



Development of a leadership resource pack

Prepared by **Ernst & Young**
for the Health and Safety Executive

**OFFSHORE TECHNOLOGY REPORT
2000/098**



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First published 2001

ISBN 0 7176 1988 5

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EXECUTIVE SUMMARY

This report has been prepared for the Offshore Safety Division and describes the development of the 'Leadership Resource Pack'. The pack contains notes and presentation material for OSD inspectors to help them prepare for health and safety discussions with senior managers. The successful application of the leadership resource pack depends on an inspector gaining familiarity with the contents of the pack. Flexibility and adaptability were considered crucial factors in developing the contents. The pack is not considered a substitute for an inspector's own experience, knowledge or substitute for prior research.

The leadership resource pack is intended as a source of knowledge and good practice that demonstrates how positive leadership can drive a health and safety agenda alongside business considerations. The benefits of the leadership resource pack include:

- the creation of a flexible tool that inspectors can use to highlight key leadership messages in health and safety;
- the development of a seven-stage model for characterising senior management commitment;
- practical examples of how leadership in health and safety management was felt throughout nine organisations;
- ideas for devising an aid memoire for specific discussions with senior managers.

Senior managers were responsible for providing leadership and direction in health and safety management. The seven-stage leadership commitment model was a useful tool for characterising how senior managers lead health and safety activities. The 7 stages each consider the influence a senior manager could exert in leading health and safety management practices within a company. This extended from the specific context of the 'business case' for managing health and safety to the role of senior managers in incorporating 'learning' into business thinking to improve company practices.

The 'business case' provides an insight into how companies manage health and safety priorities alongside other business activities. Senior managers believed that health and safety was a moral issue for business and went beyond the financial bottom-line. Interestingly, senior managers also perceived effective management in health and safety as an important indicator of management integrity in other areas of business.

The main area of difference in observed company health and safety practices was in the rigour applied by companies in encouraging responsible health and safety behaviours. Examples of leading health and safety behaviours included a high degree of enthusiasm, clarity in how health and safety is discussed in the business, demonstrable knowledge of good practice within operations, and participation and execution of advanced training techniques and practices.

The leadership resource pack contains details of operating practices for nine companies at a single point in time.

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1. INTRODUCTION

This report describes the work carried out by Ernst & Young with support from RPA in developing a leadership resource pack for OSD inspectors. The pack contains notes designed to help inspectors prepare for health and safety discussions with senior managers. A knowledge tool was needed to facilitate both the gathering of safety leadership good practice and its dissemination. The leadership resource pack provides such a tool.

OSD recognises the pivotal role senior managers play in driving health and safety performance improvements. ‘Senior managers’ in the context of the report are those who have responsibility for delivering business performance. These managers have a busy agenda with many priorities and thus any discussions between them and inspectors need to be focused and brief. The starting point for this report and the development of the pack is to consider how health and safety features on a senior managers’ business agenda (Chapter 2).

Chapter 2 also shows how a review of good and poor practice in health and safety management assisted in the creation of a seven--stage leadership model. The model is used as a framework for the discussions with the senior managers in the oil and gas, mining, chemicals and airline businesses.

Chapter 3 is a summary of the collective findings from the consultation activities in the context of the 7-stage model.

Chapter 4 features the actual notes of the leadership resource pack with a tool for aiding the selection of the most appropriate notes for discussions with senior managers.

2. CREATION OF A LEADERSHIP COMMITMENT MODEL

The purpose of this chapter is to describe the key stages involved in creating the health and safety leadership model. This chapter considers how health and safety features on a senior manager's business agenda in the context of a leadership practice review. Details can be found in Appendix 1 of this report. The combined insight from the health and safety business agenda and the broader details of the leadership practice review was used to create the leadership commitment model.

HOW DOES HEALTH AND SAFETY FEATURE ON A BUSINESS AGENDA ?

The health and safety aspect of a business agenda is similar for companies irrespective of sector type. Health and safety was considered as a moral issue for business and was perceived to have wider significance than the financial bottom line. The leading practice review also highlighted the importance of health and safety in the context of managing a company's corporate reputation. Health and Safety is:

1. a key issue for stakeholders;
2. an important aspect of Corporate Governance;
3. cost effective management in the medium and long term; and
4. aligned with effective business practice.

1. Stakeholders and Effective Business Practice

Effective health and safety management is at the heart of corporate responsibility. Health and safety is often used as a key performance measure of a company's potential effectiveness in other business activities. Ineffective health and safety management can be perceived as a failure of the company's management team and could have a detrimental impact on the relationship with key stakeholders such as:

- business community – e.g. government, investors, insurers and joint venture partners
- customers;
- workforce;
- general public; and
- media.

Managing the relationships with stakeholders is important in protecting a company's right to operate in a competitive market place and to secure opportunities for future growth. The broader benefits of health and safety leadership includes:

- enhanced customer loyalty;
- high morale amongst employees;

- attracting the best recruits;
- winning new licenses to operate;
- high productivity and operational efficiencies (production usually stops if an incident occurs).

In view of a broad business agenda, it is critical that senior managers seek to influence effective health and safety leadership alongside other business practices. Senior managers can influence health and safety management practices in a variety of ways. These include:

- establishing a health and safety *culture* that encourages a positive *attitude* to health and safety which in turn drives the ‘right’ *behaviour* in people;
- ensuring that H&S remains a priority during the day-to-day operations as well as during start-up, maintenance and other change processes;
- respecting individuals and the line responsibility in a company for managing health and safety;
- empowering individuals to take preventative actions;
- authorising access to the necessary tools and resources; and
- participating in industry-wide networking opportunities to share and learn from the experience of others. This could require working with competitors to resolve common health and safety issues.

2. Corporate Governance

Recent developments in Corporate Governance require listed companies to disclose details of *all* risks to business activities, financial and non-financial. The Turnbull guidance to companies¹ states that the board of directors are responsible for:

- ensuring the company establishes, operates and monitors a sound system of internal control which is regularly reviewed as a result, disclosing that there is an ongoing process for identifying, evaluating and managing the company’s risks; and
- disclosing how the company has reviewed the effectiveness of this system of internal control and management process.

The start for companies implementing the Turnbull guidance began with a plan for managing all risks to be reported by December 1999 followed by formal reporting of the risks in December 2000.

¹ Nigel Turnbull was chair for the working party that produced a guide called ‘ Internal Control – Guidance for Directors on the Combined Code’ under the auspices of the Institute of Chartered Accountants with support from the Stock Exchange.

In the USA, companies registering with the SEC (Securities & Exchange Commission) are currently required to disclose details of their non-financial performance. This includes providing details of the way health, safety and environmental issues are managed.

3. The True Financial Cost of Incidents

A financially based business case for managing health and safety would not necessarily be a significant incentive for driving leadership in health and safety management. The best data available relating to the cost of incidents was disclosed by Dupont who calculated that the lost time due to incidents resulting in one or more days away from work was in the order of £20,000 per incident. This true financial value for an incident should also include the costs of broader elements such as:

- management time for investigating an incident;
- stoppage to production;
- potential liabilities associated with workplace injuries; and
- cost of implementing preventative controls in the future.

If companies are keen to measure the true cost of incidents to their activities then the true range of costs should be included in management accounting processes. A new offence is being proposed by the UK government in an attempt to make companies take greater responsibility for deaths or serious injuries². The consequential cost of such intended actions could be quite considerable for companies both in terms of the financial impacts and the potential damage to their corporate reputation.

BEST AND POOR PRACTICE IN LEADERSHIP COMMITMENT

A literature review of good and poor health and safety management practices was carried out to gain an insight into the specific challenges and issues facing senior managers. A detailed review of good and poor health and safety practice can be found in Appendix 1 of this report. Best practice was depicted in terms of the working practices of leading organisations. While poor practice was identified through learning from incident investigations. Poor health and safety practice was observed as a result of one or a combination of process, operational or human error.

Table 2.1 shows a summary of the identified good and poor company leadership practices. The table shows examples of specific indicators of good practice from UKOOA's step change initiative and a range of other relevant sources.

² Article describing UK Government's intention to bring corporate manslaughter charges against company directors for management failings that cause fatal accidents. Health and Safety Review, March 2000.

TABLE 2.1
SUMMARY OF BEST AND POOR PRACTICE IN TERMS OF LEADERSHIP COMMITMENT

Defining Characteristic	Best practice	Poor practice	UKOOA/ Step change	Other examples
Business Case	Awareness that good health and safety management can generate business benefits	Health and safety seen as a source of 'cost'	–	–
Accountability	Senior managers directly accountable to Board for poor health and safety performance	Health and safety seen as a functional responsibility	Personal commitment from senior and other managers to halve incident rates in three years	Establish a culture that looks at safety in the same way as all key ingredients of a successful business (Wallace, 1995)
Accountability	Senior managers have bonus-dependent personal health and safety objectives	No health and safety objectives set for managers	–	Safety issue is slotted into the career structures, reward systems, (Wallace, 1995). IChemE (1998): health and safety objectives for the company only. BS 8800: occupational and health objectives should be included where personal appraisal systems exist
Accountability	Director with nominated responsibility for health and safety	No responsible Director	–	Only 60% of companies have a board-level executive with a responsibility for health and safety (CBI, 1998)
Accountability			–	BS8800: ultimate responsibility rests with top management
Accountability	Senior managers involved in all accident investigations	No involvement of senior managers	Endorses best practice	–

	Best practice	Poor practice	UKOOA/ Step change	Other examples
Behaviour	Senior managers lead safety briefings and regularly include health and safety matters in other briefings and presentations	Health and safety briefings entirely separate and led by functional specialists	Managers to lead a number of internal safety initiatives	Best Practice endorsed by HSE (1997) IChemE (1998): safety should be 1 st topic of regular communications meetings. (BS8800): senior management should demonstrate commitment by active involvement
Behaviour	Senior managers all commit to receiving regularly-updated health and safety training	No senior manager health and safety training	Managers to attend specified appropriate safety training	Best practice endorsed by Wallace (1995)
Behaviour	Senior managers participate in safety audits and raise health and safety questions during routine site visits	H&S matters not raised by senior managers and they do not participate in audits	Managers to conduct regular site visits and to undertake an external audit of operations with a commitment to act and report on the findings	Best practice endorsed by HSE (1997) and IChemE (1998) suggests varying periodic involvement (i.e. more senior the less frequent)
Behaviour	Senior managers follow health and safety procedures and practices at all times	Senior managers ignore health and safety rules	Senior and other managers to produce personal safety performance contracts	–
Integration	Health and safety is a key factor in contractor selection, monitoring	Contractor health and safety performance not considered a business responsibility	Managers to participate in joint oil company/ contractor work groups and to initiate appropriate safety initiatives with contractors	Best Practice endorsed by HSE (1997). Issue covered in IChemE (1998)
Monitoring and measurement	Key health and safety indicators set, monitored and reported regularly to Board	No regular monitoring or reporting	Industry commitment to improve safety performance by 50% over three years	Although best practice endorsed by Wallace (1995), HSE (1997) and IChemE (1998) encourage targets, monitoring and analysis but do not specify reports to Board level

