

## Risk Management for the Professional

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- Risk:
  - Business risk
  - Professional liability risk
  - Risk to the environment
- Assessment of Risk
- Risk Management
- Risk Protection

“Risk” = the probability of an unfavorable outcome

“Risk Management” = minimizing the probability and severity of an unfavorable outcome at the lowest long-term cost

Elements of Risk Management

- Risk Analysis
- Risk identification
- Risk response

## Risk Analysis – Considerations

Type of project; client attitude  
Effect on reputation  
Risk vs. benefit  
Responsibility vs. authority

Decision to proceed with project – or not  
Risk management a proactive process

## Risk Identification

Recognition of the professional’s capabilities  
Analysis of the proposed project  
Client’s financial capability  
Client’s experience  
Client’s representative – a “decision maker”?  
Client’s performance expectations – realistic?

## Risk Response

Decision to go forward with project – considerations  
Professional’s current workload may encourage going forward

If so,

**Identify means of risk mitigation**

## Risk Mitigation – elements

- Close supervision of workers
- Increased training/education
- QC/QA programs
  - Addition of special skills
- Client and internal communications
- Billing/fee collection

## Contracting

- Identification of risk **before** contract negotiation
- Define scope
- Identification of assumptions
- Identification of parties with authority
- Identification of contingencies
- Provisions for dispute resolution
- Allocation of risks

## Contracting (cont.)

### Purposes of contract

- Define project scope
- Establish relationships and clarify communications
- Allocate responsibilities and risks
- Confirm mutual understanding

## Risk Transfer – Insurance

### Practical, ethical provision

#### Considerations

- Coverage limits
- Deductible limits
- Analysis of risk exposure
- Coverage exclusions and conditions – the “fine print”

## Practice Management

- Excellence of service
- Responsibility to clients and public
- In-house education
- Employee awareness
- QA/QC programs

## Environmental Risk Management

- Risk to public and society
- All principles of risk analysis, identification, response applicable to environmental risk management
- Ethical and legal responsibility of the professional
- Responsibility of the professional in private practice
- Responsibility of the publicly employed professional

## Environmental Risk Management

Pre-construction evaluation and safety engineering

Project monitoring

Long term monitoring

Emergency response

## Conclusions

**Business decisions subject to social expectation and regulation**

**Leadership and management must apply risk management provisions**

**Professional's ethical responsibility for environmental risk management is equal to concern for business risk management**