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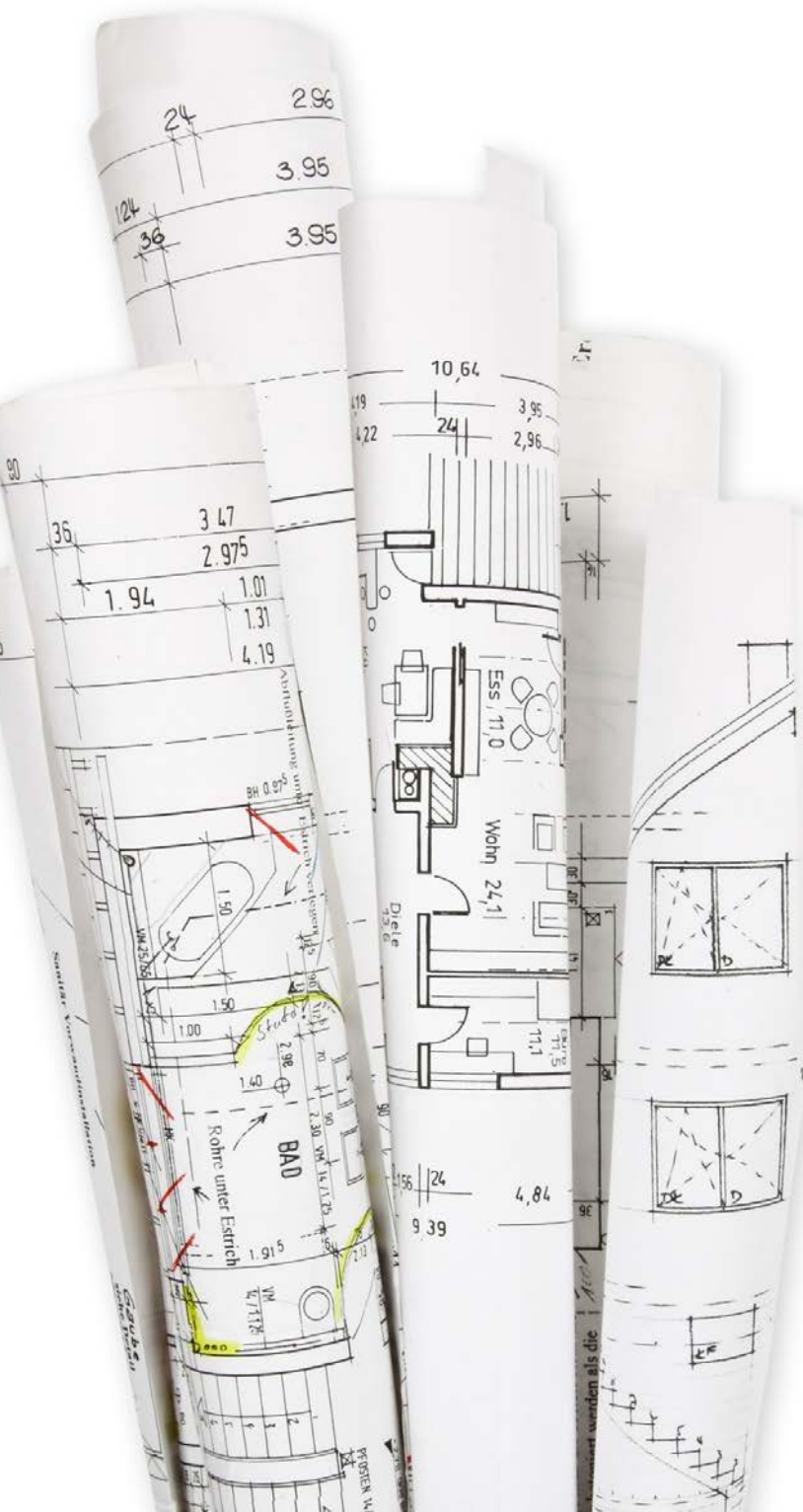
A FIRM'S CULTURE & ETHICAL PRACTICES – #1 OF THE TOP 10 RISK MANAGEMENT PRINCIPLES FOR DESIGN PROFESSIONALS

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In the last issue of Building Blocks, we outlined the top 10 risk management principles for the next 10 months, one principle at a time, focusing on one each month. Consequently, with this November issue of Building Blocks, we are focusing on a “Firm’s Culture & Ethical Practices.” The top 10 principles are based, in part, upon the Council of American Structural Engineers’ (CASE) “Ten Foundations for Risk Management,” [1] and the National Council of Architectural Boards’ (NCARB) two of the six educational modules titled “Practice Management” (PcM) and “Project Management” (PjM) of the Architectural Registration Examination (ARE). The first five risk management principals relate to practice management, and last five risk management principals relate to project management.