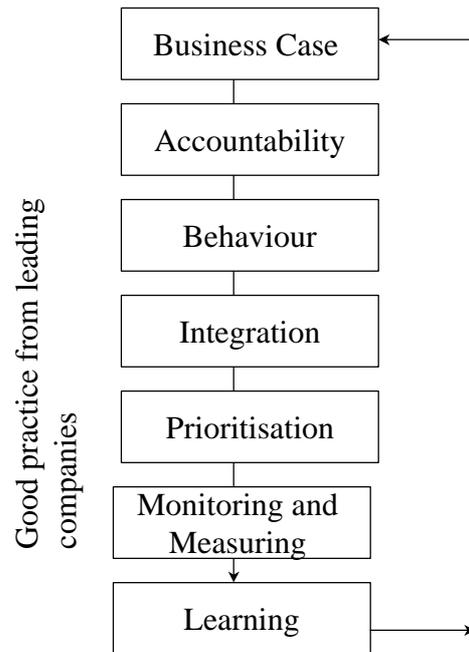
	Best practice	Poor practice	UKOOA/ Step change	Other examples
Integration	Spending time within health and safety functional role is a key part of career development	Health and safety function seen as a backwater (e.g. for those nearing retirement)	Managers commit to specify a certain percent of time on safety, health and environmental issues	–
Integration	Health and safety policy fully integrated into business processes (e.g. product, plant design)	Health and safety matters not part of business process	-	CBI (1998) consider that there is a need to integrate EHS management into business as a whole and only 20% have done so to date. BS8800: managers, O&H specialists, safety reps and committees address problems common to different parts of the organisation
Monitoring and measurement				BS8800: senior staff need key performance indicators to confirm that the occupational, health and safety system is working effectively
Monitoring and measurement	Processes in place to measure the full costs of health and safety failures (e.g. production losses, down time)	No data available on costs of failures	–	Clearly, Health and Safety Executive endorses the need to evaluate the 'true' costs of accidents (see HSE, 1997a)
Monitoring and measurement	Health and safety matters are a regular item for discussion at Board meetings	No discussion of health and safety at Board level	–	–
Monitoring and measurement	Senior management actively seek staff feedback on health and safety issues	Management processes do not exist for obtaining feedback from staff	Implicit in management involvement in work groups	Best practice endorsed by HSE (1997) and HSE (1997b)

	Best practice	Poor practice	UKOOA/ Step change	Other examples
Prioritisation	Required rate of return for health and safety investments is lower than for other investments	Health and safety investments must meet standard rate of return	–	–
Prioritisation	Health and safety performance and investment maintained at times of commercial uncertainty (e.g. closure, disposals)	Health and safety performance falls and investment is suspended during commercial uncertainty	–	–
Learning	Commitment to ongoing training of staff and contractors at all levels with mechanisms for sharing learning	Training is limited to legal requirements. No formal mechanism for sharing learning	–	–

CREATION OF A LEADERSHIP COMMITMENT MODEL

Figure 2.1 shows a summary of the 7 characteristics of the senior management model, as described in Table 2.1, for understanding leadership in health and safety management.

FIGURE 2.1
THE AREAS WHERE SENIOR MANAGERS COULD POTENTIALLY INFLUENCE
IMPROVEMENT IN MANAGING HEALTH AND SAFETY



The seven-stage model shows how senior managers could improve health and safety management in view of the boundaries described as good and poor practice in Table 2.1. The content of the table generally makes reference to the 'people' and 'systems' characteristics of a company's activities. The model could be extended to understanding leadership commitment in other areas of company business.

3. INSIGHT FROM CASE STUDY COMPANIES

This chapter describes the process and key findings from the consultation activities involving nine companies.

THE SELECTION OF THE CASE STUDY COMPANIES

The companies were selected with a view to maximising the breath of learning opportunities in leadership commitment both from within the oil and gas sector and from other 'high impact' sectors. The selected companies were screened on the basis of a specified sector focus and agreed selection criteria. This is shown below:

Sector Focus	Selection Criteria
<ul style="list-style-type: none">• Oil and Gas• Chemical• Other (aerospace & mining)	<ul style="list-style-type: none">• Companies facing strategic changes to their business• Companies who have a health and safety story to tell• Willingness to be named as a participant

The 7-stage model developed in the previous chapter was used to devise open questions that could be used to facilitate the discussions with the nine case study companies. These questions are shown below:

Business Case	How does health and safety feature on the senior manager's business agenda ?
---------------	--

Accountability	How are senior managers accountable for health and safety ?
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Behaviour	How do senior managers actively demonstrate they are committed to managing health and safety through everything they do ?
-----------	---

Prioritisation	How are senior mangers demonstrating that health and safety is a high priority on their business agenda ?
----------------	---

Integration	How do senior managers best integrate health and safety into the course of doing business ?
-------------	---

Monitoring and Measurement	How do senior managers track the health and safety pulse through the business ?
----------------------------	---

Learning	How do senior managers promote knowledge sharing in the area of health and safety ?
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The nine case study companies who agreed to participate in the project are shown in Table 3.1. The table also provides a brief description of the business focus for the nine companies and a 'sound bite' describing the key characteristics of their respective health and safety cultures.

**TABLE 3.1
BUSINESS PROFILE OF PARTICIPATING COMPANIES**

Company	Description of activities	Health and Safety 'Sound Bite'
AMERADA HESS	Integrated oil and gas company (exploration and production). Sale of natural gas and electricity.	Example of culture where health and safety management has been people-focused with the way forward defined by establishing formal management assurance processes.
BILLITON	Mining and production of metals. Steam coal exporter.	Example of the business importance of health and safety during the company's flotation in 1997.
BP	Integrated oil company in exploration, production (largest oil and gas producer) and a leading petrochemicals and speciality chemicals manufacturer.	Example of advanced safety cultures where health and safety is integrated into business decisions. A company that works hard at practicing what they preach.
BRITISH AIRWAYS	Europe's largest airline.	Example of a culture with two different approaches for managing safety based on activities on the ground and in the air
DUPONT	Largest US chemical company. Chemicals and materials, life sciences (biotechnology) and pharmaceutical	Example of a company considered as the 'leading performer' in health and safety management. The company's health and safety culture involves preventing unsafe acts before they transpire into near misses, 'a hearts and minds safety culture'.
FLUOR DANIEL	Engineering, procurement and construction services.	Example of a safety culture that is entwined within the operating practices of the company.
ICI	Focuses on speciality products, paints and acrylics. World#1 maker of paints and industrial coatings.	Example of an evolving safety culture to reflect the change in business practice from a UK bulk chemicals company to a global specialty chemicals business.
LASMO	Independent oil and gas exploration and production company.	Example of how safety is managed according to the risk it presents to a regional business.
SHELL	World#2 integrated oil business, involved in exploration, production, chemicals, coal mining and developing renewable energy sources.	Example of advanced safety cultures where health and safety is integrated into business decisions. A company that works hard at practicing what they preach.

FINDINGS FROM THE CASE STUDY DISCUSSIONS

Overall, senior managers in the nine case study organisations clearly demonstrated effective leadership commitment in their enthusiastic responses to managing health and safety. They recognised the broader ‘value’ to the business of effective health and safety and often prioritised ‘safe behaviour’ above conventional business activities. Senior managers tended to empower line managers to authorise health and safety improvements to an agreed threshold value and demonstrated support for individuals stopping production activities to prevent an incident. Senior managers acknowledged that this key message had not always been communicated effectively. Where incidents have highlighted this gap in communication, actions usually in the form of training, have been taken to prevent similar incidents from occurring in the future.

Senior managers were expected to lead and adhere to health and safety management practices at all times. Realistically, a senior manager’s influence is extended through direct and indirect contact with personnel to maximise the use of time. Companies operating within the oil and gas sector provide examples of what can be achieved in leading health and safety activities and how health and safety criteria have influenced business decision-making. Companies operating in other sectors such as chemicals, mining and airlines business provided useful comparisons.

The interviews with the nine case study companies normally involved one-hour discussions with three to four key personnel from each organisation. The profile of senior managers interviewed depended on the internal company structure. In oil and gas companies regional business unit leaders (BULs) were responsible for delivering financial and non-financial business performance. In the non-oil and gas sectors health and safety was usually discussed with the functional heads of health and safety. The functional heads were also responsible for others areas of business such as environment, ethics and insurance.

The remaining details in the chapter show the collective findings from the nine case study company discussions in the context of the 7-stage leadership commitment model. These findings will form the basis of the general themes explored in the leadership resource pack. Details of the actual practices of the nine case study companies have been summarised and shown in Chapter 4 of this report.

BUSINESS CASE ~ HOW DOES HEALTH AND SAFETY FEATURE ON THE SENIOR MANAGERS' BUSINESS AGENDA ?

An important basis for discussions with senior managers is to understand how health and safety features on their business agenda. As indicated earlier, the importance of health and safety on a business agenda across the sectors of the nine case study companies provides similar thinking with some subtle differences. Corporate reputation and good corporate governance was a notable feature in some of the health and safety leadership discussions. Senior managers considered health and safety as a moral issue for companies.

Corporate reputation for the oil and gas sector and to some degree for the other case study sectors, is dependent on how well issues such as health and safety, environment and social responsibilities are managed and communicated by companies. Effective leadership and management of these issues were also perceived as a way of building trust with a range of business stakeholders. This was considered important not only in managing current activities but as an indicator of how successful a company's management team is perceived to be in other areas of business. Senior managers also recognised that the relationship with broad business stakeholders was key to gaining access to future business opportunities.

Senior managers recognised that minimal accounting processes existed for monitoring the 'true' cost of incidents and questioned the benefits of such data. Health and safety costs tended to be integrated into a company's operating costs. Studies carried out by Dupont showed that the average cost of an incident was £20k. Other opportunities for savings can be quite significant; Procter and Gamble have claimed they continue to save \$50 million per year on insurance premiums from a reduced level of health and safety incidents.

Senior managers from the nine case study companies recognised the broader benefits of effective health and safety management. There appeared to be consistent determination from senior managers to include health and safety in business decision making with some companies including such criteria in proposals to shareholders.

ACCOUNTABILITY ~ HOW ARE SENIOR MANAGERS ACCOUNTABLE FOR MANAGING HEALTH AND SAFETY ?

Accountability within companies was a clear demonstration that health and safety was a significant issue for their business. Accountability for health and safety was also an indicator that responsibility existed for leading and managing the health and safety of employees and third parties (e.g. communities, contractors). The onus for leadership is certainly on senior managers but success in managing health and safety was considered to be the individual responsibility of all employees.

The chain of accountability and responsibility throughout an organisation varied according to the business model used by particular companies. Two types of business models for leading and managing health and safety emerged:

- a centralised health and safety function that has a lead role in monitoring and managing health and safety activities within businesses. The corporate function establishes targets for health and safety and good performance is rewarded. The career path of health and safety management personnel is clearly defined with accountability to a functional head of health and safety; and
- the regional businesses have a lead role in monitoring and managing local health and safety activities. Health and safety targets are established between corporate and the regional business usually through a balanced scorecard or performance contracts reporting process. Senior business managers are responsible for managing the health and safety of local staff. The central health and safety function provides insights into emerging legislation, provides coaching, training as well as facilitating management and incident reporting processes. In some companies, senior managers have personal health and safety performance contracts, as well as business performance contracts with health and safety criteria, applicable to their local business activities.

Executive committees for the case study companies provided leadership and direction in terms of setting future improvements in the context of broader business plans. Some companies even enlisted the support of external experts to provide an additional insight into industry best practice. Senior business managers would report to such committees.

