Risk Management with Connie Manes

Session 1 – Introduction to Risk Management

October 18, 2021
RISK
The threat or possibility that a future event or action may be substantially different from what the leaders of an organization expect and may adversely or beneficially affect an organization’s ability to achieve its mission and objectives.
Possibility of Loss – or Possibility of Gain

DIMENSIONS OF RISK
Likelihood (More or Less Likely, Frequency)
Magnitude (More or Less Impactful)
Direction (One way: Good or Bad)
RISK MANAGEMENT

A discipline for coping with uncertainty:
Practical steps to reduce the likelihood of negative (downside) risks and increasing the ability to seize mission-advancing opportunities

ANALYSIS

AVOIDANCE + MITIGATION
Risk Categorization
EMBRACING RISK MANAGEMENT

• Understanding basic risk management terms and concepts
• Learning to recognize and evaluate risks common to land trust work
• Recognizing the potential risk management roles of land trust personnel and
• Formulating practical risk management plans and strategies suited to a land trust’s circumstances, current operations and long-term goals

Three common approaches:
1. **Goal-oriented** (specific goals achieved through risk management)
2. **Program component** (identifying the core components of a potential program and developing each component, in turn)
3. **Process approach** (a series of sequential steps that form a perpetual loop)
Seven Risk Questions for your Board

**Progressive Lens:** Are we using a progressive lens to reflect on the past, appreciate the present and anticipate our future – or are we only seeing risk through a single lens?

**Risk Oversight:** Is the board contributing to a shared understanding of the organization’s top risks?

**Risk Resources:** Have we made an appropriate commitment in terms of personnel time and financial resources to understand the risks we face and make adjustments as needed?

**Risk Landspace:** What mission-related risks are starting to emerge on our horizon? What additional information do we need to understand and act?

**Lemonade-From-Lemons:** What seeds of opportunity exist in the risks we fear the most?

**Risk-Taking:** What big risks are worth embracing this year or next to advance our mission?
BUCKETS!

- Governance: Stds 1-4,7
- Finance: Std 6
- Acquisitions: Stds 8-10
- Stewardship: Stds 11-12
Examples?
Insurance – Risk Financing

Every land trust should have at least:

• General liability and commercial general liability
• Directors and Officers liability (D&O)
• Professional liability
• Staffed land trusts need Workers compensation, and Employment Practices liability
• Non-owned auto liability
• Property coverage
• Excess and umbrella coverage
• Volunteer accident coverage
• Crime/fidelity coverage
• Title insurance on your properties
• Terrafirma Conservation Defense insurance
Your Risk Assessment “Team”

• Ideally, 3-5 people on your board/staff with diverse professional and personal perspectives
• Volunteers or others who care about you?
• People with expertise in your area?
• People who may differ in their risk tolerance, but who are not terribly divergent from the board as a whole
Training Sessions

- October 18th: Introduction to risk management
- October 25th: Governance and finance
- November 1st: Land transactions
- November 8th: Stewardship and programming
- November 15th: Risk assessment

Resources

• Affiliate membership with Nonprofit Risk Management Center (NRMC). Affiliate status gives land trust members free access to NRMC’s eNews, Risk Management magazine, live webinars and recent webinar recordings.

• Basic Risk Management: Tools and Resources, presented by Lorri Barrett in 2020

• Terrafirma RRG LLC’s Online Risk Management Planner

• A Guide to Risk Management for Land Trusts by Melanie Lockwood Herman
  o Also available in smaller sections: A Guide to Risk Management for Land Trusts and Practice 6E Risk Management and Insurance
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<tr>
<th>Webinar</th>
<th>Description</th>
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<td><strong>Insurance 101</strong></td>
<td>Insurance is complicated, and knowing if you have the right coverage for your land trust’s risks can be difficult. Join Meghan Mullee, vice president of Alliant Insurance Services, for a crash course on the basics of insurance.</td>
<td>JANUARY 11, 2022</td>
<td>3 - 4 p.m. Eastern</td>
<td>Meghan Mullee</td>
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<td><strong>Risk Management Case Study: Sonoma v. Thompson</strong></td>
<td>A recent violation of a conservation easement put Sonoma Land Trust’s resolve to the test. Not only did the land trust and Terrafirma fight to protect the property, but they also successfully fought for costs and fees to compensate the land trust for their time and effort in doing so.</td>
<td>JANUARY 20, 2022</td>
<td>3 - 4 p.m. Eastern</td>
<td>Sarah Sigman, Bob Neale</td>
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<td><strong>Basic Risk Management: Tools and Resources</strong></td>
<td>Map out a trail to perpetuity. In this webinar, we’ll show you tools to get the most out of your resources with an emphasis on tailored solutions that provide what you really need. Suitable for those new to risk management.</td>
<td>NOVEMBER 08, 2021</td>
<td>3 - 4 p.m. Eastern</td>
<td>Lorri Barrett</td>
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<td><strong>Tips from Terrafirma</strong></td>
<td>Terrafirma has been in action for almost nine years now and we’ve learned a lot in that time. Join Leslie Ratley Beach to hear lessons learned on best practices from more than a thousand claims submitted over the years.</td>
<td>DECEMBER 09, 2021</td>
<td>3 - 4 p.m. Eastern</td>
<td>Leslie Ratley Beach</td>
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Please share your burning questions!

Jen Plowden  
New England Program Manager  
Land Trust Alliance  
(978) 595-3871 or jplowden@lta.org

Rebecca Dahl  
Program Manager  
Connecticut Land Conservation Council  
(908) 421-1801 or rdahl@ctconservation.org

Connie Manes  
Manes Consulting LLC  
(860) 488-6320 or connie@manes-consulting.com