

ENGINEERING & CONSTRUCTION RISK INSTITUTE

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Introduction:

Over the preceding years E&C Contractors have increasingly implemented methods to quantify and mitigate risk. Most now have formalised Risk Management processes which are either managed within their existing structures or, as discussed here, managed by a separate Risk Management group.

The increase in formalised Risk Management procedures have been brought about for various reasons.

- Growth in project size and complexity.
- Large Losses on mega/major contracts
- The prevalence of developer-led projects to maximise risk transfer
- Contracts whereby owners/clients seek to transfer as much risk and liability as possible onto the contractor.
- A general increase and improvement in the awareness of risk at all levels within the organisation.
- An overall increase in contractual awareness by project stakeholders.(customers, sub-contractors, vendors etc.)
- Increased competition, lower margins.

A simple example of increased risk awareness within the industry is in the formalised implementation of Quality Assurance and Health and Safety systems which are now the norm in all E&C Contractors.

(It also has to be said that many of the above issues equally apply to 'smaller' projects.)

ECRI Description file – The complete version if this document is located in the Sponsors Resources area of this website and requires a Sponsors Login to access.

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