In many cases, senior managers were responsible for leading health, safety and environmental practices with support from dedicated functional health, safety and environmental specialists. The corporate health and safety function often facilitated the process for managing health and safety but accountability and responsibility for the operating activities was firmly embedded 'within the line'. Functional directors for health and safety tended to be responsible for providing knowledge and insight on emerging good practice and policy implementation.

Functional senior managers had an important role to lead and co-ordinate health and safety activities and were often also responsible for leading and reporting on initiatives in other areas such as:

- environment;
- ethics;
- insurance;

- security;
- risk management; and
- community relations.

Senior managers normally became involved in chairing major incident investigation and expected injuries to be reported to them directly on an ongoing basis.

The management techniques, tools and processes for disseminating accountability for health and safety commitment varied across the nine case study companies. In BP and Shell, senior managers are required to have business and personal performance contracts. In ICI and Shell, annual assurance letters are sent to the board of the company outlining the business units' health and safety management activities. Bonuses for senior managers delivering health and safety commitments varied significantly, between 4-50%. Fluor Daniel adopted the most notable bonus practices, up to 50% of a senior managers bonus could be dependent on specific health and safety criteria.

BEHAVIOUR ~ HOW DO SENIOR MANAGERS ACTIVELY DEMONSTRATE THEY ARE COMMITTED TO MANAGING HEALTH AND SAFETY THROUGH EVERYTHING THEY DO ?

Dupont summarise this characteristic as 'Visible felt leadership' (VFL). In effect, senior managers are responsible for leading and demonstrating their commitment to health and safety practices at all times. Senior managers employ informal as well as formal contact with personnel to convey the importance of health and safety. Verbal and non-verbal communication was perceived as being as important as each other in conveying the importance of adopting effective health and safety practices.

The behaviours displayed and described by the senior managers from the nine companies are identified below:

- Enthusiasm
- Personal contact with:
 - (a) operational personnel on visits to facilities.
 - (b) contractors through formal discussions.
 - (c) safety representatives at regular intervals.
- Participation in Training
 - a) supporting or leading internal training programmes.
 - b) participation in contractor health and safety training sessions.
- Informed
 - a) demonstrating knowledge and insight into best practices that exist within particular businesses.
 - b) awareness of external initiatives and clear vision of what needs to be done to improve current practices.
 - c) senior managers include health and safety considerations in planning major change processes.
- Conviction
 - (a) provide examples where health and safety considerations have influenced business decisions. LASMO supported a move by one of its contractors to shutdown the operations at Liverpool Bay to implement health and safety improvements. BP closed its operations in Algeria for three weeks to instigate appropriate staff training following concerns about managing health and safety;
 - (b) attendance at leadership training courses, BP's business unit leaders have attended courses such as 'Move Smart' which helped business unit leaders to think about the movements of their body in relation to conducting day-to-day activities; and

- (c) senior managers recognise and reward exemplary health and safety practices demonstrated by teams or individuals.
- Trust Others
 - a) senior managers support an open reporting culture and provide the necessary tools and training for stopping operations and reporting incidents or near misses;
 - b) empowering individuals by delegating budgets for implementing health and safety changes; and
 - c) seeking feedback from personnel on health and safety issues.
- Interested
 - a) senior managers ask questions with respect to health and safety during the course of their day-to-day activities;
 - b) senior managers manage key external relationships with regulators, contractors and industry groups; and
 - c) active involvement in ongoing discussions on health and safety.
- Fair

Senior managers should be considered as fair and in a position of strength for investigating the root cause of incidents without apportioning blame. Control measures should be communicated widely to prevent or minimise the likelihood of incidents re-occurring.

BP have developed advanced auditing techniques to help senior managers help others self-correct personal unsafe practices. Senior managers ask open questions and encourage personnel to think through the potential consequences of taking short cuts. Senior managers at Shell consider simple gestures such as attendance at health and safety courses as indicative to personnel of the organisation's corporate commitment to managing health and safety. Some companies employ 'STOP' techniques to prevent colleagues from committing unsafe acts or for reporting observed unsafe practice. This is where individuals are empowered to stop the unsafe practices of others.

PRIORITISATION ~ HOW ARE SENIOR MANAGERS DEMONSTRATING THAT HEALTH AND SAFETY IS A HIGH PRIORITY ON THEIR BUSINESS AGENDA ?

There are many competing issues on a senior manager's agenda and the challenge is to understand how health and safety is assigned priority on this busy agenda. The discussions with the nine case study companies focused on how health and safety had influenced business decisions and what senior managers have done to demonstrate their interest and involvement in health and safety.

Senior business managers demonstrated priority for health and safety in a number of ways:

- highlighting health and safety issues when making business decisions;
- empowering line managers to implement changes to respond to local health and safety concerns by providing the necessary budgetary resources; and
- participating in health and safety discussions at a corporate and an operational level internally and externally.

Health and safety criteria are included in shareholder proposals, investment screening decisions, country risk assessments, project scoping and implementation activities. Some senior managers had also previously supported decisions to shut down operations following incidents so the necessary health and safety training could be administered.

Even in periods of economic uncertainty senior managers placed much emphasis on health and safety such that it not only remained a priority issue for the business but also could become even more significant than business activities during significant change programmes.

The nine case study companies were able to provide detailed examples of instances where health and safety was prioritised over business considerations. Specific company examples are shown in Chapter 4 of this report.

Senior managers actively participated in health and safety discussions. Many companies discussed health and safety as the first item at any meeting using open questions. Some companies had stringent health and safety meeting frameworks, which engaged key personnel at different levels within an organisation. Senior managers attended meetings to discuss progress on key actions items raised by staff. There was keen interest from most companies in adopting near miss reporting practices as they were considered as early warning systems for identifying future incidents. Amerada Hess invested in a sophisticated electronic tool for ranking near miss incidents based on the potential of an incident occurring and the likely consequences. Depending on the final severity on the analysis, senior managers could also be involved in the sign-off process for the generated near miss reports.

INTEGRATION ~ HOW DO SENIOR MANAGERS BEST INTEGRATE HEALTH AND SAFETY INTO THE COURSE OF DOING BUSINESS ?

Senior managers recognised they had an important role in embedding a ‘living’ health and safety culture. Integration focuses on embedding correct health and safety attitudes such that it becomes part of day-to-day activities. Suitable mechanisms for testing such attitudes are considered later in this chapter. Companies recognised the need to embed a positive health and safety culture and prevent complacency through fine-tuning their health and safety leadership and management practices. The onus is on senior managers and staff working closely together to promote a high level of general health and safety awareness across an organisation.

Senior managers demonstrated health and safety was integrated into their business activities in the following ways:

- decision making (discussed earlier);
- adhering to health and safety practices at all times (see ‘behaviour’);
- attending safety training courses;
- contributing to H&S training for third parties;
- supporting management processes for screening and managing contractors;
- encouraging others to adopt responsible practices; and
- implementing action plans to address gaps identified through internal audits programmes.

Senior managers valued the work of internal audit functions as a way of conducting a ‘health’ check of the company’s internal management processes. Where opportunities for improvement had been identified (by the internal audit process) senior managers instigated improvement plans (with accountability and deadlines) with sign-off upon completion.

Health and safety was informally integrated into the career path for most senior managers, through the acquired responsibility for managing the financial and non-financial aspects of their operations from an early stage in their careers.

MEASURING AND MONITORING ~ HOW DO SENIOR MANAGERS TRACK THE HEALTH AND SAFETY PULSE THROUGH A BUSINESS ?

Senior managers employ qualitative and quantitative methods for tracking the effectiveness of health and safety leadership and management practices. This is carried out through conducting climate surveys, discussions with personnel and reporting against health and safety key performance measures. A key feature of performance measurement process is to disseminate key messages to others and acknowledge the good practice of staff.

Health and safety often involved negative reporting in terms of 'number of incidents'. Incident reporting extended to activities inside and outside of work and generally involved road incidents, 'slips, trips or falls'. Companies who invested much time in communicating, coaching and training their personnel in correct health and safety practices measured success in terms of informal responses from staff.

Many companies considered tracking 'near misses' as early warning systems to prevent future incidents. Reporting near misses was often voluntary and sometimes anonymous. There were accepted inconsistencies in the rigour applied to reporting such incidents across sites within companies. British Airways and Amerada Hess were found to adopt comprehensive tools for reporting near misses and placed much confidence in the trends identified by the data.

Dupont monitor health and safety incidents outside as well as inside work boundaries. If trends show a pattern in incident behaviour, appropriate training is offered to employees. In Shell Expro, the incident frequency became so low that the focus shifted from reducing incidents to reducing near misses. The company is keen to encourage the development of positive or leading health and safety indicators to capture the company's good practice in coaching good behaviours.

LEARNING ~ HOW DO SENIOR MANAGERS PROMOTE LEARNING IN THE AREA OF HEALTH AND SAFETY ?

This is the final stage of the leadership commitment model and is considered the most important for introducing improvements to health and safety leadership and management practices (i.e. the other six stages of the model). This stage highlights how companies communicate and disseminate details of health and safety practices internally and externally.

Senior managers have access to external, corporate and operational health and safety networks and are in a good position to share and alert others to good and poor practices. Senior managers use intranets and face-to-face discussions for disseminating health and safety knowledge. Shell use a system called 'Safety Alert' for sending urgent messages quickly around the globe detailing incidents and potential implications for other similar operations.

Senior managers attend leadership health and safety courses, manage key relationships with contractors and when practicable lead health and safety training discussions with contractors. Senior managers consider health and safety management an issue that bridged the boundaries of competition but recognised it was a competitive issue for contractors.

Senior managers preferred a one-team approach to managing health and safety amongst employees and contractors. ICI found that by adopting a one-team approach the health and safety performance rate of contractors improved at a similar rate to that of employees. This was achieved by rigorous monitoring and auditing of contractor activities. Shell adopts open space workshops to encourage personnel to raise concerns and prioritise actions at a local level and discuss significant changes with senior managers when appropriate.

4. THE LEADERSHIP RESOURCE PACK

The purpose of this chapter is to describe the contents of the Leadership Resource Pack. The pack is a knowledge tool that has been designed to allow OSD inspectors maximum flexibility in tailoring the notes for discussions with senior managers. The keynotes provide OSD inspectors with a framework for structuring the discussions with senior managers. The notes also provide inspectors with a valuable source of knowledge on the best practices of nine companies.

The pack contains a 'single frame', which can be used as the basis for a whole discussion with a senior manager. Alternatively, key questions can be used for exploring a company's emphasis on specific leadership characteristics through asking defining questions. The notes also provide an indication of the responses inspectors can expect from senior business managers. The remaining contents of the pack highlight the leadership practices of the nine case study companies in the context of the seven- stage leadership commitment model.

The pack has been designed around a series of themes:

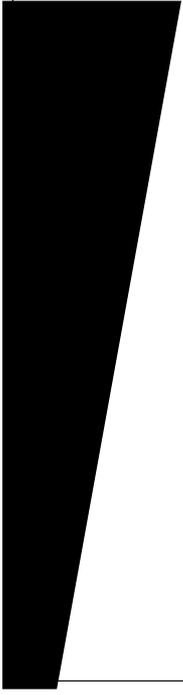
- Single Frame ~ Leadership in health and safety management
- Why is health and safety an important leadership issue for business ?
- How can senior managers drive a health and safety agenda through their business ?
- What are others doing ?
- What happens next ?

As an additional aid, a checklist has been prepared to further assist inspectors in selecting the most appropriate notes for their discussions with senior managers.