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A FIRM'S CULTURE & ETHICS

In order for a design professional's firm to be successful, they need to create a culture of managing risk and preventing claims, in an ethical practice. What is meant by a "culture" in a design professional firm? Culture is a word for the "way of life" of groups of people, meaning the way they do things - an integrated pattern of human knowledge, belief, and behavior. It is the outlook, attitudes, values, morals, goals, and customs commonly shared.



In the business world, an ethical practice deals with values pertaining to human conduct, considering what is right and wrong regarding the actions, and the motives and ends of such actions, including the systematic rules or principles governing virtuous conduct. However, culture and ethics in the practice of architecture and engineering is difficult to define in an organization, but is a key element of any firm's character, providing a basis for the decision-making process, operating procedures, and yes – preventing claims.

To cultivate a culture and ethics in the practice effectively, a firm must employ strategic planning (involving staff and clients), and commit to focus a substantial portion of the cultural effort on quality. Preventing claims leads to successful practices, that is why the next 9 of the top 10 risk management principles are based upon a firm's culture & ethical practices. Those principles are mentoring and education; communication skills; a "go/no go" policy; contracts & ownership of the firm's documents; developing a scope of services with appropriate compensation; produce quality contract documents; provide construction phase services; utilize a certificate of substantial completion; and dispute and claim handling.

High-quality client service is achieved when it is "built-in, not bolted on," and infused throughout an organization from the top-down. Producing high quality work will result in satisfied clients who generate opportunities for future business, reduced legal claims, more satisfied employees and higher profit margins, while at the same time avoiding conflicts of interest.

IN CONCLUSION

Creating your own internal code of ethics can be a challenge, but no doubt, beneficial to sustain a firm. Certainly, an architect and engineer can take from their professional associations' the codes of ethics that are available to them, as a starting point. Consider the following suggestions for your firm's internal code of ethics:

- It's not the same as your internal employee manual.
- Consider your organization's mission, values, and goals.
- List the personal values of principals in the firm. Since it is wise to designate someone to oversee your firm's ethical challenges, and you are in charge of the company or leading the creation of the code of ethics, you should also consider your own personal values.
- Openly discuss your firm's values. Ask a team of your employees to list their and the company's values.
- Review codes of ethics written by others. Consider going outside of your profession (e.g. Google, Facebook, and Amazon and other giants who have shared their internal codes of ethics with the public via the internet).
- Use clear language to make the code user friendly.

- Include a preamble, table of contents and memorable title.
- Address critical topics and concerns such as conflicts of interests, discrimination and harassment in the workplace, accepting or giving gifts, reporting questionable conduct of other members in your firm, making public statements, sustainability and the environment, signing and sealing the firm's documents, mentoring, etc.
- End with resources for all firm members, including how to ask for guidance if an ethical dilemma occurs.

[1] *The above risk management principles have been adapted, in part, from an article that originally appeared in the June 2012 issue of STRUCTURE magazine, published by the National Council of Structural Engineers Associations (NCSEA), and is reprinted with permission. <https://cseengineermag.com/article/principles-and-tools-for-risk-management>*

About the Author

Eric O. Pempus, FAIA, Esq., NCARB has been a risk manager for the last 12 years with experience in architecture, law and professional liability insurance, and a unique and well-rounded background in the construction industry. He has 25 years of experience in the practice of architecture, and as an adjunct professor teaching professional practice courses at the undergraduate and graduate levels for the last 30 years. As a Fellow of the American Institute of Architects and a member of the AIA National Ethics Council, he has demonstrated his impact on architectural profession. He has presented numerous loss prevention and continuing educational programs to design professionals and architectural students in various venues across the United States and Canada.

The above comments are based upon DesignPro Insurance Group's experience with Risk Management Loss Prevention activities, and should not be construed to represent a determination of legal issues, but are offered for general guidance with respect to your own risk management and loss prevention. The above comments do not replace your need for you to rely on your counsel for advice and a legal review, since every project and circumstance differs from every other set of facts.

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Conference Seminars:



“Empowering Your Ethics in a Changing Construction Industry”

Architects' Association of New Brunswick
2019 Industry Forum
Saint John Trade and Convention Center
Saint John, NB, Canada
November 26, 2019



“Engineering Law & Ethics”

Half Moon Education Seminars, Toledo, OH
February 7, 2020 - 8:30 a.m. – 5:00 p.m.
Location to be determined

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