Small Enterprises Should Overcome the Silo Mentality to Successfully Implement a PSM Program

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Business Context

The business context is rapidly changing...

- Globalization of commerce, more demanding customers
- Heavy competition from low cost, developing countries
- Public (and shareholders) expect higher safety and environmental performance from companies.

Resulting in…

- Requirement to reduce operating costs, especially fixed costs
- Organizational downsizing that leaves less people to perform more work (especially in support services) and flatter organizations.
- Requirement to implement recognized quality, safety and environmental standards
Environmental context

- Natural disasters frequency and severity are increasing (floods, forest fires, freezing rain storms, drought, heat waves), while...
- High visibility chemicals releases and explosions in Canada and abroad have occurred, and...
- Technological disasters (such as the 2003 blackout) have shaken the public confidence and..
- Health concerns (pandemics) and terrorism threats are present.
Regulatory context

This is prompting governments to create and enact new laws and regulations in order to:

- Protect the public against negligence (e.g. bill C-45: amendments to the criminal code)
- Enhance the state of preparedness of local communities to face the multiple risks present (multi risk approach), including the citizens themselves (e.g. bill 173 in Quebec)
- Ensure communities are ready to face the environmental emergencies resulting from releases of hazardous substances (Federal regulation on environmental emergencies).
Consequence

• Companies are thus facing a more complicated environment in which they have to comply to more regulations and standards (ISO 14000, Responsible Care®, OSHAS 18000, PSM, etc.) to enhance performance and demonstrate commitment to sustainable development principles to governments, clients, shareholders and the general public.
Organizational pitfalls

- Some companies are still organized along the traditional, functionally based and vertically oriented design with little horizontal communications, the so-called "silos"
Organizational pitfalls (cont.)

• Other companies, often the smaller ones, cannot afford all these separate functions and tend to group together some functions with a more generalist approach (and individuals wearing multiple hats). For example:
  • Occupational health and safety reporting to HR
  • Process safety, if present at all as a recognized function, reporting to Operations and/or Engineering
  • Environment reporting to HR and/or Engineering
Resulting Issues

- Cost pressures and/or resources availability result in a sequential implementation of programs and/or standards
- Each implementation project is managed by a different function
- Specialized consulting firms are used on an as-needed, project by project basis

There is therefore a high probability that efforts will be duplicated for items that are common to all these programs and/or standards.

This duplication may last for a long time and create an unnecessary burden on a company.
Removing the silos

- Remove the silos starting with *Management systems*
- Managing requires the same skills and supporting systems from function to function like leading, planning, coordinating, achieving results, evaluating and auditing performance.
Management Systems Elements

- High level management commitment
- Objectives setting process
- Resources allocation process
- Training (initial and repeat)
- Auditing (internal and external)
- Non-compliance tracking and resolution
- Incident investigation process (root cause analysis and reporting/follow-up measures)
- Testing and calibrating instruments
- Maintenance records
- Action plans follow up
- Change management process (new projects and alterations to existing facilities or systems)
- Employee performance review
- Procedures (for operation, maintenance, emergency, and abnormal situations).
- Contractor management
What can be done to ease PSM Implementation

1. Identify the requirements that are common with those of other programs already in place;
2. Modify existing management systems to incorporate the new requirements;
3. Integrate risk management into your site management structure (e.g. standard agenda item for weekly meetings).
# Example 1: Management Commitment

<table>
<thead>
<tr>
<th>Standard Silo Approach</th>
<th>Integrated Approach</th>
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<tbody>
<tr>
<td>• Programs and standards are implemented sequentially and functionally, with little regard for existing systems</td>
<td>• Make systems integration a requirement early in the implementation process</td>
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<tr>
<td>• Company vision and mission statements and policies are not revised in a timely fashion</td>
<td>• Ensure there are measurable objectives for PSM and integrate them in your existing balanced scorecards together with the other company or site objectives</td>
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<tr>
<td>• Quality, safety and PSM programs and standards are managed vertically instead of horizontally (in a cross-functional basis)</td>
<td>• Review PSM performance on a regular basis as part of your standard cross-functional management reviews</td>
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Example 2: Non-compliances tracking and resolution

**Standard silo approach**
- Each program has its own system for non-compliances tracking and resolution
- Too many parallel systems create confusion and frustration
- People miss target dates
- Managers find out after the fact.

**Integrated approach**
- Store all follow-up items in one database with proper coding for sorting purposes
- Automate warnings to accountable people of upcoming target dates
- Automate warnings to managers also!
- Simple softwares exist to achieve this.
Conclusion

• Small companies will especially benefit from management systems integration when implementing a PSM program;

• Other integration potential exists (e.g. emergency response plans, risk and vulnerability analysis methodology, etc.).
Thank you!

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