**TABLE 4.1
A CHECKLIST FOR OSD INSPECTORS PREPARING FOR DISCUSSIONS WITH SENIOR
MANAGERS**

No	Purpose of Discussion with Senior Managers	Leadership Resource Pack Page Refs	Description of contents
1	Broad discussion on leadership and how this contributes to business success.	5	Single Frame.
2	Convince senior manager that health and safety leadership is needed to improve current practices.	6-8	The benefits if getting health and safety right and the risks of getting it wrong.
3	Discuss specific gaps in health and safety leadership.	9-26 as appropriate	Key questions and sample responses using the seven stage leadership commitment model.
4	Benchmarking in terms of what others are doing.	27-36 as appropriate	Nine case study examples presented in the context of a 7 stage model.
5	Ideas of what senior managers should do next (after leadership discussions with an OSD inspector).	37	Helpful hints.

A copy of the complete series of notes contained in the Leadership Resource Pack is shown below.



Leadership Resource Pack

Contents

	Page
Outline	4
1 Single Frame: How Do Senior Managers Lead Health and Safety Activities ?	5
2 Why is Health and Safety an important leadership issue for business ?	6
3 How Do Senior Managers Lead Health and Safety Activities	9
(i) Business Case	
(ii) Accountability	
(iii) Behaviour	
(iv) Prioritisation	
(v) Integration	
(vi) Measuring and Monitoring	
(vii) Learning	

Contents

4 What Are Others Doing ?	28
Amerada Hess	
Billiton	
British Airways	
BPAmoco	
Dupont	
Fluor Daniel	
ICI	
LASMO	
Shell	
5 What Happens Next ?	38

Page 3

Outline

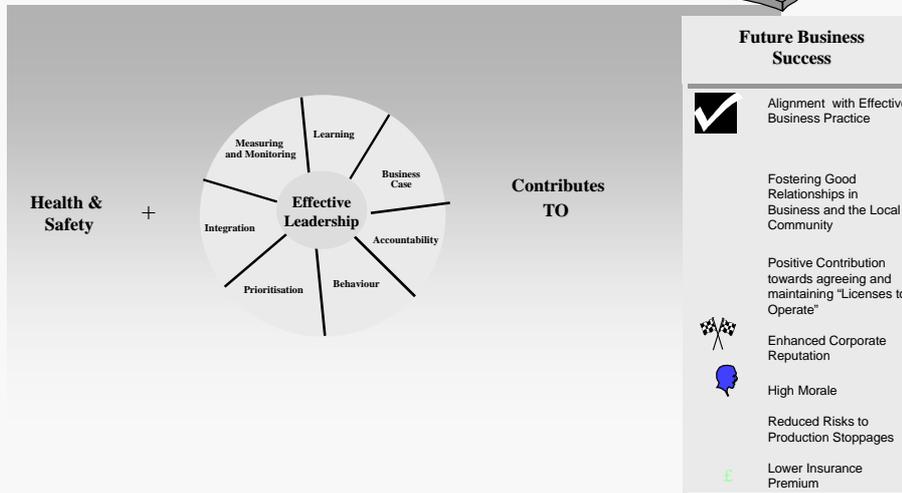
The Leadership Resource Pack contains notes designed for OSD inspectors to help them prepare for health and safety discussions with senior managers. The notes provide OSD inspectors with a tool that can help to facilitate the discussions. In order to allow a maximum degree of flexibility, the pack contains a single frame (that can be used on its own), a series of key questions for understanding specific areas of interest, some answers and real-life industry examples of the anticipated involvement of senior managers in leading health and safety activities.

The notes have been designed on the basis of a series of questions to ensure that inspectors can quickly select the most appropriate notes that can be incorporated into their preparation materials for the discussions with senior managers. The defining questions in the pack are as follows:

- ☒ *Why is health and safety an important leadership issue for business ?*
 - ~ the benefits of getting it right and the risks of getting it wrong;
- ☒ *How can senior managers drive a health and safety agenda through their business ?*
 - ~ hints for exploring health and safety issues with senior managers using a 7-stage leadership commitment model
- ☒ *What are others doing ?*
 - ~ Nine Case Studies
- ☒ *What Happens Next ?*

Page 4

1. Single Frame: Leadership in Health & Safety Management



Page 5

2. Why is health and safety an important leadership issue for business ?

The benefits of getting it right

- The 'value' of getting health and safety right goes beyond the bottom line and can help to:
 - contribute towards the sustainable growth of a business by protecting a company's most important asset, its human resources;
 - enhance a company's corporate reputation;
 - create an image of corporate responsibility amongst competitors, customers and other stakeholders;
 - improve market access; and
 - reflect the integrity of a company's management team.
- The financial case for getting health and safety right includes
 - protecting share value; and
 - reducing the annual insurance premiums, Procter & Gamble state that they achieve an annual saving of \$50 million* a year through reduced injuries.

* P&G Environmental Report 1998

Page 6

2. Why is health and safety an important leadership issue for business ?

The risks of getting it wrong ~ A detrimental impact on.....

- Corporate Reputation which can lead to a negative response from:
 - general public;
 - government;
 - joint venture companies; and
 - Media.
- Customer Loyalty:
 - customers taking their business elsewhere.
- Employees:
 - low morale leading to inefficiencies in the workplace;
 - difficulties in recruiting the right people especially into senior positions; and
 - fines from private litigations.
- Business Community:
 - license to operate.

“Managing reputational risk is like praying; if the first time you do it is when you are in mortal danger, fate is unlikely to treat you kindly”

British Bankers Association

Page 7

2. Why is health and safety an important leadership issue for business ? ...contd

Risks of getting it wrong ~ A detrimental impact on.....

- Relationships with Authorities:
 - barriers to co-operation and support; and
 - fines for non-compliance.
- Investors and Insurers
 - potentially reducing share value of company; and
 - higher insurance premiums.
- Operational efficiency:
 - lower productivity.

Page 8

3. How Do Senior Managers Lead Health and Safety Activities ?



7-Stage Leadership Commitment Model

- (i) Business Case
- (ii) Accountability
- (iii) Behaviour
- (iv) Prioritisation
- (v) Integration
- (vi) Measuring & Monitoring
- (vii) Learning



Corporate



Operational

3 (i) Business Case - Value Beyond the Bottom Line

Why do senior managers think health and safety is important ?

Defining
Question

Why are companies managing health and safety ?

3 (i) Business Case - Value Beyond the Bottom Line

Why do senior managers think health and safety is important ?

Themes

Key Words	<i>'Doing the Right Thing'</i>	➤ No harm to people is a moral responsibility.
	<i>Protecting Corporate Reputation</i>	➤ Health and safety good practice is key for protecting the company's reputation with stakeholders especially for the high impact industries.
	<i>Aligned with Effective Business Practice</i>	➤ Provides a basis for obtaining new licenses to operate.
	<i>Corporate Governance</i>	➤ Integrating health and safety in corporate governance processes is regarded as good practice and is a key consideration for listed companies with the development of the Turnbull Guidance.
	<i>Financial Incentive</i>	➤ The total cost of an incident should include the cost for loss management time, production stoppages, investment in preventative measures offset against the potential insurance liabilities to understand the true £ impact on a company. Other more significant costs such as impact on corporate reputation and reduced potential to access new licenses to operate are difficult to quantify.

Page 11

3 (ii) Accountability

How are senior managers accountable for managing health and safety?

Defining Questions

- Is there a senior manager accountable for managing health and safety ?
- How are senior managers accountable for managing health and safety ?
- What business model or framework exists for assigning accountability and responsibility for managing health and safety ?
- Do senior managers participate in incident investigations ?

Page 12

3 (ii) Accountability...contd

How are senior managers accountable for managing health and safety ?

Themes

Key Words	<i>Commitment</i>	➤ Dedicated functional heads and/or executives with health and safety responsibility should exist within organisations
	<i>Strategic Planning</i>	➤ There should be a senior management or executive committee responsible for setting the company's health and safety vision and plans for future improvements
	<i>Performance Contracts</i>	➤ Senior managers have health and safety criteria incorporated into business (and personal) balanced scorecards or performance contracts that are bonus linked
	<i>Management Frameworks</i>	➤ Clear internal management accountability should exist for reporting health and safety activities
	<i>Communication</i>	➤ Senior managers involved in health and safety discussions across different business functions, with other business unit and diagonally with contractors and partners
	<i>Relationship Management</i>	➤ Senior managers are responsible for managing key health and safety relationships

Page 13

3 (ii) Accountability...contd

How are senior managers accountable for managing health and safety ?

Themes

Key Words	<i>Incident Investigation</i>	➤ Senior managers chair incident investigations
		➤ Senior managers ensure suitable action plans are implemented to install preventative measures
		➤ Senior managers formally close-out and sign -off investigation reports

Page 14

3 (iii) Behaviour

How do senior managers actively demonstrate they are committed to managing health and safety through everything they do ?

Defining Questions

- How do senior managers inspire health and safety commitment in others ?
- How do senior managers demonstrate their interest and commitment to health and safety ?
- How do senior managers communicate that health and safety is the number one priority for a business ?
- How do senior managers encourage responsible health and safety behaviours ?

Page 15

3 (iii) Behaviour...contd

How do senior managers actively demonstrate they are committed to managing health and safety through everything they do ?

Themes

- | | | |
|------------------|-------------------|---|
| Key Words | <i>Visibility</i> | <ul style="list-style-type: none">➤ Senior managers visit assets as regularly as is practicable➤ Senior managers include health and safety in discussions with operational personnel at every opportunity and follow-up any concerns➤ Senior managers attend safety meetings and regularly provide operational personnel with feedback on company health and safety initiatives➤ Senior managers meet with new business partners to discuss health and safety expectations➤ Senior managers speak at internal conferences on the importance of getting health and safety right➤ Senior managers speak at health and safety training seminars held by contractors |
| | <i>Respect</i> | <ul style="list-style-type: none">➤ Senior managers respect and empower the chain of command for managing health and safety concerns |

Page 16

3 (iii) Behaviour...contd

How do senior managers actively demonstrate they are committed to managing health and safety through everything they do ?

Themes

Key Words	<i>Enthusiasm</i>	<ul style="list-style-type: none">➤ Senior managers can readily identify examples of best practice within their business unit➤ Senior managers are aware of current external health and safety initiatives➤ Senior managers can demonstrate insight into how health and safety practices differ to other business units and why
	<i>Honesty</i>	<ul style="list-style-type: none">➤ Senior managers can readily identify areas for improvement
	<i>Reality Check</i>	<ul style="list-style-type: none">➤ Senior managers can demonstrate knowledge of health and safety trends and statistics (incidents) when discussing health and safety
	<i>Pride & Recognition</i>	<ul style="list-style-type: none">➤ Senior managers commend/reward and publicise examples of exemplary contributions by teams and/or individuals
	<i>Role Model</i>	<ul style="list-style-type: none">➤ Senior managers follow health and safety practices at all times

Page 17

3 (iii) Behaviour...contd

How do senior managers actively demonstrate they are committed to managing health and safety through everything they do ?

Themes

Key Words	<i>Business Planning</i>	<ul style="list-style-type: none">➤ Senior managers ensure plans for managing change include provisions for mitigating H&S risks
	<i>Advanced Auditing</i>	<ul style="list-style-type: none">➤ Senior managers influence good health and safety behaviours by encouraging individuals to consider the consequences of their observed practices
	<i>Formal Checks</i>	<ul style="list-style-type: none">➤ Formal checks are carried out on the health and safety behaviours of senior managers and employees at periodic intervals (Dupont)

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3 (iv) Prioritisation

How are senior managers demonstrating that health and safety is a high priority on their business agenda ?

