

Why Risk Management is Really Confidence Management

Written by: Nate St. John, Product Director for Scheduling & Risk Management, InEight

The days leading up to the signing of a construction agreement are nothing short of intense. Whether it's bid submittal day as a contractor or a final investment decision moment as an owner – there is a lot to process. Last minute changes, tweaks, and edits take place, people double and triple check their numbers all with hopes the pieces for success will fall into place.

Technically speaking, today's best risk assessment tools are built upon well-established statistical principals and utilize helpful algorithms to report out the probability of a planned outcome.

With submittal rules to assist in the process, how do you manage risk?

Start by Asking the Right Questions

It doesn't take a team of data scientists to interpret the current trends for CAPEX project outcomes, at least pertaining to cost



and schedule. After all, overruns are more the norm rather than the exception these days. That is why I like to approach the topic of risk in terms of measuring confidence.

Asking particular questions can help you get started. How confident are you of your plan? Have you seen what your plan looks like with risks included? How confident are you in understanding your risk exposure? And most importantly, do you know why you are exposed?

On the surface these questions may seem straight forward but don't be alarmed if you can't answer them yourself. Construction teams are built around experts in their areas, and it takes a team approach to reach a conclusion. So how do we create confidence in a team? We measure certainty.

Practice Risk-Adjusted Forecasting

It's a safe assumption that everyone in the construction industry has an understanding of what a forecast is; using some performance factor applied to your plan over time will yield a forecasted outcome. Risk is no different.



About the Author

Nate St. John is the Product Director for Scheduling & Risk Management at InEight and is also an expert consultant within InEight's Industry Solutions team. Nate's real-world experience and passion for planning, scheduling and risk can be seen in his thought leadership contributions to the field, as well as in his timely and practical industry updates on the latest technological advances in construction planning software. Prior to InEight, Nate gained deep project knowledge working on programs for large capital projects.

About the Article

This article is republished from the [InEight Behind the Build online blog](#). [InEight](#) provides field-tested construction project management software for the owners, contractors, engineers and architects who are building the world around us. Customers worldwide rely on InEight for real-time insights that help manage risk and keep projects on schedule and under budget across the entire life cycle.

Any a tR