



## **Client Management as a Risk Management Strategy**

Relationships with clients are an often underappreciated source of potential risk for architects. Alongside more obvious risks related to contract wordings, delays, substitutions, etc., client management seems somehow less tangible, so it's oftentimes overlooked as a risk mitigation opportunity.

Architects may view client management as a subjective phenomenon, trusting to faith and optimism. But clients also face risks in their dealings with architects and may choose to view it in more practical terms, whose precise financial value may not be known until the architect faces a claim alleging error, omission, or negligence.

Dealing with clients represents one of the great pleasures of architectural practice. Effective client management won't diminish this pleasure, but it will help to reduce your liability risk.

**HERE ARE SEVEN RISK MITIGATION STRATEGIES TO IMPLEMENT WITH YOUR CLIENTS NOW:**

**1. What Does an Architect Do?** This question may seem a little reductive, and in many cases it is. After all, if your client doesn't know what an architect does, why did they hire you? But that is precisely the question. Too often, clients harbour inaccurate notions about the architect's professional duties and responsibilities. A client's understanding of where your role begins and ends (and being reminded of it throughout a project) will go a long way to fostering increased respect. It cannot just be explained in your Client-Architect Agreement. Even if they read it and sign that they understand it, they will only live the experience through your good example.

*We are convinced that our risks would be less if everyone better understood what an architect is and does.*

-Atkins and Simpson. *Managing Project Risk* p. 211

**2. Know Your Client:** Before you even start, establish the nature of their investment in this project. Is it purely financial (e.g., a corporation), or is there also a large personal component (e.g., a young couple building their first home)? How do they make decisions? Who are their influencers? What is their tolerance for risk? How do they see project risk being addressed collaboratively? Knowing these things (and their potential impacts) as well as asking more questions to improve your understanding of your client's needs and concerns, will help you to build an effective, productive, relationship.

**3. Understand Goals and Expectations:** Seek to understand. What are your client's unstated aspirations? Are they realistic (considering budgets, schedules, building science, physical reality, etc.) and can you satisfy them? Will you and your client measure success in the same way? Pro-Demnity files are packed with examples where a client's "dreams were dashed," by an architect's encouragement or failure to discourage unachievable objectives. In practical terms, might the project require professional expertise that you don't have? Consider obtaining specialists' support, or politely rejecting work that is not in your wheelhouse.

*[T]he vast majority of claims against design professionals are not rooted in design errors or omissions but rather are the result of not meeting client expectations*

- [Managing client expectations to effectively manage risk](#)

**4. Be attentive to time and money:** These are the twin gods of design. Be straight-up when discussing budgets and schedules, and monitor them ceaselessly. Don't ignore or fail to share uncertainties. The client deserves to understand the status of their project. When discussing disbursements and extra charges, be straightforward, proactive and reasonable. Otherwise, your client may feel that additional expenditures just add insult to injury. After all, it is the client's money.

**5. Establish the client's level of involvement:** Discuss your client's desired level of participation in the process and establish rules of interaction that are practical and productive. Over-engaged clients can present real risks if they circumvent your authority or pressure you into making unwise choices. Disengaged clients may create risks that result from decisions postponed or documents unsigned.

**6. Do the "paperwork" right:** Use standard contracts for your firm, vetted by your lawyer. Some clients seek an unfair advantage by using their own contracts or inserting "murder clauses" into standard forms. When in doubt, seek legal advice. Make sure you both have the same understanding of what you are agreeing to. Beyond this, write everything down, document all meetings, actions, or conversations - and get your client to sign off at key milestones. Use the opportunity to check their understanding of things. Don't confuse an amicable architect-client relationship with a reduced need for documentation. Claims that involve poor record-keeping are numerous and undermine your defense.

**7. Communicate:** This may be the single most important feature in client management. Before, during and after your involvement in the project, maintain communications. Phrases such as "If I had only known ...," "this was a complete surprise to me," "I just assumed ...," when uttered by a client, too often accompany an expensive claim. It's much better to hear, "Thanks for keeping me in the loop .... I've got another project I want to talk to you about."

What is the dollar value of a well-managed client relationship? Don't wait until an expensive claim provides the answer. By maintaining a climate of understanding with your client, financial penalties and liability risks - along with risks to reputation - can often be avoided.

Contact our Risk Services team if you're facing any client-related risks and speak with Pro-

Demnity's in-house architects for further guidance and on-on-one confidential support.

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## OUR CONTRIBUTOR



**Gordon Grice** B.Arch, OAA, FRAIC is a freelance communications strategist, writer, editor and illustrator. In addition to editing *The Straight Line*, he is also editor-in-chief of *The Right Angle Journal*, and the former editor of *OAA Perspectives*. He has edited several dozen books; the most recent, *Architecture in Perspective 36*, is available from the [American Society of Architectural Illustrators](#).

Gord can be reached at:

**Gordon Grice + Associates**

Tel: (416) 536-9191 | [gordonsgrice@gmail.com](mailto:gordonsgrice@gmail.com)

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