Defining Questions

How do senior managers prioritise health and safety on a day-to-day basis ?

How does health and safety feature in business decision making during eg. :

- investment screening
- country risk screening
- selection of business partners

Have senior managers allocated a lower rate of return for health and safety investments than for others ?

How have health and safety considerations been maintained during periods of uncertainty ?

Page 19

3 (iv) Prioritisation...contd

How are senior managers demonstrating that health and safety is a high priority on their business agenda ?

Themes

<i>Executive Briefings</i>	➤ Senior managers provide CEOs with regular briefings of health and safety activities
<i>Investments</i>	➤ Senior managers ensure that health and safety criteria are adequately considered in investment appraisals
<i>Key Words</i> <i>Entry into new geographical regions</i>	➤ Senior managers ensure that health and safety criteria are adequately considered in country risk screening processes
<i>New Projects</i>	➤ Senior managers ensure health and safety criteria are included in each stage of a new projects life-cycle from inception to implementation
<i>Internal Discussions</i>	➤ Senior managers discuss health and safety as the first item at any meeting using open questions to encourage responses.
<i>Budget Allocation</i>	➤ Senior managers delegate budgets for health and safety projects
<i>Reporting</i>	➤ Senior managers report health and safety alongside other business activities
<i>Resources</i>	➤ Senior managers invest in tools for tracking near misses or learning opportunities

Page 20

3 (v) Integration

How do senior managers best integrate health and safety into the course of doing business (see also earlier slides)?

Defining Questions

How do senior managers embed a responsive health and safety company culture ?

How is health and safety integrated into the career path of senior managers ?

How have senior managers integrated health and safety into an organisation's internal management practices ?

How does health and safety feature in managing relationships with contractors and business partners ?

Page 21

3 (v) Integration

How do senior managers best integrate health and safety into the course of doing business (see also earlier slides)?

Defining Questions

How do senior managers embed a responsive health and safety company culture ?

How is health and safety integrated into the career path of senior managers ?

How have senior managers integrated health and safety into an organisation's internal management practices ?

How does health and safety feature in managing relationships with contractors and business partners ?

Page 21

3 (vi) Measuring and Monitoring

How do senior managers track the health and safety pulse through a business ?

Defining Questions

- What techniques do senior managers adopt when monitoring health and safety activities ?
- Are health and safety key performance measures reported to the board at regular intervals ?
- How do senior managers monitor feedback from staff ?
- What techniques are used to conduct a reality check on the integrity of the internal health and safety management processes ?
- Do senior managers encourage the adoption of early warning systems such as near miss reporting ?
- Do companies monitor the cost of health and safety incidents ?
- Do companies monitor activities inside and outside of work ?
- Do companies benchmark their activities against others ?
- What approach is taken to health and safety target setting (eg zero incidents or annual % reductions) ?

Page 24

3 (vi) Measuring and Monitoring...contd

How do senior managers track the health and safety pulse through a business ?

Themes

Key Words

- Staff Surveys* ➤ Senior managers monitor staff feedback to health and safety management through opinion and/or climate surveys, the findings are also presented to personnel and actions implemented as appropriate.
- Reporting* ➤ Senior managers provide regular health and safety briefings to operational personnel and to executives at board level
 - Senior managers report health and safety performance to executives according to agreed key performance measures
- Key Performance Measures* ➤ Senior managers support the development of leading (positive) performance indicators through industry programmes eg Step Change (oil and gas), Responsible Care (chemical industry)
- Cost to Business* ➤ Senior managers review cost information (if it exists) relating to health and safety incidents based on balanced assessment of all losses and investments including management time and installing corrective measures
- Internal Audits* ➤ Senior managers review findings from a health and safety perspective and implement supporting action plans to address them

Page 25

3 (vii) Learning

How do senior managers promote knowledge sharing in the area of health and safety ?

Defining Questions

Do senior managers have a management process where opportunities are captured ?

What types of internal and external networks exist for senior managers to promote sharing and learning, of good practice ?

Are senior managers committed to providing staff and contractors with appropriate health and safety training ?

Page 26

3 (vii) Learning...contd

How do senior managers promote knowledge sharing in the area of health and safety ?

Themes

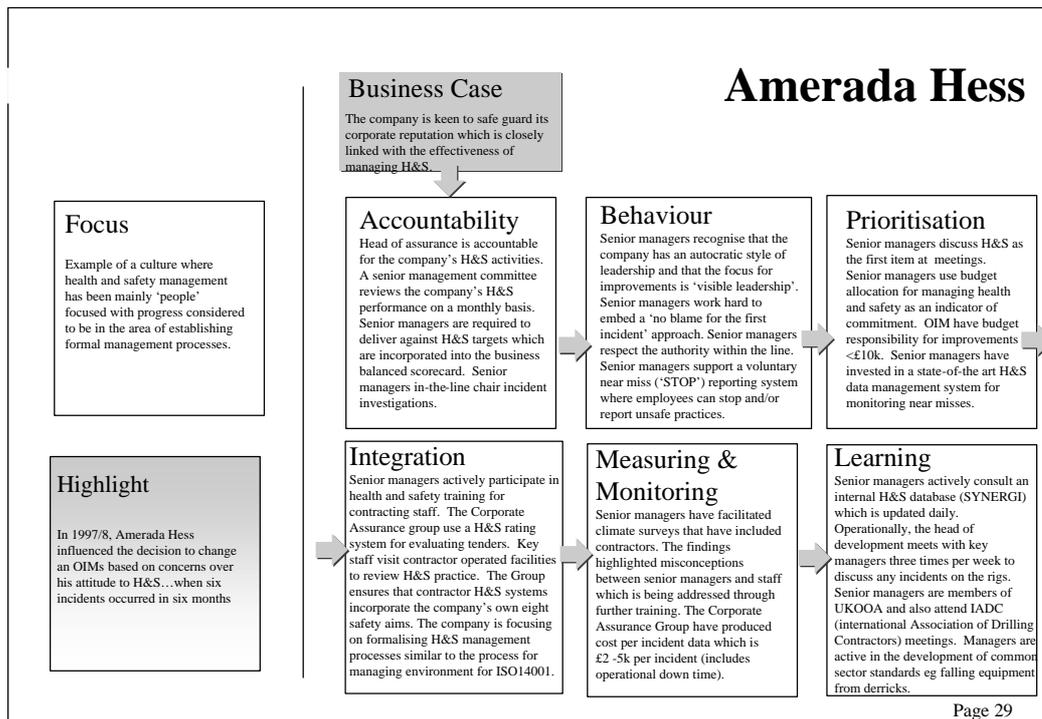
Key Words	<i>Dissemination</i>	➤ Senior managers get involved in health and safety discussions vertically, horizontally and diagonally (with business partners) across a business
	<i>Networks</i>	➤ Senior managers participate in health and safety industry programmes e.g. UKOOA's Step Change initiative and share information with others in the company, IARTA
	<i>Sharing Knowledge</i>	➤ Senior managers share good practice or learning from incidents through Intranets, open meetings
	<i>Knowledge Tools</i>	➤ Senior managers support near miss reporting through provision of suitable tools and review emerging trends
	<i>Near Miss Reporting</i>	➤ Senior managers encourage operational personnel to identify and prioritise local health and safety issues
	<i>Open Space Workshops</i>	➤ Senior managers support the use of intranets and databases for sharing knowledge of incidents or communicating good practice

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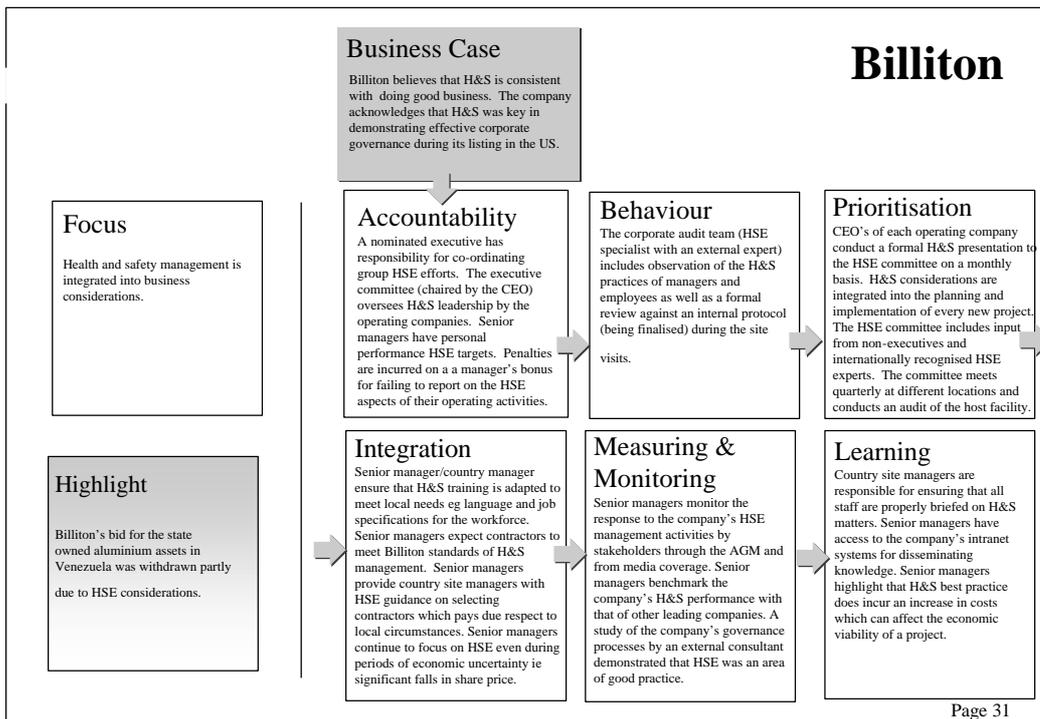
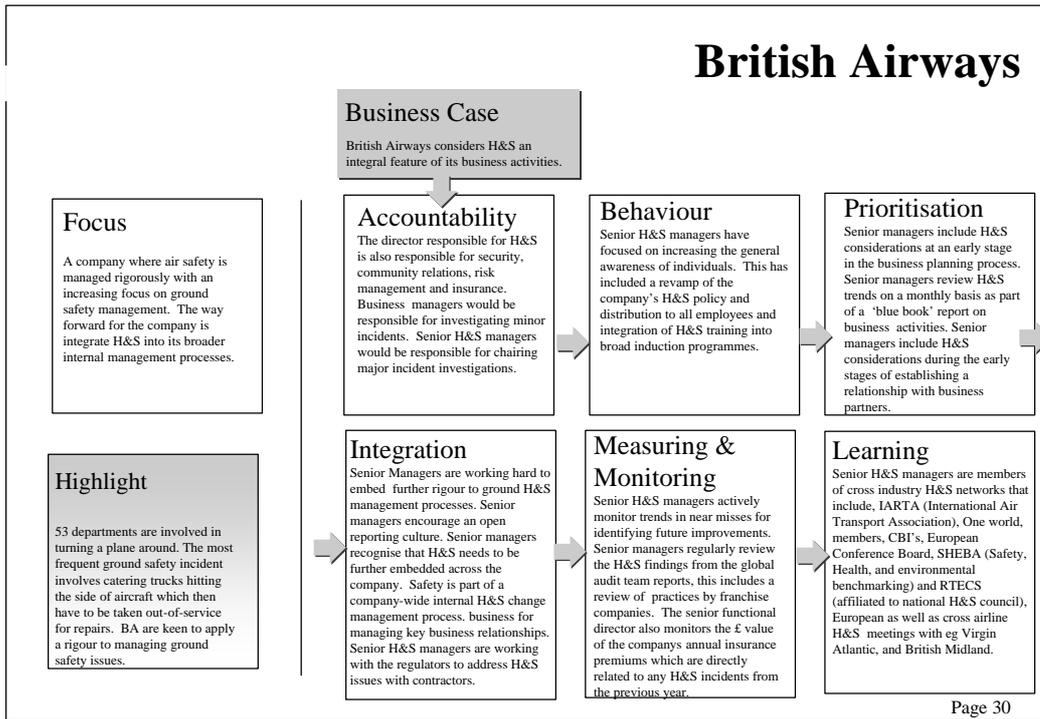
4. What are Others Doing ?

