

Volunteers of America

Strategic Risk Management by Nonprofits
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External forces

- Dependence on government funding
- Competition for unrestricted dollars
- Smaller organizations lack sufficient infrastructure for long-term stability
- Convergence of factors impacting current economic models

Key questions

- Is the status quo really working effectively, efficiently and with maximum impact?
- Is the behavior today aligned with the strategic direction and anticipated outcomes?
- What are the significant trends in the sector and what planning is in place to proactively address?
- What competencies and assets (present and untapped) can be leveraged?

Case Study – Keep the status quo

- Background – a single line of business with great success, fundraising support. Slowly shifting landscape.
- Risk assessment – Conservative tendency
- An era of change
 - New leadership - CEO and Board
 - New service opportunities

Case Study – New Venture

- Background - \$50M annual revenue, 17% 5-year annual growth rate. Catalyst: Hurricane Katrina.
- Risk assessment – Entrepreneurial tradition
- New Venture – Southeast Steel Framing
 - Corporate partnerships
 - Acquired land for factory at a below market rate
 - MacArthur Foundation
 - Habitat for Humanity

Case Study – Innovation

- Background – 50 years of service in long-term care, U.S.
Census Bureau: 7,900 baby boomers turn 60 every day, and the options for long-term care outside their homes are both limited and expensive.
- Risk assessment - Entrepreneurial tradition
- Innovation – Senior Sensor Technology
 - Partnership with the University of Virginia and The Good Samaritan Lutheran Society
 - Research
 - Visibility

Conclusion

- Build a culture at the staff and board level of generative thinking, strategic direction setting, and risk assessment
- Regularly survey the external landscape
- Benchmark often against “successful” organizations
- Ensure sound business metrics for each new endeavor