

Foundations for Risk Management

1. Culture

Create A Culture Of Managing Risks & Preventing Claims

- Structural engineering is a high risk profession
- All firms can have professional liability claims
- Claims cost money, time, reputation, clients, and staff
- Firms must commit to managing risks
- Commitment must include management, staff and clients. All individuals must make a commitment
- Quality must take high precedence
- Legal environment is always changing

2. Prevention & Proactivity

Be Proactively with Preventive Techniques, Don't Just React

- A pound of prevention is worth a kip of cure
- Anticipate problems and situations that may occur
- Identify potential risks and mitigate before they are a problem
- Develop processes to prevent errors, duplication and misunderstanding
- Take positive actions at the beginning of projects and don't procrastinate
- Many conditions can be altered by positive actions

3. Planning

Plan To Be Claims Free

- Must have a plan for the firm in order to be claims free
- Train staff to plan, then implement the plan
- Plan needs to be simple, understandable, and inclusive to be effective
- Have Policies and Procedures that are workable and followed
- Communicate and repetitively reinforce the plan
- The plan may need to adjust as conditions change

4. Communication

Communicate to match expectations with perceptions.

- A high percentage of claims occur because of poor communication
- Be proactive in communications. Not reactive
- Create an atmosphere for good and open communication
- If in doubt, communicate early and often
- Select the best method of communication (email may not always be the best approach)
- Communicate effectively

5. Education

Educate all of the Players in the Process

- Educate to form realistic expectations.
- Educate management, staff and clients
- Have established education and training policies and procedures
- Coaching and mentoring is an important part of the education process

6. Scope

Develop and Manage a Clearly Defined Scope of Services

- A well developed scope of services:
 - Avoids later misunderstandings
 - Provides clarity for future additional services
 - Clarifies the work effort and fee
 - Establishes many contract terms
 - Functions as a guide for your staff
 - Helps to mitigate claims

7. Compensation

Prepare & Negotiate Fees that Allow for Quality and Profit

- Develop fees based on work effort (task hour) and value to be delivered
- Make allowances for unknown conditions
- Share the back up for your fee with the client when appropriate
- Negotiate based on scope of work
- Be willing to walk away
- Don't continue to work for losing clients

8. Contracts

Negotiate Clear & Fair Agreements

- Understand ever changing contract language and demands
- Use a CASE, AIA or other accepted base contract
- Modify the contract for each project, as needed
- Use a contract that you can understand
- Use the contract to reasonably share project risks
- Get a signed contract
- Utilized legal review when appropriate

9. Contract Documents

Produce Quality Contract Documents

- Understand the definition of contract deliverables
- Include staff in the work planning effort
- Develop written design criteria
- Capitalize on similar designs without starting over on each project
- Establish reasonable schedule expectations
- Share agreement / contract information with staff
- Tailor project documents to project delivery method
- Integrate the BIM/CAD team

10. Construction Phase

Provide Services to Complete the Risk Management Process

- Train staff for the CA work
- Clarify SE's role during submittal review and construction site visits
- Get to know the Superintendent and other important players
- Document efforts well
- Make site visits and reports meaningful
- Follow up on changed construction tasks
- Strive toward the goal of a successful project