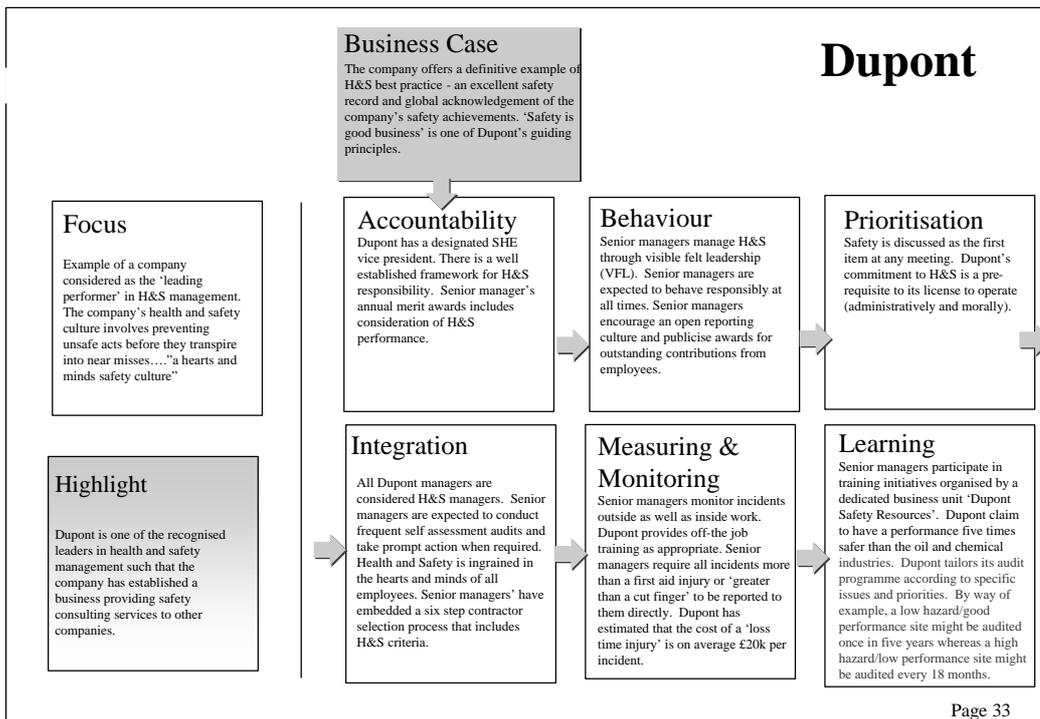
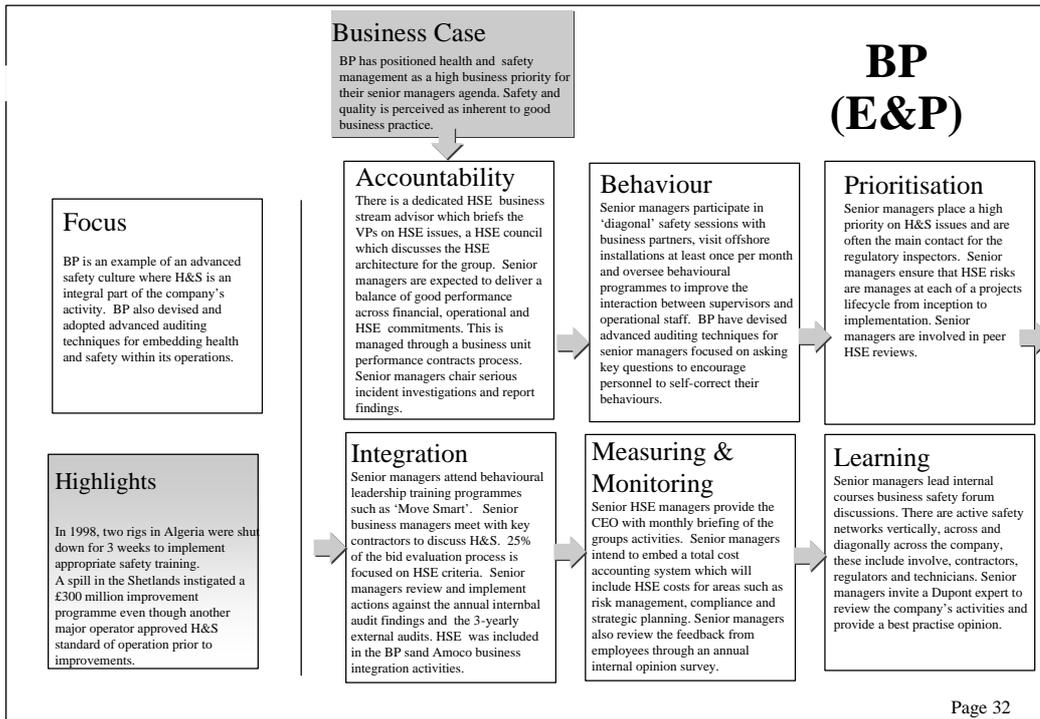


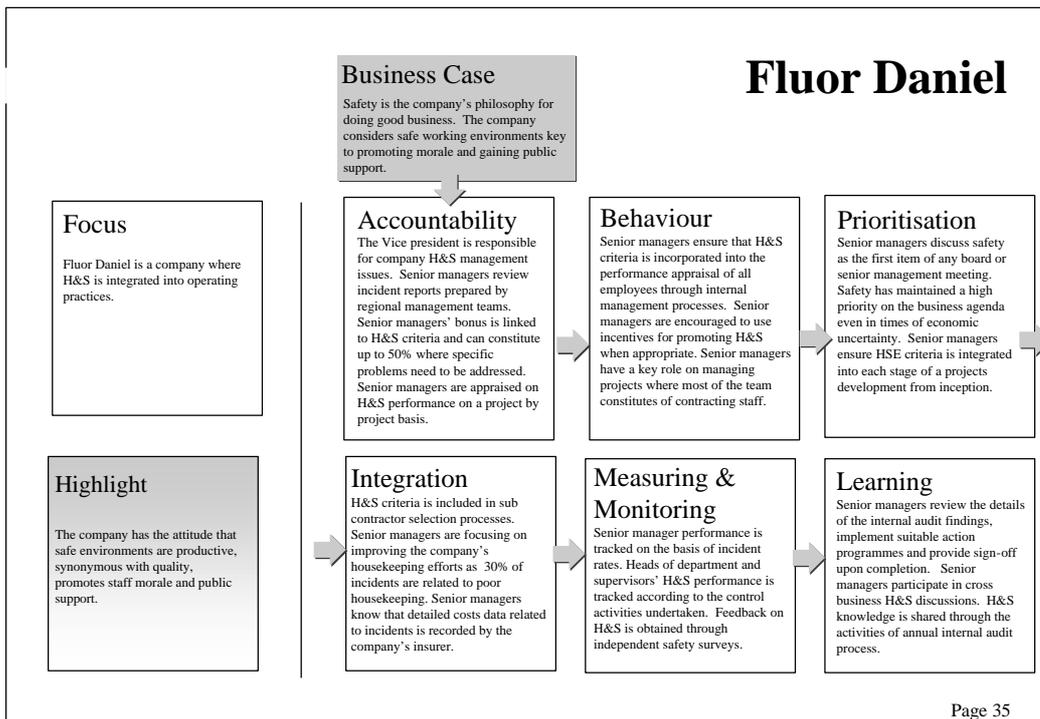
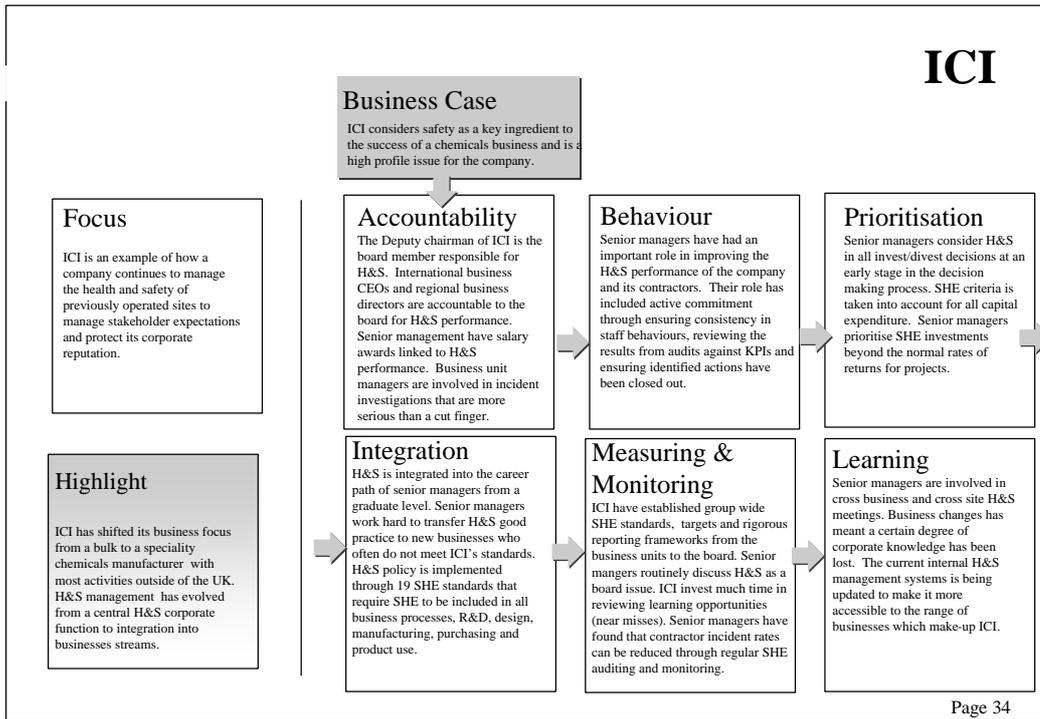
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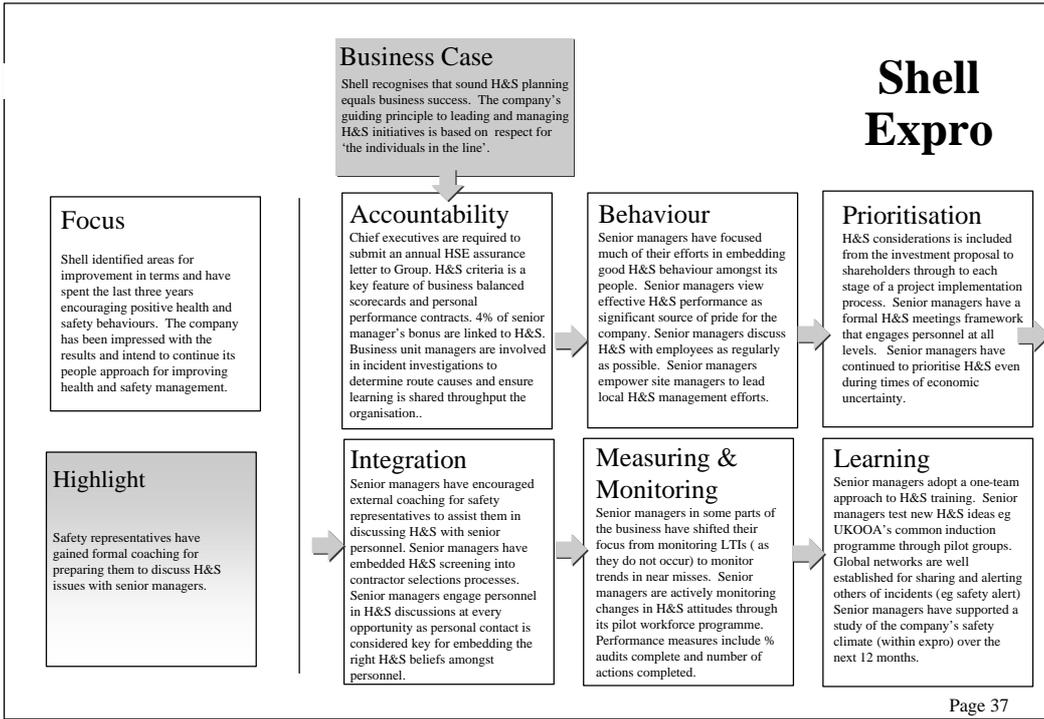
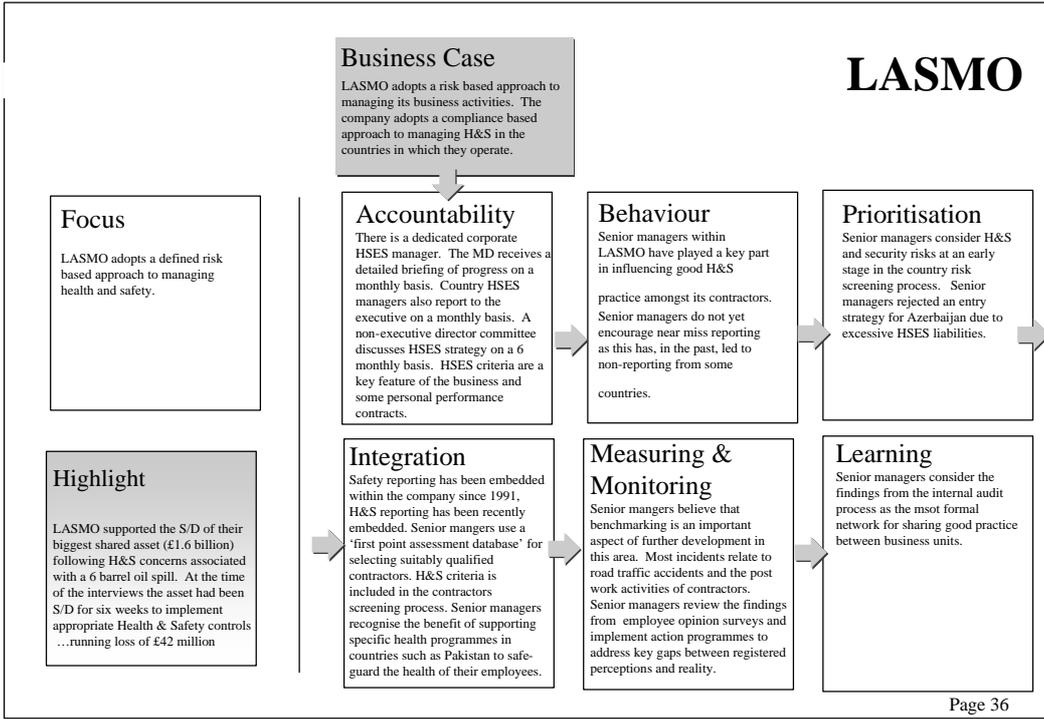


