



## Case History #RM640 Risk Based Decision Making

Baker Engineering and Risk Consultants, Inc.

### BENEFITS:

- Reduced backlog of unresolved EHS findings by over 95%
- 22% of capital projects found to be ineffective
- Total savings of more than 5X the cost of the project

**Radar Risk Decision Support Tool - This is a Demo version only not for External distribution. [Scenario Worksheet]**

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**Project Information for Scenario:** Test\_Location\_1\_Tank-bottom\_2

Last Date Modified: 10/9/2003 10:30:09 AM

**Scenario Description:** Presently, the tanks at Location 1, that have exceeded a 20-year inspection cycle, have a potential of corrosion to the bottoms due to water in the crude. This can lead to leaks in the tank bottoms.

**Recommended Action:** Water can be kept off the bottom of the tank by running the tank mixers, but the mixers will not lift and mix water which has already settled. Presently, not all tanks at Location 1 have been

**Scenario Annual Frequency:** Before: 0/2000 After: 0

**Project Costs:** \$200,000.00

**Project Life Duration:** 20 Years

Save Information Exit Without Saving Exit With Saving

Delete This Scenario Edit Scenario Data

**Outcome:** A

**Objective:** **PV of Objective:**

Worker Health and Safety	\$0
Public Health and Safety	\$0
Regulatory Goodwill	\$6,790
Environmental Resources	\$16,974
Corporate Reputation	\$13,579
Financial Performance	\$203,692
Business Partner Satisfaction	\$0
Employee Participation	\$0

Outcome A Outcome B Outcome C Outcome D Outcome E

**Outcome Summary:**

Outcome	PV of Benefit
A	\$241,035
B	\$0
C	\$0
D	\$0
E	\$0

Total Scenario PV of Benefit: **\$241,035.21**

Total Scenario B/C Ratio: **1.21**

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BakerRisk professionals assisted a large oil company in a review of their existing risk management and decision-making process. Several gaps were identified and closed as part of this review process, including the need for an effective tool to help address thousands of outstanding EHS findings at their chemical plants and refineries.

A risk-based decision support tool (BakerRisk's RADAR Software) was created and customized for each major facility. This tool helped these sites reduce the backlog of unresolved EHS findings by over 95% due to the clear and consistent prioritization of funding requests. More than 63% of the proposed funding requests were found to be ineffective and were documented for closure. Of the remaining items, a clear prioritization allowed the client to develop a multi-year schedule to implement these findings. Finally, a review of projects in the existing capital budget plan year was also conducted, and 22% of the funded projects were found to be ineffective.

Elimination of these projects and the associated cost reduction typically provided savings that were more than five times the cost of building the tool.