

Impact Risk Management Quiz - Next Steps

Next Steps to Improving Your Grantmaking Practices

Congratulations on finishing the quiz. What now? Take a look at the next steps below for ideas on where to start on your journey towards maximizing impact.

Remember, the intention is to help you initiate meaningful conversations within your organization. A low score is a starting point for growth, not a bad grade!



0-14	15-28	29-42	43-56
<p>Managing impact risk doesn't happen overnight. It takes time, and often challenging conversations, to establish best practices. See next steps below to continue your journey towards impact risk management. Start with sections 1-4.</p>	<p>You've provided a strong foundation. You already have some best practices in place and are ready to keep progressing. See next steps below to improve your lowest scoring sections starting with sections 1-4.</p>	<p>You've already put in place practices that support your grantees to achieve their intended impact! Continue integrating best practices in your lowest scoring sections.</p>	<p>You enable your grantees to identify, manage, and overcome obstacles to their impact. Share your journey with others to keep building effective impact risk management practices throughout the entire impact sector.</p>

Next Steps:

Below are detailed descriptions of each domain, and next steps you can take to create a funding practice that is safeguarded against the impact risks and unexpected obstacles your grantees will face.

1. Risk Mindset

Improvement in Risk Mindset means that you are able to differentiate impact risk from financial risk, reputational risk, and governance risk. You see managing impact risk as necessary to maximize the likelihood of achieving impact.

Resource and actions:

- Review the [Roadblock Analysis Report](#), an empirical dataset on “what goes wrong” in impact-focused projects.
- Build a common language and understanding around impact risk by holding discussions with internal stakeholders (board, leadership, grantmakers) using resources such as [Risk Management: A Primer](#).
- Enroll in PEAK Grantmaking’s self-paced online course [Smart Risk Management for Greater Impact](#).
- Watch Open Road Alliance Executive Director, Maya Winkelstein speak about the importance of managing impact risk as funders: [Risky Business, a Framework and Tools for Managing Risk in the Social Sector](#).
- Read [Foundations Don’t Know What They’re Risking](#), an article in *Foundation Review* highlighting the scope of the risk problem and frameworks for solutions.

2. Risk Profile

Developing a strong risk profile means that you have a clear, comprehensive statement of your risk appetite. All relevant funder stakeholders (board, leadership, grantmakers) are internally aligned on the statement, and the statement is published externally. Your investment decisions reflect your stated risk profile.

Resource and actions:

- Define your organizational tolerance or appetite for impact risk using pages 13-15 of [The Risk Toolkit](#)
- Create a risk profile statement using guidance on [How to Create a Risk Profile Statement](#) and ensure that the statement aligns with organizational and programmatic goals.
- Regularly ask grantees to provide their feedback on whether your risk profile statement is honest and accurate given their experience.
- Regularly ask internal stakeholders (board, leadership, grantmakers) to provide their feedback on whether your risk profile statement is honest and accurate given investment decisions.

3. Risk Culture

Strengthening your risk culture means that grantmakers are encouraged to discuss and actively manage impact risk in their grantmaking. You actively reward grantmakers for bringing risks and obstacles to the attention of the funding group and manage them in accordance with your stated risk profile.

Resource and actions:

- Solicit feedback from your grantmakers about whether they feel any challenges in honestly sharing their grantee's impact risks or obstacles.
- Integrate practices that encourage grantmakers to manage impact risk as part of their grantmaking using the guide: [How to Incorporate Your Risk Profile Into Your Organizational Culture](#).

4. Grantee Support and Communication

Improving grantee support and communication means that you explicitly confront the inherent trust divide that exists in grantmaker/grantee relationships and seek to bridge it, despite the playing field never being level. You recognize this tension and seek to mitigate it in order to encourage frank conversations about impact risks and obstacles.

Resource and actions:

- Conduct an audit of your grantee/funder relationships using an outside party like [Philamplify](#), the [Center for Effective Philanthropy's](#) Grantee/Applicant Perception Report, or [GrantAdvisor.org](#) and commit to making improvements where necessary.
- Share your grantmaking and impact risk management practices with your grantees and update them when they evolve. Check out an example of a transparent grantmaking process on [Open Philanthropy's website](#).
- Learn about best practices to build effective funder-grantee relationships on page 32 and 33 of [The Risk Toolkit](#).
- Learn more about trust-based philanthropy practices by reading the 2-page [Trust Based Philanthropy at a Glance](#).

5. Budget

Developing a budget with impact risk management embedded in it means you have a contingency mechanism in place to financially support grantees to overcome unexpected obstacles, and effectively use this mechanism to preserve grantees' intended impact.

Resource and actions:

- Check out [How to Set Aside Contingency Funding](#) to determine what amount of contingency funding is appropriate and set up your fund.
- Check out [How to Build Contingency Protocols](#), in the Risk Toolkit to map out a clear process for managing and responding to contingency fund requests.
- Create incentives to reward proper use of the contingency fund, possibly integrating criteria into grantmaker performance assessments.

- Read the Non-Profit Quarterly article, [Keeping it in Reserve: Grantmaking for a Rainy Day](#).

6. Risk Decision-Making

Strong risk decision-making means that you have formal processes (included in written policies such as bylaws, etc.) that enable you to take swift action to manage risks or overcome obstacles when needed.

Resource and actions:

- Learn more about [How to Incorporate Risk Management into Governance Practices](#) on pg. 25 of the Risk Toolkit.
- Consider setting up a fast-acting decision-making committee with clear and formalized roles for members of your team.
- Set up post-mortem discussions with grantees who presented impact risks or unexpected obstacles to get feedback on whether either party could do anything differently.

7. Monitoring and Evaluation

Monitoring and evaluation for impact risk means you integrate risk identification, assessment, and management into grant management practices. You track impact risks and obstacles grantees face at the project and portfolio level using consistent identification and prioritization practices. At the project level, you review emerging impact risks and roadblocks often during project implementation to identify patterns and course corrections when needed. At the portfolio level, you identify risk trends across grantees and keep track of your ability to help mitigate these risks.

Resource and actions:

- Learn more about tools like [PESTLE analysis](#) or [SWOT analysis](#) that help identify impact risk.
- Check out a simple and straightforward approach to assessing and mitigating impact risk on pages 5-9 of the [Risk in Philanthropy: a Framework for Evaluation](#).
- Establish practices that integrate impact risk management into your existing systems and processes: [How to Incorporate Risk Management into Monitoring and Evaluation](#).
- Consider utilizing AMP's [grant management platform](#) that builds in functionality to identify, assess, and manage impact risk.

8. Learning

Having a strong learning capability means that you evaluate portfolio-wide feedback loops to understand what aspects of impact risk management are and aren't working. You take action to improve performance and practices based on M&E data and feedback from grantees.

Resource and actions:

- Solicit candid feedback from grantees about impact risk management practices at least annually.
- Include an assessment of your ability to identify, plan for, and address impact risk in your annual review, and share the results of this assessment publicly.

Wherever you are on your journey to build a more impactful funding practice, we applaud you for taking the time to think about your risk management practices and for your commitment to improving them. Contact Spring Impact to learn more about the resources shared above or to dive deeper into your risk management journey.