

# **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:

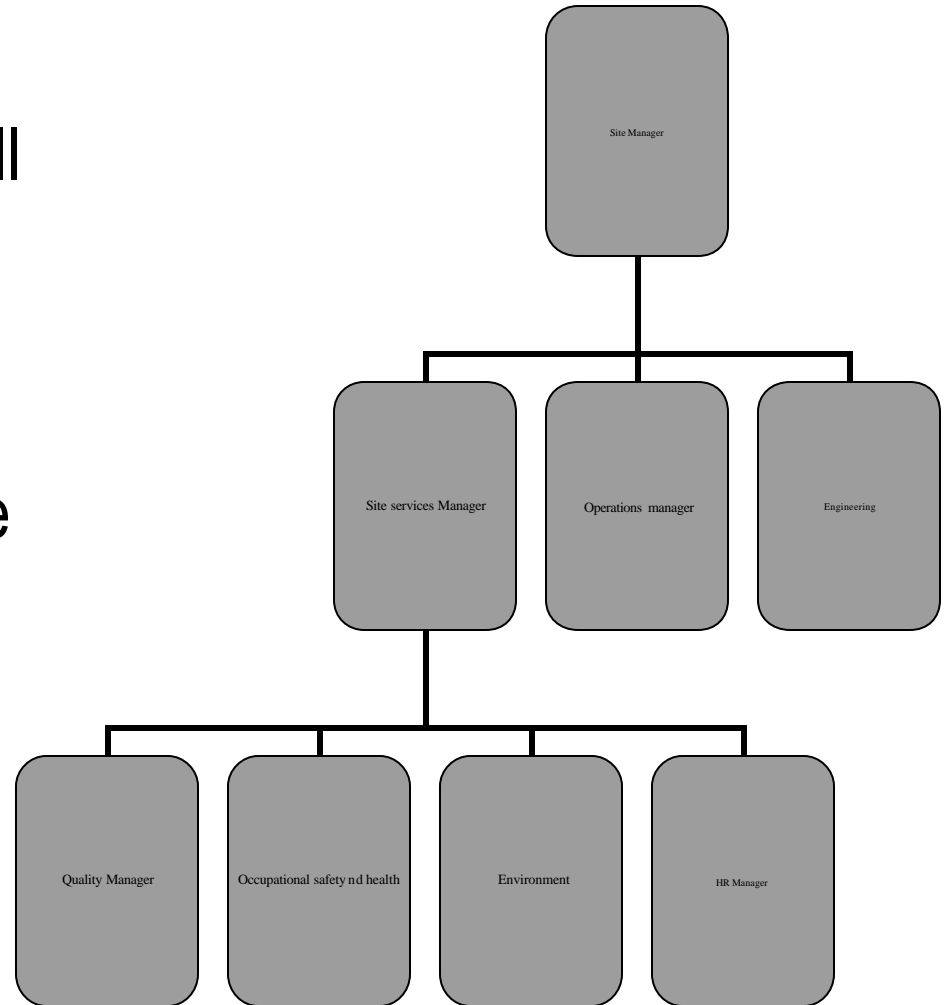
- Protect the public against negligence (e.g. bill C-45: amendments to the criminal code)
- Enhance the state of preparedness of local communities to face the multiple risks present (multi risk approach), including the citizens themselves (e.g. bill 173 in Quebec)
- Ensure communities are ready to face 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<sup>®</sup>, 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

## Standard Silo Approach

- Programs and standards are implemented sequentially and functionally, with little regard for existing systems
- Company vision and mission statements and policies are not revised in a timely fashion
- Quality, safety and PSM programs and standards are managed vertically instead of horizontally (in a cross-functional basis)

## Integrated Approach

- Make systems integration a requirement early in the implementation process
- Ensure there are measurable objectives for PSM and integrate them in your existing balanced scorecards together with the other company or site objectives
- Review PSM performance on a regular basis as part of your standard cross-functional management reviews

# **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 !***

***Multi Risk Strategies***

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