Using Risk Mapping for Investment Decisions

Kenneth H. Harrington
Susan E. Rose
Battelle Memorial Institute
505 King Avenue
Columbus, Ohio 43201

ABSTRACT

To maximize corporate value, companies should not view environmental, health, and safety (EHS) as a cost of doing business, but as a potential source of economic value. Establishing value includes determining the risk averted or incurred by an EHS action as well as the monetary outlay associated with that action. Risk mapping is a tool used to manage risk, optimize resource allocations, and adjust project schedules based on cost and risk information. It combines an order-of-magnitude integrated risk analysis approach with cost data and importance measures. Thus, risk mapping extends EHS risk analysis efforts to have true business value to an organization. This paper presents how the risk mapping approach was applied to key strategic issues at a major U.S. chemical company as an input to its investment decisions.