, it is well down the food chain of important things. There's so much that we can do about threats and opportunities that have nothing to do with contracts with other people, insurance or otherwise.

Dolph Goldenburg: Can I share with you what I think is a best practice for nonprofits around DNO insurance and also kind of get your feedback on this?

I often say that everything I've learned, I've probably learned the hard way. I once walked into an organization, and when I came on board, I asked, "There's DNO insurance, right?" they replied, "Yes." Now, I did not see a copy of the certificate of insurance. I was told there was DNO insurance. I said, great. There's DNO insurance. Something came up, and it turns out there wasn't DNO insurance, and let's say there were a couple of sleepless nights on my part.

Ted Bilich: Yes.

Dolph Goldenburg: but ever since that point, I've always been insistent that I really believe that all board members, as part of their annual board packet, she get a copy of the certificate of insurance for the insurance is that the organization holds. That way they know exactly what their limits of liability are on the insurance policies, and they also know for a fact that those insurance policies are in effect.

Ted Bilich: I think that's a great idea, and it strikes me as remarkable, continuously remarkable how often we have those sorts of situations arise in nonprofit board contexts where because people rely on good faith representations and because they all believe in the mission, they feel that they don't need to ask, so why not just take the asking part out of it? Why not just have it be a matter of course that as part of the annual board packet review, they're getting the important things that they need to see to make sure that they are covered and I think it makes a lot of sense.

Dolph Goldenburg: And I just want to jump in and say the person who told me there was DNO insurance, I believe it was a genuine mistake on their part. I believe they were as surprised as everyone else to find out there was not DNO insurance in that case. I don't think anything malicious what's happening, but we could have avoided that surprise had we just all received a copy of the DNO insurance certificate.

Ted Bilich: Absolutely, and almost never are you dealing with willful misconduct in any situation. The reason why you would have that sort of policy of having an annual presentation of those materials to the board in their board packet is so that the executive director or the staff member who's responsible for that has an annual time at which they are actually making sure they are reading it from the perspective of having to present it to the board so that they're actually making sure that it's there and ready to go.

Dolph Goldenburg: Now, I think you also recommend, and gosh, this is not a show about insurance, so please don't turn this off folks, but I think you also recommend the board reviewing all of the insurance policies every year. You have some strong beliefs, which I agree with about changes and insurance coverage and the board's role and responsibility in that. Can you say a little bit about that?

Ted Bilich: Sure. Now, I do want to be very clear about who's responsible for what in risk management and even in small nonprofits. The more we can be very clear about who does what the better off that organization is going to be, and so a board of directors has an important role in risk management. Not just insurance but risk management, but that role is relatively limited. The staff's role in risk management is actually to do the risk management. The executive director or CEO is in charge of operations and is supposed to make sure that the organization operates effectively. That includes risk management. That includes identifying, prioritizing, responding to risks, and assessing and improving. Boards have three duties with respect to risk management. They need to ensure that there is a risk management program in place. They need to make sure that they are aware of the most important threats and opportunities that are presented by the risk management process so that they can make informed business judgments about it.

And then the third thing is the board needs to set the tone at the top as to not just risk management, but governance and compliance so that the organization knows that these are important concepts. But given those three aspects, the board still should go by the following watch phrase: They should have their noses in but their hands off. They should be nosy about these issues. They should be asking questions that sound in risk management, but they should be relying upon their staff to follow up and do the actual work of making sure that the threats and opportunities are addressed.

Dolph Goldenburg: Is there a committee that you feel that should happen through for most boards?

Ted Bilich: Either the Governance Committee or the Audit Committee, depending on the size of the board. In smaller boards, it may be a function that is done as a committee of the whole.

Dolph Goldenburg: And it's interesting. Nowadays, a lot of organizations especially smaller ones don't have audit committees. They kind of rely on their finance committee for the Audit Committee function. I often say, "Well, if you don't have an audit committee (finance committee), these people should know what they're looking at when they look at insurance."

Ted Bilich: Yeah.

Dolph Goldenburg: well, Ted, we're going to take a short break and when we come back you have three freemiums that you are offering at your website and we're gonna. Talk about those three freemiums, um, and why our listeners should a) access them and b) be checked out. Your website

Ted Bilich: Sounds terrific.