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6. What Happens Next ?

Possible Actions

- Compile & analyse data and statistics
- Review the 'true' costs associated with H&S
- Conduct health and safety management audit
- Consider integration if health and safety management system alongside other frameworks
 - quality
 - environment
- Implement further training for staff
- Benchmarking on specific issues ?

Signposts to Internal Information Resources

- Internal reporting and accounting data
- Insurance data
- Employee surveys
- Customer consultation
- Discussions with internal risk management team
- Consult publications

Seek External Advice

- Trade associations
- Insurance companies
- Specialist consultants
- Health & Safety Executive
- Consulting professionals from other organisations

ACKNOWLEDGEMENTS

The Health & Safety Executive and the project team would like to thank the following for agreeing to participate in the consultation process.

Table A.1
Contacts list

Sector	Company	Position
Major Oil & Gas	BP	Director for HSE
		Technology Vice President
		Business Unit Leader (Exploration and Production)
		HSE Adviser, (Exploration and Production)
	Shell	General Manager for Central Business Unit
		HSE Services Manager
		Health and Safety Business Development Manager
		General Manager
		Secondee responsible for managing Climate Survey
Oil & Gas	Amerada Hess	Corporate Assurance Manager
		Drilling Manager
		Production Manager
	Lasmo	Group Managing Director
		Director, Production and Operations, Europe and North Africa
		HSES Manager

Sector	Company	Position
Chemical	Dupont	Area Manager, Dupont Safety Resources (UK/Ireland) CEO Dupont UK (recently retired)
	ICI	Group Safety Manager Petrochemical Business SHE Manager SHE Manager for Aromatics
Airline	British Airways	Director of Safety, Security and Environment. Senior Manager for Ground Safety Chief Air Safety Investigator
Mining	Billiton	Chairman of HSE Committee to Billiton Board CEO Base Metals Business Unit Corporate Senior Consultant on HSE Management to Billiton board Corporate HSE Manager
Engineering	Fluor Daniel	Director of the Fluor Corporation Vice President of Corporate Safety

APPENDIX 1 - LEADING PRACTICE REVIEW

OVERVIEW OF THE LEADING PRACTICE REVIEW

The leading practice review comprises of a review of the health and performance statistics and management practices. A comparison to practices in the chemical industry and activities in the USA is also introduced by way of examples to activities in the offshore sector and the UK respectively.

REVIEW OF HEALTH AND SAFETY STATISTICS

A review of the health and safety statistics in the offshore and related chemical sectors provides knowledge and insight into the nature of incidents occurring in the offshore sector. Table A1.1 shows incident data before the Pipa Alpha disaster of 1988 and the corresponding data ten years on.

Table A1.1
Incident Rates (per 100,000 employee-years) ^{3 4 5}

Parameter	1987/88	1997/98
Fatal/major injury rate (offshore industry)	239	270
Fatal/major injury rate (chemical industry)	179	215
Fatal/major injury rate (national average)	96	127
Offshore : Chemical : National (ratio)	2.5 : 1.9 : 1	2.1 : 1.7 : 1
Injury rate (offshore industry)	1903	1270
Injury rate (chemical industry)	1305	1079
Injury rate (UK national average)	844	705
Offshore : Chemical : National (ratio)	2.2 : 1.5 : 1	1.8 : 1.5 : 1

³ HSC (1998): **Health and Safety Statistics 1997/98**, HSE Books.

⁴ HSE (1992): **Health and Safety Statistics 1990-91**, published in Employment gazette, Vol 100, No. 9 and dated September 1992.

⁵ OSD (1998): **Offshore Accident and Incident Statistics Report 1998**, provisional data.

Table A1.1 indicates that there appears to have been a general increase in fatal or major injury rates (largely as a result of differing reporting requirements). The table also shows that the rate of offshore incidents resulting in employee injuries has decreased relative to the national average and to a lesser extent to that in the chemical industry.

NATURE OF ACCIDENTS

An analysis of the latest HSE (Offshore Safety Division OSD⁶) statistics for 1997/98, relating to the *actual* number of incidents that occurred offshore, revealed the following:

- 50% of the 59 major injuries were associated with ‘slips/trips/falls’;
- 49% of the 292 ‘over 3-day injuries’ were associated with ‘slips/trips/falls’ and ‘handling goods/materials’; and
- 37% of the 607 ‘dangerous occurrences’ were associated with ‘loss of containment’.

The above provides supporting evidence that a significant proportion of the incidents occurring in the offshore sector were due to ‘minor’ incidents. Against this background and the data presented in Table A1.1, there would appear to be some concerns as to the ‘best’ safety agenda i.e. managing health and safety in the context of preventing major incidents (the subject of safety cases) or shifting the focus to managing ‘minor’ incidents arising from day-to-day operations.

As the head of HSE’s OSD noted ⁴:

“... in concentrating on the safety case and goal setting in relation to major hazards, the industry has perhaps taken its eye off the ball with regard to more routine accidents”

Similarly⁷:

“However, the operators of drilling rigs have expressed some doubts about the relevance of safety case regulations to their operations. Furthermore a worrying number of injuries arise from drilling operations.”

Experience is similar outside the offshore industry. In the chemical sector more injuries are due to slips, trips, falls and driving than to chemical-related incidents. In response, the focus is turning increasingly to the identification and prevention of minor incidents, to ensure that these do not lead to accidents, and to programmes aimed at improving driver safety.

⁶ A Sefton speaking at the HSE Conference held in Aberdeen in 1998: *Changing Health and Safety Offshore - the Agenda for the Next Ten Years* - as quoted in Beck M & Woolfson (1998): *Safety and the Paper Wall, The Safety & Health Practitioner*, September 1998.

⁷ Offshore Fire and Blast Risks, article downloaded from www.ftenergy.com/oil.

Drivers for good health and safety management practices can generally be categorised in terms of active and latent failures. ‘Active failures’ are those involving operational staff and ‘latent failures’ which are systemic result from the decisions of planners, designers and managers. While active failures trigger accidents, some argue⁸ that they do so only because of latent failures embedded in the system:

“human behaviour is influenced by two factors – any intrinsic error tendencies present in the individual and any error-inducing conditions applied to the person. When either or both of these are present and a trigger occurs, then a hazard exists. If the environmental conditions are unforgiving whilst the hazard exists, then an accident will occur.”

REVIEW OF HEALTH AND SAFETY MANAGEMENT PRACTICES

Health and safety management practices can generally be divided into a number of key areas, they include:

- obligations to manage health and safety in order to comply with legislation;
- best practice guidance; and
- industry specific initiatives that can drive performance improvement through focusing on specific areas of concern.

An insight into US health and safety practices also offers a useful means of comparison to UK practices. Each of the above is considered in further detail below.

Legal Obligations for Managing Health and Safety - UK

Governing health and safety legislation in the UK applicable to the offshore sector can be summarised below:

Table A1.2
Summary of UK Health and Safety Legislation

Name	Description
Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 1995	Requires companies to report work related accidents, diseases and dangerous occurrences and applies to all work activities but not all incidents. Clear guidance is also available on the type of incidents where reporting is required as well when a company needs to notify the regulatory authority.
Management of Health and Safety at Work Regulations 1992	An increasing emphasis on a risk-based approach. As a result, employers have duties that include the provision of a health and safety policy and an assessment of risks in the workplace.
Name	Description

⁷ Wallace IG (1995): Developing Effective Safety Systems, Rugby, IChemE.

