

# The problems that come from people focusing too much\* on Consequences

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# Risk Management

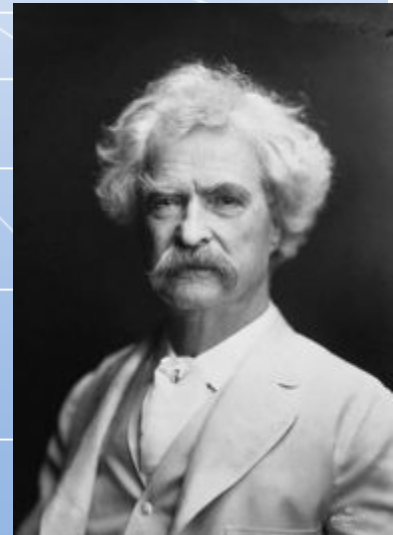
- Risk = Probability \* Consequences
  - Probability = How likely is this to happen?
  - Consequence = How bad could it be?
- Consequences are half of the equation, and are very important. But...
  - they are only half of the equation
- Improper focus on only Consequences can lead to bad Risk Management

# Consequences are all different

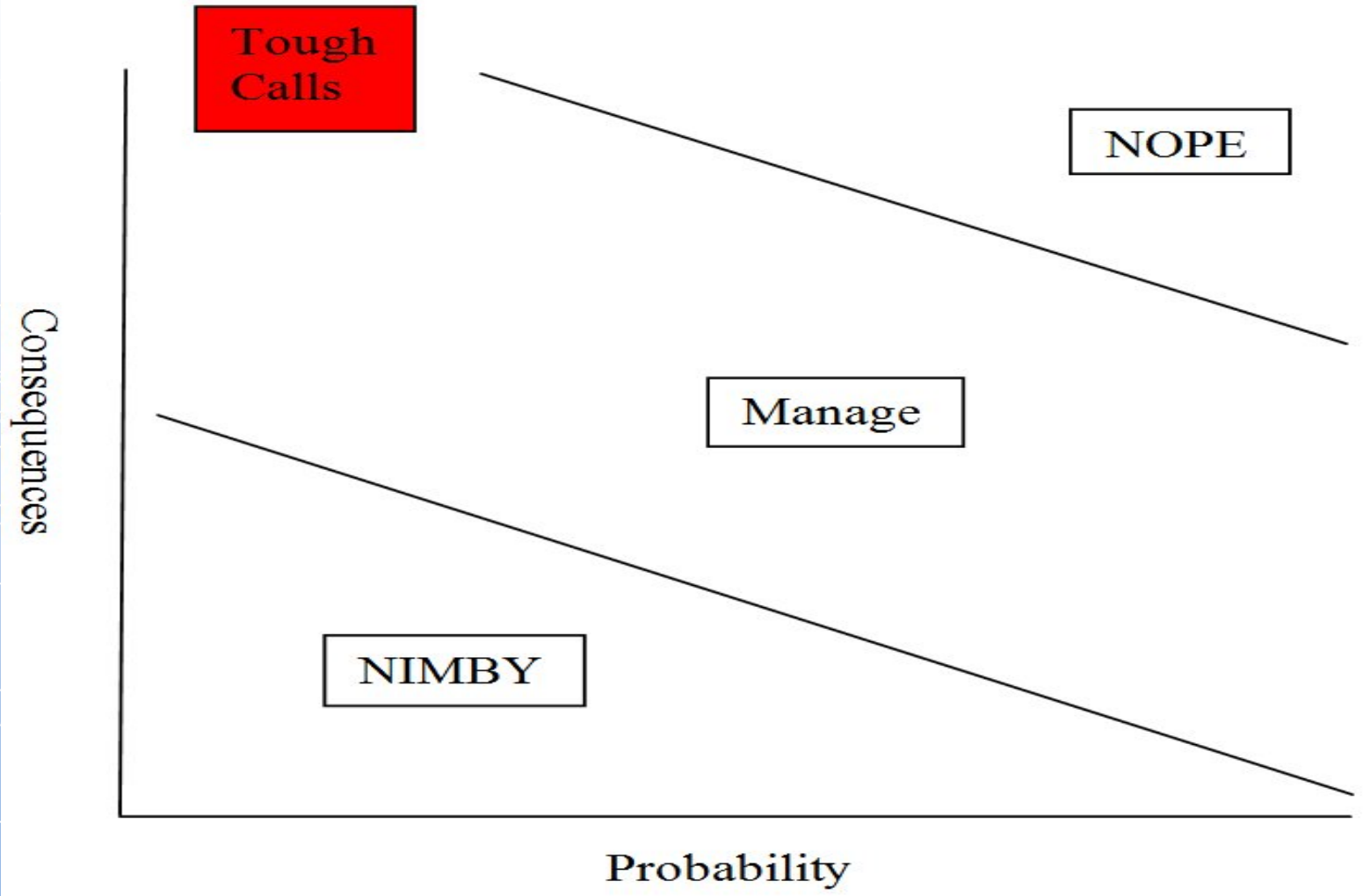
- Consequences are never desirable, but they are not directly comparable. Which is more important:
  - One big oil spill in a sensitive environment, or 100 employee injuries?
  - 10 minor injuries, or 10 small releases along the ROW?
- There is no “right” answer to these questions

# Don't learn too much from one event

- “We should be careful to get out of an experience only the wisdom that is in it and stop there lest we be like the cat that sits down on a hot stove lid. She will never sit down on a hot stove lid again and that is well but also she will never sit down on a cold one anymore.” Mark Twain



# How to spend resources?



# Choices must be made, every time

- We all manage risks of all types, every day
- We do Risk Management, not Risk Elimination
- If this was easy, we wouldn't be here.