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As you may have heard in our New Year's resolution show, my New Year's resolution is to post at least one new blog post each week. Now, I also believe in accountability checks. An accountability check is essentially a way that I'm able to hold myself accountable. So, all of you, my listeners and everyone [in my] RSS feed for the blog are part of my accountability check because Brianna and I are starting a weekly email newsletter. Every week, we are now going to be sending out the podcast of the week, so like this week, Ted's podcast episode is going out there. We're going to do our bonus break of the week, which is another mini podcast episode we do, and also the blog post of the week.

And so, I encourage you to be a part of that accountability check by signing up for our email newsletter. Not only will you keep me honest and help me make sure that I actually post to the blog every week, which I admit, you know, I'm a sinner. I did not do such a great job on that last year. You will also, every week in your inbox have the goodness of knowing what's on the podcast, what's on the bonus break and what I'm writing and thinking about this week. You can sign up at www.successfulnonprofits.com

Hey, welcome back, Ted. Now that I've just promoted my own freemiums, let's talk about you freemiums.

Ted Bilich: I think that's wonderful that you're asking your audience to be involved in holding you accountable. It's so important.

Dolph Goldenburg: Well, you know, and I say this all the time, whether it's a new year's resolution or whether it's June and we decided we're going to start doing something new, if there is not a way to make sure that we stay accountable, especially for those of us that are in positions where we don't have direct supervision (executive director, consultant, business, outer, you know, those are all people that have a lot of freedom on what they do)… we still have to find a way to hold ourselves accountable. Now, I understand that you have just launched a series of essays that actually offer step-by-step guidance about how to begin using risk management. Can you say a little bit about that?

Ted Bilich: Absolutely. One of the things that we've been doing over the last number of years as we've been developing our offering is putting it up in an internal manual of sorts. What we've decided to do this year is to share that with the world. And so, every two weeks starting this Tuesday, there will be a long essay that we will be publishing. I will make sure that in your show notes that there's a listing that that would allow people to sign up to get that dropped into their email inbox because it will start out with the rationale of why risk management is important, and it will go step-by-step, how to go through identification, prioritization, response and assessment and improvement. So, it should be a very valuable tool for people.

Dolph Goldenburg: Remind me again how many emails where people going to get from that? Is it seven or what's the number? Roughly?

Ted Bilich: It's one every two weeks, and this is going to be a full treatment. This is going to go on for a long period of time, but we promise, and I will be very clear in this promise, that we're not going to be dumping useless things into your email box.

Dolph Goldenburg: We were just talking about ways to make sure you actually do things and so just a quick story, in preparation for us launching our newsletter, we had a guest on maybe three or four months ago who had a freemium, which is one email, I think every day for a month about getting ready to launch your newsletter. I subscribed to it. I was thinking if I get one or two good things, that's great. I easily got 28 good things out of it.

Ted Bilich: Yes.

Dolph Goldenburg: The other thing that I loved about it was every day in my inbox, it held me accountable. It was like, “Dolph, here's what you and the team need to be working on to actually make this email newsletter happen.” So, what I love about your series of essays is I think it'll do something similar. Although with a better time horizon for people following up every two weeks, they're going to get a reminder, “Hey, here's what you were supposed to turn over the last two weeks. Here's what you need to do over the next two weeks.”

Ted Bilich: Exactly. So, I hope it's a real value. I'd love to get feedback from your listeners. I know I'm going to be looking for feedback from the people who already subscribed to our website.

Dolph Goldenburg: Ted, I think this is so valuable for our listeners that if you or your tech person sends me the embed code, we will actually make sure that we get that box embedded directly into the show notes so people can type their email address in there and subscribe. Now, I understand that you also are offering our risk inventory report. What exactly is the risk inventory?

Ted Bilich: Well, the risk inventory is the first step that an organization should take if they want to dip their toe into risk management. The idea behind a risk inventory is you don't know what you really face unless you actually start asking questions. So, a risk inventory takes the organization through an analysis of every functional area within their nonprofit and asks for them to identify threats and opportunities. This report explains how they can do that on their own without bringing in someone like you or me to do it for them. They can do it on their own to develop a small team of people who would go through this exercise, and every time a customer goes through this exercise, Dolph, they find a couple of things. First of all, they find some low-hanging fruit. Some things that either if they tweak it this way rather than doing it the old-fashioned way, they're going to get more value for themselves or for their customers, or they find one or two things where if they keep doing it this way, they could be on the path to perdition, and they need to change. So, one of the things the risk inventory does is it opens people's eyes to some low-hanging fruit. The other thing it does is it gets people thinking in terms of identifying threats and opportunities as a routine part of business, and if you can get your team trained to think like owners and think in terms of the longer-term consequences and how things can change over time. You can make enormous change in your organization for the better.

