

# **Strategic Risk Management Activity**

## **Virtual Capacity Building Cohort**

**11th-14th August 2020**

**Conceptualised and Executed by:**

## Outline

Social Lens conducted the second Virtual Capacity building cohort from 11-14th August which was attended by 44 organisations and several guest speakers who covered topics ranging from Business Continuity Planning, Change Management, Reimagining People's function and Organisation Resilience. A **needs assessment** and an **organisation preparedness survey** were conducted to gain a deeper understanding of the current requirements of NPOs in the country amid the COVID-19 pandemic and identify areas for capacity building. The same assessment revealed that over **50%** of the organisations **had not conducted a Risk Assessment** in their organisation or had a Strategic Risk Management system in place. Hence, as part of the Business Continuity Planning session, organisations were asked to participate in a Risk assessment based activity.

This report details the **nature of the activity, the common responses from participants, and suggestions on how they can prepare themselves or mitigate the risks identified**. The main purpose of this report is for SL to develop a better understanding of the **High Impact needs of organisations and curate its offerings accordingly**.

## Introduction

Risk Assessment is the combined effort of: identifying and analyzing potential events that may negatively impact individuals, assets, and/or the environment; and making judgments "on the tolerability of the risk on the basis of a risk analysis" while considering influencing factors.

### Steps/Details of the activity:

**List the three biggest risks** their organisation is facing now or could potentially in the near future.



Divide those risks into three categories- **Programmatic** (risks associated with a specific program), **Contextual** (risks associated with external factors) and, **Organizational** (risks associated with one of the major functions)



**Rank** them based on the **order of importance** of the risk to their organisation.



Assign a **probability** (H=0.75, M=0.5 and L=0.25) that the risk would materialise and the value of impact (H=3, M=2 and L=1) if it did.



Calculate the **impact score** (probability of risk materialising x value of impact) and plot them on the heat map.

The purpose of this activity was to get participants to conceptualise the various risks that could affect their programs or organisation as a whole. The **Heat Map** is a risk assessment and **visualisation tool** which helps organisations to **categorise** the various risks it takes, **prioritise** them and put in place various **processes and systems to mitigate those risks**.

### Findings based on common responses

#### 1. Financial Uncertainty and Fundraising



The **most common uncertainty** that organisations are faced with is **financial viability**. Due to the onset of the pandemic, funds from CSRs, Philanthropic foundations, and other grant giving bodies have been diverted to the PM CARES fund and other COVID-19 relief work. Organisations themselves in the early stages of the lockdown rolled back on their programs and diverted marked funds to provide much needed COVID relief work in their communities. With funding from CSRs and Philanthropic bodies expected to decrease even further, several organisations face an existential threat as they are unable to meet basic fixed expenses to run their programs. Though a few organisations associated the problem with **financial viability** to be Contextual in nature, most organisations believed it to be an **Organizational risk**.

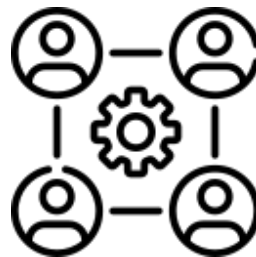
Heat Map				
		Probability		
		Low	Medium	High
Impact	High			1. to raise funds for existing programs
	Medium		2. To raise unrestricted fundings for organisational sustainability	3. To deliver our on field programs during COVID-19



Figure 1: Heat Map of Slum Soccer

- Most participants rated risk associated with financial management to be the most important risk their organisation faces currently or in the near future.
- They rated both the probability that they will face a lack of finances to meet basic organisational needs and the impact it will have on their organisation to be high.

## 2. Productivity and Motivation of Staff members



**Decreased motivation** to work and **falling productivity** of the workforce while employees are forced to work remotely is another major risk that organisations are facing. Among the employees that were not laid off during the pandemic, several of them across organisations had to accept pay cuts or a change in their functional responsibilities. This leads to not just decreased motivation to work as employees are looking for more suitable roles, but also cascades into a potential drop in employee productivity. Most participants associated this with **Contextual or Organisational** risk since this issue was largely created and **exacerbated by the COVID-19 pandemic** and the nationwide lockdown.

- A majority of the participants that recognized employee motivation and productivity as a risk, prioritised it as the most or one of the most important threats their organisation currently faces.
- They rated the probability of this risk materialising to be high as many organisations are already facing this challenge and the impact once it does materialise to be medium to high.

## Conclusions

Among the various threats that organisations are expecting to face in the near future, participants reported financial and human resources related risks to be the most prescient. These risks not just hinder their ability to function smoothly and execute their programs, but also threaten the very existence of the organisation. To that end, they listed several ways in which they could potentially mitigate these risks and decrease the level of impact it has on the organisation. Some of these steps are:

1. Explore crowdfunding platforms and accessing retail funding through various digital media.
2. Rationalising expenses and practicing strict financial controls.
3. Practicing prudent financial management techniques like Zero Based Budgeting and managing Cash flows efficiently.
4. Upskilling of employees to be able to perform other functions while their departments are not functioning.
5. To have a more employee friendly Human Resources policy that takes into consideration the burdens of working remotely and the mental and physical health risks associated with the pandemic.
6. To conduct activities to celebrate the employees and their contribution to the organisation.

Among the several exercises conducted over the four days of the cohort, participants rated the Strategic Risk Management exercise to be the most valuable. Participants understood the importance of identifying and assessing the various risks their organisations and programs could face. The Heat Map helped them visualise and prioritise those risks and think of steps they could take to mitigate them.

## About Social Lens

Social Lens is a social purpose organization committed to developing customized solutions in the philanthropy and development sector. Our aim is to support mission driven NPOs and SPOs optimize and amplify impact by supporting them in the core areas of: leadership development, socioeconomic assessments, organization development and sustainability, and impact measurement and analytics. The experience in organization building and development and a collaborative approach allows for developing customized solutions through a nuanced perspective that allows for improved delivery mechanisms to end beneficiaries.

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