



# MANAGING RISK IN THE CONSTRUCTION INDUSTRY

Risk is a big part of the construction industry – both part of its success and failure. By taking some simple steps towards better risk management you can improve the productivity and performance of your organisation.

## 10 STEPS TOWARD BETTER RISK MANAGEMENT



### DRIVE RISK MANAGEMENT FROM THE TOP

A strong commitment from your senior management and board is critical in achieving a successful long-term risk management plan.

**Create a risk report or dashboard for your board and senior management to regularly review.**



### BE CLEAR ON WHAT RISK YOU ARE PREPARED TO TAKE ON

Be clear and consistent on the risks your organisation is willing to take and what risks aren't acceptable. This will help staff to better identify, assess, and manage risks they encounter.

**Get your team together to create a list of all the risks in your organisation and decide what is and what isn't acceptable.**



### MAKE TIME FOR RISK MANAGEMENT

Have sufficient resources for monitoring and managing risk. Make it part of your business as usual processes, not an optional add-on for when you are not busy or in a crisis situation.

**Include risk management in all your project and organisational planning processes so you can allocate the right resources for it.**



### LOOK FOR OPPORTUNITIES IN RISK

Too often risk management focuses on avoiding potentially negative consequences. Remember to look for the potential benefits from taking certain risks.

**If you haven't already, set up a risk register to create a clear and consistent record of risks, their likelihood, and consequence.**





## BUILD A RISK-AWARE CULTURE

Encourage staff to be aware of potential risks (supplier, quality, programme, cost) to create an effective early warning system that can help you take appropriate and timely steps to manage risks.

**Use your Health and Safety toolbox talks to discuss other risks the team see emerging in their projects.**



## HAVE ROBUST RISK ASSESSMENT PROCESSES

Create a framework to identify and assess risks that all your team understands. This will give you more consistency and objectivity in your risk management. You probably do this for your projects, but do you do it for your organisation?

**If you haven't already, set up a risk register to create a clear and consistent record of risks, their likelihood, and consequence.**



## GET BETTER AT TALKING ABOUT RISK

Create an environment where staff feel able to talk about risks without fear of repercussion. Regularly discuss risk with your staff so there is a shared awareness.

**Include a basic level of risk training as part of staff induction processes.**



## BUILD RISK UNDERSTANDING FOR EVERYONE

Understanding and judging risk develops over time through exposure to a range of situations. Fast track this process by training staff in the basics of risk management.

**Include a basic level of risk training as part of staff induction processes.**



## MAKE RISK MANAGEMENT PART OF EVERYTHING YOU DO

Make risk management part of 'how we do things around here'. It should be embedded in all your business operations, not just a compliance process.

**Every time you review a business process, ask 'how will this help us manage our risks?'**



## REGULARLY REVIEW HOW YOU MANAGE RISK

Regularly review your risk management processes, and keep your risk register up date. If it has been a while since you did this, now is a good time to start!

**Get one of your team to review the framework - this will offer a fresh perspective and gives them an opportunity to take part in a capability building exercise.**



**A 2020 study of New Zealand construction organisations showed that organisations that were better at managing risks had:**



higher cash flows



more satisfied staff



less project delays



lower error rate

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