

CHART 2. CONSULTANT/CONTRACTOR RISK-MANAGEMENT APPROACH.

Factor	Risk Aversion Philosophy	Risk Mitigation Philosophy
Standards Compliance	High Risk	Little Risk
Quality Control	High Risk	No Risk
Product Traceability	High Risk	No Risk
Manufacture	Moderate Risk	No Risk
Engineering/Design	Moderate Risk	Little Risk
Product Support	High Risk	Little Risk
Manufacturing Concept	Moderate Risk	Little Risk
Risk Design for Catastrophic Failure	High Risk	Little Risk

intent of keeping workers safe from harm, but the actions dictated by the programs would be different.

Reducing Liability Exposure

The process of reducing liability exposure starts with specifying and/or purchasing the appropriate products with the proper risk-management controls inherent in their manufacture. Although two different companies can produce the same product, should an accident occur, one could be a veritable liability magnet with the other being a more prudent purchase.

If the consultant chooses to specify a product not rated for the intended use, or knowingly specifies a product for a high-risk application that cannot be shown to comply with existing standards or safe industry practice, that consultant may be held responsible for damages if the product fails. Likewise, a contractor who installs a product without regard for the manufacturer's instruction, or knowingly installs a product suspected to be unsafe for the application, can also be held responsible in case of an accident. These scenarios beg the question, "How does one prove that a product complies with existing standards and is safe for the installation?"

The best answer for consultants and contractors is to choose products manufactured by companies with risk-management systems in place. A

manufacturer's risk-management protections extends to those who correctly specify the products, as well as to those who install the products in accordance with directions. However, a manufacturer without the proper risk-management philosophy will do nothing to protect those individuals.

They're Vocal

Organizations that operate risk-mitigation systems to manage liability exposure usually are quite vocal about their philosophy. Because these programs are expensive and require a great deal of effort, they typically are usually marketed as a product benefit. Sometimes the organization's philosophy is not clear, in which case there are some questions to ask to help determine how the company approaches risk management:

- Does your company operate a product traceability system? (An immediate yes answer is good; anything else is a red flag.)
- How much of the fabrication and manufacturing process does your company actually perform? (An immediate answer indicating most of the fabrication and manufacture is in-house is good; too many outsourced functions are a red flag.)
- What is your company's policy on quality control? (An immediate reply describing specific actions taken to control product quality is good; anything less is a red flag.)

Manufacturers can choose to ap-

proach risk management for high-risk products in several ways. There are two fundamental designs that fit the philosophy of most manufacturers; see Chart 1.

Although there are variations of these extremes, it is clear that manufacturers intending to create and sustain long-term organizations within high-risk industries choose the risk-mitigation approach. Examples can be found within the aircraft and automotive industries, and overhead lifting and suspension industry, where a failure would likely cause serious injury or death.

From the viewpoint of the consultant and contractor, the manufacturer's risk-management philosophy can affect them as shown in Chart 2.

The choice for risk mitigation is not surprising when one considers the current legal environment. It is also not surprising that organizations choosing the risk-mitigation philosophy rarely are involved in lawsuits beyond the discovery phase as a result of the policies and controls in place within their organizations.

Contractors and consultants be aware! For installations of high-risk products such as rigging hardware or power distribution, this writer recommends that you purchase and/or specify equipment manufactured only by reliable and responsible manufacturers using product-traceability systems as a part of a risk-mitigation program. ■