Approaching Risk:
Questions to Help Shape a Discussion
Determine your philanthropy's tolerance for risk
and find ways to embrace it

Risk and Responsibility

- What is your understanding of your responsibilities within your foundation? How does risk figure into your role, whether you are staff, board, or family?

- What is your greatest fear around risky activities?
    - Loss of control?
    - Money granted that could have been better used?
    - Losing money (as with making loans that can't be repaid in the end)?
    - Damaging a community or failing people by not fulfilling a promise or by ending a program?
    - Damaging the reputation of the family or foundation?
    - Negative impact to your job or professional status?
    - Other fears?

- Select the most cited or important fears around risk and spend some time discussing these. What are the worst case scenarios for these? Are there ways to mitigate the risks in each of these areas, for example, by tapping staff, board, family members, or outside experts with particular knowledge or skills? Setting maximum grant amounts? Other ideas?

- In what program or funding areas are you more comfortable taking risks? Why?   In what areas would you prefer to avoid any risk? Again, what are ways to mitigate risks in these areas?

Risk and Reputation

- Should your discussion of risk be limited to grants and funding? What about taking positions and/or advocating on social or political issues? Collaborations? Involving community members in decision-making?

- What would you like your philanthropy's reputation around risk to be? Is it important to you that your philanthropy be seen as encouraging risky or new ideas and projects? Do you simply want to be seen as open to risk? Or do you want others to know that you prefer to avoid it in general?

Risk and Process

- Does the staff have enough guidance from the board about what types of grants or activities are considered risky?   Does the staff know what their approach should be to certain types of requests (by grant size, by field or program area, by grant type)?

- Would internal and/or external guidelines around particular funding areas or activities limit risk by giving staff and board members something to refer to when looking for guidance? Alternately, do you see a need for more flexibility in your guidelines to allow for new ideas to be considered?

- Examine the process by which organizations receive funding. Can you make your foundation more accessible to smaller or less established organizations by adjusting your policy around solicitation or your application process? In your community or field of funding, how might greater accessibility to your foundation affect the potential pool of riskier grantees?

- Are staff, board, and family members encouraged to bring new or risky ideas or projects to the attention of the chief staff person or board?   Is the board willing to listen to their thoughts and observations about risk in your particular community or field of funding?   Is there conflict between board guidance and staff actions?

Risk and Learning

- What are some possible benefits that make a risk worth taking?

- What would make failure ok? (Learning from the failure? Ruling out a possible solution to a problem? Building relationships that succeed even if the intended project didn't? Establishing a time frame that allows for quick correction?)

- What about the risks of missed opportunities or the risks of inaction? How can you figure this into your discussion?

What follow-up or action items have come from this discussion?