Name	Description
Offshore Installations Regulations 1989	<p><i>The Offshore Installations (Safety Representatives and Safety Committees) Regulations 1989</i> were established to ensure that installation owners, managers, employers and staff work jointly toward improved health and safety performance. The regulations entitle offshore workers to elect safety representatives to safety committees that are required by the statute to meet quarterly. In recent years, however, offshore safety management has been dominated by the preparation of safety cases. In compliance with <i>The Offshore Installations (Safety Case) Regulations 1992</i>, over 600 safety cases have been submitted by offshore operating companies. Each safety case must show⁹ that:</p> <ul style="list-style-type: none"> • the management system covers regulatory requirements; • independent audit procedures are in place; • risks of major accidents have been identified and assessed; • risks have been reduced as low as reasonably practicable (ALARP); and • appropriate emergency systems are in place.
HASAWA 1974	<p>Current UK health and safety legislation is based on the <i>Health and Safety at Work etc. Act 1974</i>. The Health & Safety Executive is empowered to enforce the requirements of HASAWA 1974 implement the regulations and the associated legislation. As a result guidance available from the Health & Safety Executive assists companies in determining the most suitable health and safety practises applicable to a range of operations with a clear indication of the executive's expectations in specific areas.</p>

US Approach to Managing Health and Safety

In the USA, regulation of health and safety is based on a combination of regulatory and voluntary approaches. The US equivalent of HSE, OSHA, runs Voluntary Protection Programs (VPP). VPPs were established in the late 1980s and enable companies to gain official recognition from OSHA for adopting a comprehensive health and safety management system¹⁰. Apart from demonstrating a visible commitment to health and safety, participating companies gain exemption from routine visits from OSHA inspectors.

⁹ As described in Offshore Safety Division downloaded from www.opem.gov.uk/hse.

¹⁰OSHA (1996): **Revised VPP Policies and Procedures Manual**, downloadable from www.osha-slc.gov/OshDoc runs to some 150 pages and is dated 24 May 1996.

OSHA's Process Safety Management Standards set the requirements for companies' health and safety management systems. OSHA ensures those companies' management systems comply with the required standards through periodic audits of internal management systems. Fines are levied for non-compliance. The OSHA audits are comprehensive. For example, a US plant owned by a UK chemical company underwent an audit lasting 21 weeks, which involved 8-10 inspectors on site at any one time and resulted in fines for minor administrative non-compliances.

The emphasis of the Process Safety Management approach is on comprehensive and fully documented management systems, which includes direct involvement of senior management. Whether this example of 'self-regulation' is a success is open to considerable debate¹¹. Criticisms have focused on the lack of ongoing monitoring by OSHA and failure to link the management system to actual performance.

The trend towards a greater focus on the management aspects of health and safety has been reflected in the development of a range of guidance from standards bodies and industry associations, both in the offshore industry and elsewhere. The guidance developed by industry organisations builds largely on the leading practices of companies operating in high-risk sectors (such as offshore). Standard guidance usually represents a compromise between what the leading edge companies are doing and the performance of "laggards".

Best Practice - BS8800

British Standard BS8800¹², adopted in 1996, adopts a systems-based approach to health and safety management. Currently, the standard provides guidance only, and is not certifiable. As with the quality and environment management standards, implementing BS8800 requires an initial review, developing and implementing appropriate policies, followed by auditing and monitoring of performance. The standard is designed to allow integration either with an environment management standard or with HSE's guidance. A committee drew up the standard with representation from a wide range of industry sectors.

The standard notes that "ultimate responsibility for occupational health and safety rests with top management" and that best practice is "to allocate to a person at the most senior management level (e.g. in a large organisation, a Board or executive committee member) particular responsibility for ensuring that the OH&S management system is properly implemented..." It also emphasises the need for monitoring by senior staff of health and safety performance.

⁹ Feitshans IL (1998): *Self-Regulation - An American Route to Health and safety on the Cheap?*, The Safety & Health Practitioner, June 1998.

¹² BSI (1996): BS8800 - Guide to Occupational Health and Safety Management.

Step Change - Cross-Industry Safety Leadership Forum

The offshore industry's Cross-Industry Safety Leadership Forum was launched in September 1997. Membership of the Forum includes senior representatives of the industry's trade associations, as well as HSE, the TUC and academics. The key objectives, to which the heads of the organisations involved¹³ personally committed themselves, are to:

- deliver a 50% improvement in safety performance industry-wide over the next three years;
- establish their own safety performance contracts to demonstrate visibly their personal concern for safety as an equal to business performance; and
- work together to improve sharing of safety information and good practice across the industry, through active involvement of employees, service companies, operators, trade unions, regulators and representative bodies.

One year into the programme, a number of personal safety contracts have been written (over half the managing directors and senior production managers of UKOOA member companies have done so), and a number of committees have been established in order to share information. However, as yet, no data are available from which to evaluate results in terms of improved safety records.

Responsible Care

Responsible Care is a voluntary worldwide programme co-ordinated by the International Council of the Chemical Industry. The programme addresses health, safety and environmental management and performance. The Council estimates that 85% of the world's chemical production is covered by Responsible Care programmes. The programme requires companies to verify (internal or external) that they comply with the responsible care principles.

Each national chemical industry association develops its own programme to implement Responsible Care. The programmes in the US and UK are the most developed.

Responsible Care in the UK

In the UK, the Chemical Industries Association (CIA) has launched a Responsible Care self-assessment process aimed at improving safety, health and environmental performance, giving greater credibility with stakeholders and underpinning the voluntary approach to performance improvement. The self-assessment process consists of guidance on how to implement Responsible Care management systems together with an approach to evaluating compliance. Self-assessment against Responsible Care will become compulsory for members of the CIA and trials have been taking place of verification by external organisations.

¹³UKOOA, the North Sea Chapter of the International Association of Drilling Contractors, the Offshore Contractors' Association, IMCA, SSOA, COTA and BHAB and the Trade Union movement have endorsed the program

The CIA process is designed to be compatible with the environmental management systems standard and BS8800 and to reflect HSE guidance. Although the importance of senior management involvement is recognised in the process, self-assessment is a key feature. Companies will have a Responsible Care co-ordinator who will normally be part of the company's health, safety and environment function.

Responsible Care in the USA

The US Responsible Care programme was launched in 1988 to address public concerns about health, safety and the environmental impacts from the manufacture and use of chemicals. The Chemical Manufacturers Association's (CMA) Responsible Care programme includes the eight key principles of Responsible Care:

- a formal commitment on behalf of each company to a set of Guiding Principles signed, in the majority of cases, by the Chief Executive Officer;
- a series of codes, guidance notes, and checklists to assist companies to implement the commitment;
- the progressive development of indicators against which improvements in performance can be measured;
- an ongoing process of communications on Health, Safety and Environment matters with interested parties inside and outside the industry;
- provision of forums in which companies can share views and exchange experiences on implementation of the commitment;
- adoption of a title and a logo which clearly identify national programmes as being consistent with and part of the concept of Responsible Care;
- consideration of how best to encourage all member companies to commit and participate in Responsible Care; and
- systematic procedures to verify the implementation of the measurable (or practical) elements of Responsible Care by the member companies.

Commitment to Responsible Care is obligatory for all CMA member companies, and senior level support is seen as an essential ingredient of success. Six Responsible Care Codes have been developed, setting out ways in which these principles can be achieved. A process is being developed for verification of companies' compliance with these Codes, involving peer review by other member companies and, in some cases, members of the public.

OVERVIEW OF HEALTH AND SAFETY MANAGEMENT SYSTEMS

'Leading' companies are reporting health and safety management and performance in 'externally' published reports and via websites. A review of a selected number of these reports and websites shows a number of trends:

- integrated management systems for health, safety and environment;
- increasing sophistication in monitoring and measurement of performance;
- allocation of specific health and safety responsibilities to senior management; and
- a move beyond the 'systems' approach to health and safety management to focus on safety 'behaviour'.

These items are considered further below.

Integrated Management Processes

In the preceding section, reference has been made to major disasters, slips and trips, three-day injuries, incidents, etc. One of the key findings to emerge from the literature review is that the approach to 'good' health and safety management should be an integral part of a company's operation. An extension to this view is that health and safety management should be integrated with quality and environmental management.

One professional institution, IOSH, has addressed the potential implications of an Integrated Management System (IMS). In a formal policy statement¹⁴, IOSH does not recommend IMS but rather suggests that very careful consideration be given to a wide range of factors before reaching a decision as to whether the incorporation of 'occupational safety and health' management would be appropriate for a particular organisation.

Changes in company structures can result in significant changes in health and safety management. For example, following a degree of restructuring in 1987, Dupont suffered a sharp increase in lost time accidents. Following an investigation, it was concluded¹⁵ that during restructuring, the 'safety message' had been obscured by many other competing messages (relating to productivity, quality, etc.). This is a widely recognised concern particularly in view of the changes being experienced by companies in the offshore sector. Thus, based on the Dupont experience, other companies in the chemical sector also place particular emphasis on maintaining health and safety performance during periods of commercial uncertainty.

¹⁴IOSH (1998): **The Institution's Policy Statement on the Integration of Management Systems for Occupational Safety and Health, Environmental Performance and Quality**, *The Safety & Health Practitioner*, November 1998.

¹⁵Ross D (1998): *Managing SHE in the Millennium*, *Health and Safety*, May 1998.

Health and Safety Performance Indicators

Clearly, health and safety indicators can be measured and monitored over time to determine the effectiveness of a particular health and safety management system. Typically, the key performance indicators relating to incidents have been the norm for reporting health and safety performance. Initiatives such as ‘step change’ are designed to help companies move away from ‘negative’ reporting to monitoring health and safety performance in terms of ‘leading’ indicators that describe the ‘culture’ in place to prevent incidents from occurring.

Expectations of Senior Managers in Terms of their Role, Responsibilities and Behaviour

Traditionally, health and safety has been allowed to rest in the hands of the ‘safety officer’ and there are those who argue that:

“health and safety is not a boardroom issue simply because many safety professionals are not capable of elevating it to such heights”¹⁶

Previously, safety professionals within companies have often come from an engineering or production background and have a limited appreciation of the broad business agenda for the organisation. As a result the safety function has generally been found to offer limited career development opportunities for individuals, as communication of health and safety issues at board level has not always been apparent in companies.

It should be noted that a management-led safety culture has still not been universally accepted either. In terms of offshore activities, literature shows¹⁷ that as the vast majority (70-90%) of offshore workers are on contract and move from platform to platform, the views of the workers (which may include unions) are of more relevance than those of individual company managers. In other words, as contract workers are external to the company incorporating them into the company’s safety culture requires an additional level of corporate commitment.

¹⁶A Shaw (1998): *Desperately Seeking Drive*, The Safety & Health Practitioner, June 1998.

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www.icheme.org	ICHEME (Institute of Chemical Engineers)
www.iosh.co.uk	IOSH (Institution of Occupational Safety and Health)
www.oil-gas-safety.org.uk	Step Change in Safety
www.open.gov.uk	Gateway to HSE, OSD websites
www.ukooa.co.uk	UKOOA (UK Offshore Operators Association)
spider.osha.gov	OSHA (Occupational Safety & Health Administration)

Also most large corporations have websites containing details of their SHE performance (Dupont, BP, Shell, etc.)



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