

# Philanthropy MATTERS

## Risk Avoidance or Risk Management?



Are you risk-adverse in your charitable giving or grantmaking?  
If so, you might want to rethink your perspective.

Inexperienced philanthropists typically conduct “due diligence” with the goal of eliminating any risk associated with a potential gift or grant.

With experience, however, you may come to see this process as risk *management*. In the real world, there are few promising projects that offer no risk; in fact, avoiding risks completely often leads to modest or no impact.

Further, you may believe the role of charitable giving or grantmaking is to encourage innovation, to try new solutions, and to test new theories. With those types of giving, avoiding risk is impossible.

In our work, we encourage our clients to think of risk management instead of risk avoidance. As you consider a major gift or grant, take the time to identify the risks and weigh them against the potential impact or outcomes of your gift. You may find that you are willing to assume some risk when there is a promising outcome.

If you are interested in the issue of risk management, please sign up for the April 26 webinar “Prudent Investments and Big Bets: Managing and Taking Risks with Your Grantmaking,” jointly offered by the Council of Michigan Foundations and Grand Valley State University’s Johnson School of Philanthropy. Mark Neithercut, NPA president, will be presenting along with Dr. Jason Franklin, the W.K. Kellogg Community Philanthropy Professor at GVSU. If you cannot attend, let us know and we will send a transcript or recording of the webinar.

**Webinar on April 26: Prudent Investments and Big Bets:  
Managing and Taking Risks with Your Grantmaking**

**REGISTER NOW ►**

## RESOURCES

- ▶ The groundbreaking *Almanac of American Philanthropy* was published recently.
- ▶ *Why I Regret Pushing Strategic Philanthropy*, Hal Harvey, Chronicle of Philanthropy, April 2016, p. 29. Please call if you want us to send you a copy – 313.568.9000.
- ▶ *Donor Beware: The New Realities of Philanthropy*. Today’s big-name philanthropists should worry about how history will judge their gifts (and their fortunes), Christopher Caldwell, Wall Street Journal, March 12, 2016, p. C1.

## FIRM NEWS

- ▶ Mark has new blog posts about the pitfalls of naming things when a donor makes a major gift, and the wonderful new Almanac of American Philanthropy, at [philanthropyfitness.com](http://philanthropyfitness.com).