

# Best Practices For Mission-Based Risk Management

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# Best Practices

- Holistic approach -- integral to understanding and addressing risks
- Structural challenges – very different from those in public school and for-profit realms

# Best Practices cont'd

- Entrusted resources-serve the mission
  - Other people's money
- Conflicting ideals:
  - Confidentiality and transparency

# Stakeholders

- Board of Trustees– executive committee, audit committee
- Head of School
- Division Heads
- Faculty and Staff
- Parents
- Alumni

# Stakeholders cont'd

- Donors
- Overlaps – many hats
- Fishbowl effect

# Stakeholders cont'd

- Collaboration between BOT and administration
  - Audit, Legal, Insurance, IT
- BOT and administration
  - Differing roles
- Oversight v. Operations

# Stakeholders cont'd

- Stakeholders – not stockholders
- Risk-management sees "cons" *and* "pros" of the entrusted-resource model

# Stakeholders cont'd

- Owning Risks
  - BOT and administration are not “owners”
  - Risks heightened by mission and entrusted resources
  - Reputational risk
  - Non-confrontational culture vs. “bruising workplace”
  - “Emperor with no clothes”



# Stakeholders cont'd

- Holistic risk management:  
"Murphy's Law"
- What risks aren't regularly addressed?

# Stakeholders cont'd

- BOT
  - Composition
  - Background
  - Strengths/weaknesses
  - Training
  - Policies and procedures
  - Tenures
  - Who knows what
  - Who if anyone has reliable view of peer schools and your school's context
- Who on BOT manages risks? How?

# Stakeholders cont'd

- Administration
  - Background
  - Strengths/weaknesses
  - Areas of responsibility
  - Who knows what
  - Time limitations
- Who in administration manages risks?  
How?

# Stakeholders cont'd

- BOT, administration--manage risk together?
  - Oversight v. Operations
- Who is the "driver"?
  - Volunteer/inexpert BOT v. "professional" administrators
  - Checks and balances: Risk review
- Subverting aspects of the institution to the mission

# Regular Review of Key Documents

- BOT handbook
- Employee handbook
- Student handbook
- Contracts
- Releases

# Addressing Specific Risks

- Litigation risk
- Conflicts of interest
- General reputational risk
- Succession planning
- Financial distress
- Hitting the fan -- crisis management

# Addressing Specific Risks cont'd

- Systematic review of risk management function
- BOT reps and administration leadership reps
- Input from outside professionals