Dolph Goldenburg: Yes. That talk about that positive change. Getting your team to think like owners, that would be really positive change for a lot of organizations.

Ted Bilich: Absolutely.

Dolph Goldenburg: One of the things that I love about your risk inventory is, and I don't know this for a fact, and you can tell me I'm completely wrong, but I would be willing to bet that with most organizations there's the 80 slash 20 rule for risk. So, 80 percent of their risk is coming from 20 percent or less of the things that they are doing.

Ted Bilich: Absolutely.

Dolph Goldenburg: So that low-hanging fruit, they might be able to eliminate 40, 50 or 60 percent of their risk by just doing some really easy things.

Ted Bilich: That's exactly right, Dolph. Furthermore, you know when they do an initial risk inventory, a customer will end up with more than a hundred items on that list. Really though there will be about 25, 20 to 25 again, that are the big-ticket items, the most important things that, uh, that are either the most dangerous or the most potentially beneficial. And those things will percolate to the top through the risk inventory process.

Dolph Goldenburg: The other one – and I'm kind of going in this order for a specific purpose and I'm going to make the pitch on this by the way – I strongly encourage the folks sign up for your series of essays. They're going to come out every other week and also that people go to your website, and we'll have a link on the show notes and download the risk inventory so they can kind of walk through it themselves, but then if they find that they need help, if they say, "We need to bring in a pro," I'm probably not a risk specialist the way you are. So, if they decided to bring in a pro like you, and they say, "How are we going to find the money to do this?" One of the things that some organizations have to do is convince their funders that mitigating risk is important. So, you also offer a report for funders about why they should actually care about risk management. Tell us about that report.

Ted Bilich: Absolutely. That report is one consequence of some research, Dolph, that we've been doing for just about a year now. Over the last year, starting in November of 2016, we interviewed more than a hundred around the nation. We talked to them about what their perceptions were of grantee risk management practices, and a couple of themes came out of that. First of all, one theme that came out of it is that funders are very concerned. They are concerned that grantees are so busy working on end-user services that they don't give sufficient work and attention to the longer-term issues of sustainability and resilience. The second theme that came out is that funders find that they'd like to talk to their grantees about risk management, but they lack a common vocabulary for doing so. As a result of that, one of the things that we have done is we put this funder report together that explains why a funder needs to start asking about risk management among their grantee population, but we emphasize in that report that you can't just ask because if you just ask and you're a funder, people will say that they do it whether or not they're actually doing it, and then they'll scramble around, and they'll take resources from other important things, and they'll put that money toward risk management.

You don't want that if you're a funder of a good nonprofit. You want that good nonprofit to keep doing what it does best, so a funder that asks about risk management needs to include in that conversation the possibility of funding that sort of capacity building support. That report makes clear that the first step might be asking about it, but the next step has to be coming in and being part of the solution.

Dolph Goldenburg: I was an executive director, and I was a development director from a fundraising perspective. One of the ways I would suggest that nonprofits use your report for funders is they first go online. They download the risk inventory, and they complete the risk inventory. Then, at a time when they're not asking for a grant from one of their strongest best funders, so six months before a grant is due or nine months before grant proposal is due, they reach out to the funder and say, “Hey, we just took this amazing risk inventory. We'd like to come in and have a conversation with you about it.” And then they walk the foundation through the risk inventory and point out the 20 or 25 things out of those 100 that they need to be working on.

And then toward the end, they say, “We also found this great report for funders that might be really useful for you. Can we leave this with you?” Most funders are looking for that kind of guidance from the grantees. What do you want? What do you need that will make you stronger? So, then in three months’ time, when it's time to call the foundation and talk about your annual proposal or your biannual proposal, you can say, “Hey, what did you think about the report for funders and what would you think about us requesting a little bit of additional money to work on these risk management issues?” And I think then you couple these two freemiums together, and you've got a powerful tool to find their resources necessary to do this work.

Ted Bilich: I think that's a brilliant strategy. The most powerful thing about it besides being good in itself, is that if you do something like that to a funder, you are going to become in their eyes absolutely world class. If you are thinking in terms of their long-term goals and how you can best achieve them, you will be setting yourself apart from the 99 percent of people who go to a foundation who are simply standing there with their hands outstretched.

Dolph Goldenburg: Absolutely. The other thing that I love is you're then kind of sharing with the funder the best practices, and now in all of their site visit, they're going to start asking about risk. You as an organization are two steps ahead, which means you're going to get more money next year to do what you need to do. Okay. Sorry, I'm off my fundraising soapbox now.

