

Editorial | A Culture of Risk Management

By Andrew Rauch, CASE Chair



A few weeks ago, I met with new employees of our firm to introduce our risk management program to them. It is one of my duties as the risk management director for our office. Because of the economic downturn, I had not had the opportunity to make this presentation for a while, and it felt good to be able to do one again. As I was preparing for this presentation, I had the opportunity to consider risk management and how it really requires that your firm have a *culture* of risk management. A culture of risk management is the first of CASE's Ten Foundations of Risk Management. It is not something that can only be touched on occasionally, but must be a constant presence in the design process.

A firm's culture can be considered to consist of three components: artifacts; shared values, knowledge and learning; and basic unspoken assumptions.

Artifacts are those things that can be seen and heard in your office. They are some of the first things that employees see when they begin working for you. Maybe it means having a poster showing your commitment to risk management or perhaps the *Ten Foundations of Risk Management*. Having a person or position responsible for risk management is another visible way to show your commitment. Putting risk management on the agenda for staff meetings and project management meetings allows risk management issues and lessons learned to be freely discussed.

Shared values, knowledge, and learning create awareness and develop commitment to the risk management process. Share horror stories of real claims that your firm or other firms have endured. Tie risk into a monetary value. Let your employees know how much professional liability insurance costs your firm. Give them examples of what claims cost and how it can affect firm profitability, their salaries or bonuses, and the firm's ability to grow. Share the status of ongoing claims with your employees and celebrate when you are claim free. Compare how your firm is doing in relation to industry averages. Take advantage of risk management presentations through CASE, your insurance broker or insurer, or the other sources of risk management information. All of these will provide a constant drumbeat to keep risk management present in their thinking.

Basic assumptions are those aspects of company culture that are not confronted or debated. When these assumptions are challenged, they are usually vigorously defended. By their nature, they take longer to develop than the overt actions described above. They are also more powerful than

The Ten Foundations of Risk Management

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|-----------------------------|------------------------|
| 1. Culture | 6. Scope |
| 2. Prevention & Proactivity | 7. Compensation |
| 3. Planning | 8. Contracts |
| 4. Communication | 9. Contract Documents |
| 5. Education | 10. Construction Phase |

these actions and can quickly undermine what you are trying to accomplish. For example, suppose your firm has a requirement that all proposals are to be reviewed by a second person. If a principal routinely ignores that requirement and is not confronted, your employees will assume that risk management is really not as important as you claim it is.

For an engineering firm, culture is learned starting with the first day. Employees learn about it based on how things are done around the firm, from marketing to the end of the project. The culture is learned through observation of what really happens each day. It is the unwritten rules which can say that the written rules don't need to be followed. It reflects the walk, not the talk, and is learned by what gets rewarded, by what the "heroes" do, and by what the leaders tolerate, not by what the leaders say.

In the book of Deuteronomy, the Jewish people were instructed to write the Ten Commandments on their door posts and gates, to teach them to their children, and talk about them when they woke, while they went about their daily business, and in the evening. These commandments were to be an integral part of their daily life, part of their culture. While the Ten Foundations of Risk Management are not as important as the Ten Commandments, they still need to be an integral part of your firm's culture. So, does your firm have a culture of risk management? If it does, what does it tell your employees? Is risk management important or is it something to which you only pay lip service?

If you would like to learn more about the Ten Foundations of Risk Management, visit the CASE website (www.acec.org/case/gettinginvolved/toolkit.cfm). CASE has also developed a series of risk management tools to help you institute your risk management program and culture. They are available free to CASE members and for purchase through the ACEC bookstore. ■



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