

**Construction Risk Management & Leadership Development – 3 Credits**

Pre-requisites:	Consent of Instructor; Course Designation: Grad 50%
Instructor:	<a href="mailto:joan.schmit@wisc.edu">joan.schmit@wisc.edu</a> (5295 Grainger), Andy Nottestad & Neil Blauvelt
Class meetings	Friday 3:30-5:00 2165 Grainger

**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**

Wk	Description	Who	Prepare for next class
1	Class overview <ul style="list-style-type: none"> <li>- Project Deliverables</li> <li>- Key stakeholders</li> <li>- UW Madison Teams</li> <li>- Materials</li> <li>- Next steps and timing</li> </ul>	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	<b>Key Deliverable Review</b> <ul style="list-style-type: none"> <li>• CRE RM Manual</li> <li>• Contractor RM Manual</li> <li>• Risk Financing Strategy</li> </ul> United to provide examples	Andy, Neil, and Brokers	Identify sub-projects for each team  Develop timelines and accountabilities
6	<ul style="list-style-type: none"> <li>• Construction Risk Financing</li> <li>• Creating transparency and accountability</li> </ul>	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