

Risk Management and the need for Evolution



QBE's Risk Solutions Team were asked to work with a client Architects practice to identify root causes of some recent claims and to ensure that corrective action had been correctly identified and implemented. Whilst numerous causative factors typical for the Architects profession were found to contribute to the claims, working alongside our client, revealed a much deeper insight into their overall approach to risk management and how this could be improved.

Approach

Before delving into the details surrounding the claims, our Consultant took the time to understand more about the practice - its business model, client base, work undertaken and general approach to risk management. This is important in any such review so that we can be sure that recommendations made are pragmatic and workable. To investigate the individual claims, we interviewed those responsible for the day-to-day work, for supervision, and for managing the client relationships to see a variety of angles on the issue. After reflection and discussion with the Partners, we were able to reach a consensus for a plan of action to address the root causes.

Outcome

Discussion and review of documents relating to the history behind the claims identified weaknesses in the following areas - these not being dissimilar to claims seen from other Architects:

- planning, clarification and review of design responsibilities between various parties
- management of time constraints and pressures
- checking and supervision of drawings, including post-release where needed
- inspection planning and implementation, including critical steps and timings
- document change control
- sourcing, assessment and management of specialist services and sub/contractors
- management of relationships - especially where tensions exist
- generally, the articulation of project risk and the application of effective controls.

Whilst some controls had already been instigated by the management team to prevent recurrence of the claims, QBE's Risk Solutions Consultant was able to recommend additional control measures to make sure that future risk management was even more robust.

More importantly, through discussions with the management and supervisory team, it emerged that opportunities for risk management systems to evolve were not being captured as they should. Project debriefs were not being held, and lessons learnt from errors, 'near-misses', informal complaints and even costly claims were not being used to improve the risk management controls after the event. The practice was more inclined to review its procedures only every year or two, then make wholesale changes, but not always capturing the lessons learnt. A more evolutionary approach was recommended whereby regular updates are made to processes and precedents, improving risk and quality controls, removing unhelpful documents and stages, and being used as the basis for regular education.

The client was highly appreciative of the advice provided and a six-month follow up visit revealed that the majority of recommendations were implemented and proving effective, and the remainder of the actions were being worked upon as were longer term aims.

Project debriefs and monthly team meetings had been set up as the forums for capturing the changes needed and to serve as educational settings at the same time.

Risk Manager's Comment

The continuous improvement philosophy is a basic tenet of many management models and standards and the same should apply to risk management systems. By adopting the evolutionary approach and promoting continuous improvement and evolution of processes as part of 'Business as Usual', everyone in the practice can see the benefits and this will over time become the cultural norm. To use a sporting analogy, 'The Accretion of Marginal Gains' theory relies on making small adjustments to methods, design, training, products, etc. to achieve competitive advantages which all add up to improved performance. There's no reason why risk managers shouldn't adopt the same philosophy to ensure regular improvements to risk controls to help the business gain the edge on its competitors.