Honestly, if you're listening to this podcast, use these freemiums to raise the money you need to manage risk. Come on!

Ted Bilich: No, it's exactly right, and one of the things that risk management will do for an organization is it will help energize the development staff and the board to be able to make the case for the most important things for that organization over time.

Dolph Goldenburg: Well, Ted, I got to move on, and we got to talk about the Off-the-Map question, and I hate doing it. I'm loving this conversation. Here's the Off-the-Map question, and if you're new to the podcast, first of all, welcome. Second of all, the Off-the-Map question is an opportunity for me to ask a question that has little or only tangentially related to the topic of the day but allows you to get to know more about the person we're having on. So, Ted, you not only manage risk, but you also are a lawyer and I'm married to a lawyer, which means that I know lawyers are remarkably risk-averse.

Ted Bilich: It's absolutely true.

Dolph Goldenburg: And I don't mean that as an insult. I'm married to a lawyer. I love a lawyer, but remarkably risk averse. So, I have to ask you, what is the riskiest thing you have ever done and how did that turn out for you? And to set some very broad parameters, this can be any kind of risk you want to share. Just remember it's public, it can be physical, financial, emotional, any other kind of risk. What is it?

Ted Bilich: Sure. And you're right about lawyers being risk averse. We always see every glass as at least half empty, and we always see five of the next three problems. With that as a background, I spent a lot of my time doing something that was really financially rewarding. I was a partner in an international law firm, had a successful practice, an enjoyable practice. About seven years ago, I embarked on a very new course, and it was a course that was an attempt to marry my background in rule structures and how things work from my law practice and my desire to help nonprofits. I went and I taught full-time at Georgetown Law School for a couple of years, and then I started Risk Alternatives. Yeah. That was the very riskiest thing I've ever done in my life and as to how it has turned out. I could not be happier. I love what I am doing. I love the opportunity to try to make a significant dent on a sector that does so much good in society and yet has such a strange business model that they confront risks in ways that my old clients, the fortune 500 clients don't ever have to confront. So, I've really enjoyed the steps that I've taken, and it has been scary at times, but you know, that's part of risk. You deal with it

Dolph Goldenburg: And I want to congratulate you for taking that step. There are so many people who sit at their desks in the for-profit sector and the nonprofit sector and the governmental sector and dream of doing something else, but they're afraid of the risk. So, congratulations on taking a really risky step like that.

Ted Bilich: Well, thanks, Dolph.

Dolph Goldenburg: Ted, thank you so much for being with us today. You have built a resource that is truly needed for nonprofits to manage their risk appropriately, and I would encourage all of our listeners to visit your website at www.risk-alternatives.com. Now, we'll link this in the show notes because for some people the dash causes confusion in URLs. It's risk-alternatives.com. If you can't find it, come to our show notes. We will also link the email series, and I'm hoping to get that embedded in the show notes itself, the risk inventory and the report for funders. Oh, and also as an added bonus, we will link to Ted's 2016 article in the Stanford Social Innovation Review, and I know you're not going to believe this because I'm talking about the SSIR and an article on risk management. It is a good read, and you will enjoy it.

Ted Bilich: Thanks, Dolph. I really appreciate it.

Dolph Goldenburg: Hey Ted. Thanks again for joining us today.

Ted Bilich: This is a great discussion. I'm really glad that you had me on, and I look forward to talking with you further in the future.

Dolph Goldenburg: If you listen to Ted and thought, "I'd love some help managing risk from an expert like Ted, but we don't have the funding for it," you should definitely send your closest funder a link to this episode. Most funders want to hear what their grantees need, and this episode will help make that clear. Don't forget, download the risk inventory. Take it and then schedule some time with your best, most supportive funders and share the risk inventory as well as the report. Now, you can also send these funders a link to Ted's report that explains why they should care about risk, and do you know the best way to get the link to that report? Of course, you do. Just Mosey on over the Internet and type in www.successfulnonprofits.com. While there, you can sign up for our new email newsletter, and I always ask that you subscribe, rate, and review us on your podcast streamer of choice and find me Dolph Goldenburg on Facebook, Twitter, or LinkedIn. I often say I am the only Dolph Goldenburg in the universe, so if you type it into almost any social media I'm on, you will find me. Grateful thanks to Ted Bilich for joining us today and the ever-steady Brianna Ohonba for producing this episode. That's our show for this week. I hope you have gained some insight to help your nonprofit thrive in a competitive environment and maybe manage risk a little bit more.