Construction Risk Management & Leadership Development – 3 Credits

<table>
<thead>
<tr>
<th>Pre-requisites</th>
<th>Consent of Instructor; Course Designation: Grad 50%</th>
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<tbody>
<tr>
<td>Instructor</td>
<td><a href="mailto:joan.schmit@wisc.edu">joan.schmit@wisc.edu</a> (5295 Grainger), Andy Nottestad &amp; Neil Blauvelt</td>
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<tr>
<td>Class meetings</td>
<td>Friday 3:30-5:00 2165 Grainger</td>
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**COURSE DESCRIPTION:** Construction risk management for owners, developers and contractors has its own risk management and risk financing approaches. This course will explore the owner / developer perspective and focus on building tools to create a risk aware culture that optimizes the risk financing related to construction project risks by creating transparency and accountability.

**LEARNING OUTCOMES:** Following completion of RMI 820, students will be able to:

1. Apply the Risk Management Process and develop a Risk Financing Strategy for complex risks with an array of stakeholders and competing interests

2. Describe the building blocks of an insurance policy including creating transparency to cost, risk, and insurance economics

3. Build consensus cross functionally for a transformational project to create a risk aware culture at a major company

4. Conduct cost / benefit analytics of various risk financing approaches (specific experience in construction risk financing)

5. Interact effectively with industry participants including brokers, insurers, business customers, and risk managers

**COURSE PROCESS AND CREDIT HOURS:** The primary focus of RMI 820 for Spring 2019 will be the creation of a 1. Risk Financing Strategy, 2. Corporate Real Estate (CRE) Risk Management Manual to build a risk aware culture 3. General Contractor (GC) Risk Supplemental that is provided as part of United’s bid process for construction contractors to create transparency and accountability. These manuals will be used as a learning tool for United Airlines Risk Management and CRE and their GC’s respectively.

Development of the manuals will require analysis of broker RFP submissions, review and analyses of various underlying coverages (including structures and pricing), synthesis of key elements of construction risk management with a focus on risk financing, and negotiations with various relevant parties. These outcomes will be developed through regular in-class discussions and extensive out-of-the-classroom reading, analysis, interviews with subject matter experts, and writing.

A secondary aspect of the course will be leadership skill development. Joan Schmit will lead this part of the course, which will include readings, discussions, etc. and a second face-to-face meeting per week, also for 75 minutes. These activities will also require approximately three hours per week of preparation time outside of the classroom.
**EXPECTATIONS AND GRADING FOR THE COURSE:** Participate in class discussions and complete required preparation. Each student will develop goals that align with the project deliverables, along with goals required by your manager. These goals will be used to set individual responsibilities and assess ultimate success. As managers, these will be the sorts of tasks you undertake regularly. Our intention is for us to practice being managers and team members who rely on one another. We will provide feedback to one another at the beginning, middle, and conclusion of the project that will be used for development and course assessment. You will be graded also on the quality of the deliverables. Most importantly, we expect to learn a great deal and to enjoy the process.

**PROJECT DELIVERABLE:** Create the following tools to support a Risk Aware Culture within United CRE and Optimize construction project risk financing approach

A. Develop and recommend a United Risk Financing Strategy for large projects

B. Corporate Real Estate Risk Management Manual
   1. Roles / Accountabilities for Construction Risk Management
   2. Risk Management Process
   3. Insurance Coverage Terms and Limit Requirements
   4. How to read a certificate of insurance
   5. Typical Policy Overview – simplify the insurance policy
   6. Controlled Insurance Program
   7. Risk Financing Strategy Principles

C. Develop a United RFP Insurance Supplemental to General Contractors
   a. GC brochure as an example
   b. United's Vision and RM Vision
   c. Overview of United's Risk Management Philosophy and Project Risk Financing guidelines and expectations for each major risk / insurance policy

**TEAM 1 - PROJECT MANAGEMENT TEAM (LEAD) AND DEVELOPMENT OF RISK FINANCING STRATEGY**

**TEAM 2 - DEVELOPMENT OF CORPORATE REAL ESTATE RISK MANAGEMENT MANUAL**

**TEAM 3 - GENERAL CONTRACTOR RISK MANAGEMENT SUPPLEMENT TO UNITED CONTRACT**
<table>
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<tr>
<th>Wk</th>
<th>Description</th>
<th>Who</th>
<th>Prepare for next class</th>
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</table>
| 1  | Class overview  
- Project Deliverables  
- Key stakeholders  
- UW Madison Teams  
- Materials  
- Next steps and timing | Joan, Andy and Neil | On site at UW Madison D  
Develop key stakeholders and interview questions. Identify and set up interviews with key stakeholders for later dates  
Review RFP and develop scoring criteria |
| 2  | Q&A on Broker RFP to United United RM perspective of key stakeholders | Joan, Andy and Neil | Score and recommend broker  
Layout draft sections for each manual Insurance to include in risk financing strategy |
| 3  | - Students to present scoring of Insurance Broker RFP  
- United to share their RFP Selection process | Andy and Neil | Begin reading IRMI GL OCIP chapters  
Work on manuals and risk financing tasks  
Develop interview questions for CRE |
| 4  | CRE Development Projects  CRE Risk Perspective Means and Methods & Risks | CRE Project Managers | Call or in person meeting  
Review of United CRE Manual Format and proposed Risk chapter |
| 5  | Key Deliverable Review  
- CRE RM Manual  
- Contractor RM Manual  
- Risk Financing Strategy United to provide examples | Andy, Neil, and Brokers | Identify sub-projects for each team  
Develop timelines and accountabilities |
| 6  | - Construction Risk Financing  
- Creating transparency and accountability | Andy, Neil, and Brokers | Brokers to UW Madison to for RFP interview  
Set up interviews with appropriate people over the next two to three weeks for teams |
| 7  | Owner Controlled Insurance Overview  
Prior United examples | Andy, Neil, and Brokers | Complete IRM GL OCIP Chapters  
Continued work on manuals  
Develop interview questions for contractor |
| 8  | Contractor perspective on project risk management | Contractor call or in person | Prepare questions for insurer |
| 9  | Insurer perspective | Zurich | Get CEB approval to share Risk Culture articles  
Students prepare risk culture working session |
| 10 | Building a risk aware culture | Neil and Andy | Review of Builders Risk Insurance Policy and LEG 3. Set up United’s Property Broker meeting |
| 11 | Risk Financing Strategy Meeting on key project insurance coverage lines | Neil and Andy | Develop risk financing strategy and fit into respective CRE RM Manual and Contractor RFP Addendum |
| 12 | Project Insurance Policy Review of Annotated items | TBD | Work on project deliverables |
| 13 | Working session and review of each manual Q&A | TBD | Work on project deliverables |
| 14 | Working session and review of each manual Q&A | TBD | Finalize project deliverables |
| 15 | Presentation to United CRE & RM | TBD | At United Willis Tower Headquarters |