

ENGINEERING & CONSTRUCTION RISK INSTITUTE

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Purpose: The purpose of the criteria is to set the framework for an Engineering & Construction firm's risk management process. It denotes 13 requirements which should be met to qualify a best practices process. Although all are not mandatory, each should be considered and justification developed when the firm's decision is not to conform. In summary form, the requirements are:

- Policy or Practice Application across the enterprise
- Management Driven process
- Integration with Business Process
- Utilization throughout the project life cycle
- Utilization throughout the risk lif cycle
- Ownership of Risk
- Risk Review and Reporting
- Management Approval of risk undertaking
- Risk Event contingency
- Risk Nomenclature
- Risk and Change Control
- Risk and Return

Suggested elements for the risk management procedure which will be contained in each firm's process are also included. A general risk breakdown structure is included for consideration as a separate document, ECRI-BP-002. Two appendices to the criteria list suggested source material for project risk management and suggested strategy categories for management of individual risks. A table illustrates application of the process throughout the project life cycle.

Application: Each firm in the E & C industry manages risk as a major component of the services they provide, and each should have or develop a robust risk management process. The criteria define best practices for such a process. ECRI's goal is to promote not just the adoption of formalized risk management within the industry, but the institutionalization of these processes so that risk management becomes an industry standard much like safety.

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