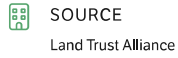




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Simple Risk Analysis Steps for Individual Decisions

Posted January 13, 2023



ABOUT THIS DOCUMENT

This risk assessment tool will assist your organization with decision making.

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Identification	What could go wrong?
Dimensions	What is the direction (positive or negative); the probability or likelihood or occurrence based on data; and the potential magnitude or severity?
Mitigation	What did we or can do to make it less likely to go wrong, or cushion the impact if it does?
Positives	What likely positive results central to the mission exist?
Appraisal	What is the basis to conclude that the risk is acceptable or not?
Consequences	What other considerations or consequences to the organization of not proceeding?

Sample Risk Matrix

Context: For example a CE transaction with a board member who is a major donor

Risk: Pressure to grant negotiation concessions because of relationship

DIMENSIONS	MITIGATION	POSITIVES	APPRAISAL	CONSEQUENC
Could be positive or negative.	Follow policies to avoid negative public perception.	Great project!	Strict adherence to conflict of interest procedures.	Loss of significant conservation benefit to the public
Highly likely to feel pressure	Use conflict of interest process,	Advances mission.	Use of usual template.	Potential donor loss.
Severe consequences if not handled well.	Manage individual and public expectations.	Influences other donors.	Outside counsel to negotiate.	
	Consider timing of gift.		Clear understanding at start about all project standards and guidelines.	
	Maintain donor relations while adhering to rules.		Agreement on no special treatment.	
			Strict compliance with all IRS rules.	

Three Approaches to Risk Management

These three approaches are not mutually exclusive, and although a land trust's leaders may choose one of the models as the starting point for their risk management effort, elements of all three approaches are found in most risk management

programs. The approaches offer a framework or path that can be helpful to the internal risk management champions. There is no single way to go about integrating risk management into a land trust.

The Goal-Oriented Approach

This approach invites leaders to begin by focusing attention on the two fundamental, overarching goals of risk management:

1. **Reducing the likelihood of negative outcomes and increasing the likelihood of positive outcomes;**
and
2. **Preparing the land trust to respond to surprisingly negative or positive events.**
Subsequent program steps can be structured around or flow from these fundamental goals.

The Risk Program Component Approach

Consisting of three elements, this approach focuses on the most common key components in a risk management program:

1. risk management goals,
2. a risk management committee and
3. the risk management plan.



Risk management goals help set the tone for the program and create a framework for comparing program outcomes and results with the leadership team's intent and expectations. The risk management committee is the group of leaders who champion the risk management effort, encourage the involvement of others, and ensure the monitoring of both risks and strategies for managing risk. A risk management plan is a summary of risks and strategies, and may also contain information about the land trust's philosophy about risk-taking and risk management and describe the structure of its risk management program.

The Process Approach

This approach invites leaders to see the design of a risk management program as consisting of a series of sequential steps. The process does not have a beginning and end, but rather is a perpetual loop that continues throughout the lifetime of the organization. This loop includes steps that

1. **Assess**
Articulating and analyzing your assumptions
Articulating your risk tolerance
2. **Evaluate**
Asking and answering "what if" questions
Reviewing circumstances, expectations
3. **Manage**
Addressing the risks, uncertainty and unexpected
4. **Measure**
Risk management is part of success measures

Explore related resources



RISK MANAGEMENT •
PRACTICE 6E: RISK MANAGEMENT AND INSURANCE



A Common Sense Guide to Risk Management for Land Trusts

2014 • LAND TRUST ALLIANCE

This step-by-step assessment tool will help you write a customized risk management plan.

[OPEN WEB LINK](https://terrafirma.org/risk_management/01_introduction)
(https://terrafirma.org/risk_management/01_introduction)

On terrafirma.org





RISK MANAGEMENT •
PRACTICE 6E: RISK MANAGEMENT AND INSURANCE

Periodic Risk Assessment Tools

2018 ✓ REVIEWED SEPTEMBER 1, 2022 •
LAND TRUST ALLIANCE

This document lays out common areas of risk land trusts face and the likelihood that they will occur.

[VIEW DOCUMENT](/resources/learn/explore/periodic-risk-assessment-tools) (/resources/learn/explore/periodic-risk-assessment-tools)




SECURING SUPPORT



Complying with State Charitable Solicitation Laws

2018 ✓ REVIEWED APRIL 16, 2018 • LAND TRUST ALLIANCE

Land Trust Standards and Practices requires land trusts to comply with all state charitable solicitation laws. For accreditation, land trusts complete a risk assessment...

 Basic

[VIEW PRACTICAL POINTER](/resources/learn/explore/complying-with-state-charitable-solicitation-laws)
(/resources/learn/explore/complying-with-state-charitable-solicitation-laws)



PRACTICE 7E: STAFF • OPERATIONAL EXCELLENCE

Cross-Training: Your Nonprofit's Secret Risk Management Weapon

FEBRUARY 1, 2023 •
NONPROFIT RISK MANAGEMENT CENTER

How many nonprofits have only one person to do the organization's most important procedures? It might feel impossible to cross-train, but simple steps can lower...

[VIEW WEBINAR \(/resources/learn/explore/cross-training-your-nonprofit-s-secret-risk-management-weapon\)](/resources/learn/explore/cross-training-your-nonprofit-s-secret-risk-management-weapon)



EASEMENT MODIFICATION AND EXTINGUISHMENT •
PRACTICE 11H: AMENDMENTS

Determine Risk Tolerance for the Organization

2020 ✓ REVIEWED AUGUST 1, 2022 • LAND TRUST ALLIANCE

[VIEW GUIDANCE \(/resources/learn/explore/determine-risk-tolerance-for-the-organization\)](/resources/learn/explore/determine-risk-tolerance-for-the-organization)





RISK MANAGEMENT •
PRACTICE 6E: RISK MANAGEMENT AND INSURANCE

A Guide to Risk Management for Land Trusts

2014 • LAND TRUST ALLIANCE

This book provides an introduction to risk management in order to equip your land trust with information, resources and suggested strategies for...

[VIEW PUBLICATION \(/resources/learn/explore/a-guide-to-risk-management-for-land-trusts\)](/resources/learn/explore/a-guide-to-risk-management-for-land-trusts)





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PRACTICE 6E: RISK MANAGEMENT AND INSURANCE

If You Hate Risk Management, Then You're Doing It Wrong

2019 • NONPROFIT RISK MANAGEMENT CENTER

If you hate risk management, it's probably because you're practicing risk avoidance. Read how you can transform your risk management efforts into risk-awar...

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PRACTICE 6E: RISK MANAGEMENT AND INSURANCE • RISK MANAGEMENT



Not For Profit Risk Management: the New Best Practice

2017 • CBIZ

This contains useful general risk mitigation guidance for nonprofits.

 Intermediate

VIEW REPORT / WHITE PAPER
(/resources/learn/explore/not-for-profit-risk-management)





SAFEGUARDING CONSERVATION

Risk Balancing Methodology and Risk Matrix Template

AUGUST 30, 2023

Land trusts are constantly balancing risk by assessing these profound changes and balancing the opportunities and risks they present. Using the...

VIEW PRACTICAL POINTER
(/resources/learn/explore/risk-balancing-methodology-and-risk-matrix-template)




RISK MANAGEMENT • PRACTICE 6E: RISK MANAGEMENT AND INSURANCE

Developing a Risk Management Plan


2020 ✓ REVIEWED AUGUST 1, 2022 • LAND TRUST ALLIANCE

This document walks you through developing a risk management plan for your land trust.

 Basic

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