



Risk Identification and Avoidance

Every business enterprise involves risk identification and management. Construction is especially risky since nearly every project is unique. Unlike a manufacturing operation with standard products assembled in a controlled environment, construction projects are typically unique structures built on unique sites by a team that has been assembled for the specific purpose. The allocation of risk and the economic consequences of risk are significant contributors to the fact that construction is a disputes prone industry. Therefore, prudent participants in this construction process strive to identify and manage risks and seek to avoid disputes by implementing prudent management techniques. Management techniques to limit risks and avoid disputes are reviewed in Chapter 13 of *Common Sense Construction Law*.

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