



## *Operationalizing HSE for “Sustainable Operations” (Risk Reduction and Production Stability)*

Writers & Editors: Carla Davis-Madgett and Lisa Davis

The purpose of this white paper is to demonstrate the need for a transformational shift in how the Health, Safety, and Environment (HSE) function partners with the business to reduce its risk profile while driving production stability. Successful leaders have shared that this is the foundation for building a culture of sustainability (Sustainable Operations.)

### **Overview**

The key to Sustainable Operations is ensuring that business fundamentals are embedded in the organization’s culture. This requires a commitment from senior leadership to the frontline. Leaders must create a work environment that is engaging and transparent. They also must ensure that work processes are simple and easy to follow. Assessing the business and seeking opportunities to improve should be considered necessary and encouraged by all. Innovation and creativity should be used to engineer out risks, changing how work gets done. Since everyone in the operation owns risk management and business assurance, the HSE function should support operations by being a working partner, rather than just providing regulatory and corporate oversight. Key focus areas should include:

- Engaging Focused Leadership
- Empowering an Energized Workforce
- Building Accountable Management Routines
- Driving Data Alignment and Visualization
- Applying Technology and Digitalization

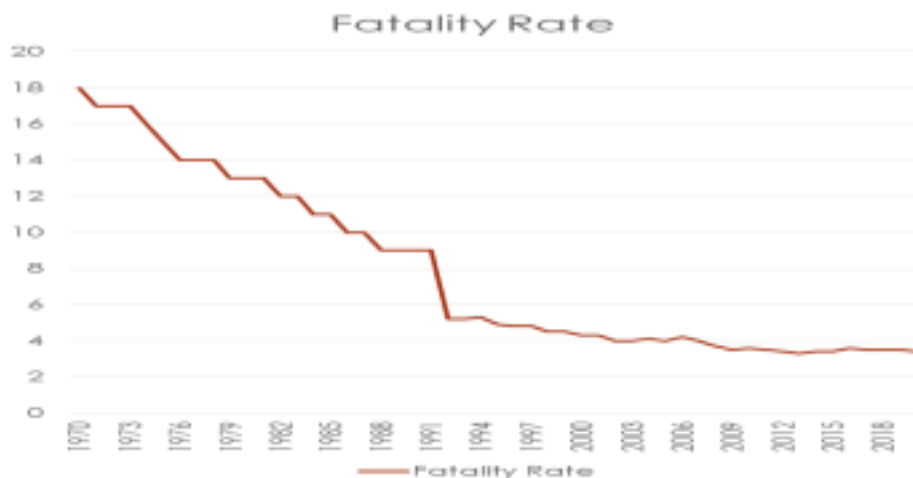
Today, a number of companies are turning to technology as the answer to address their operational issues. The primary intent is to drive stability with the goal of building predictability. However, technology is only one portion of the equation. A business must ensure that the fundamentals are in place before they can fully leverage technology and digitalization. When the fundamentals are in place, technology will facilitate safe working conditions, regulatory compliance, and the achievement of both operational targets and customer demands.

Identifying and applying technologies that augment human performance will proactively drive out risks. This will improve business performance by helping workers identify and respond to weak signals which will protect employees, surrounding communities, and help deliver on Environmental Social and Governance (ESG) imperatives.

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## Performance Data that Illustrates the Need for Change

Benchmarking data taken from the National Safety Council and the US Bureau of Labor Statistics, Census of Fatal Occupational Injuries shows that traditional HSE programs made a notable difference from 1970-2007, but in the last 16 years safety performance has plateaued.



The performance trends above do not even take in to account the potential long-term implications of the business disruptions that accelerated since 2018, more specifically:

- Political Instability
- The Pandemic
- Increasing Regulatory Pressures due to Climate Change
- Impact of Social Media and the Speed of Information
- Heightened expectations of the Public
- Manufacturing and Distribution Variability

Breaking the plateau will require:

- Re-evaluation of operational procedures and processes
- Utilization of data in a purposeful way
- Implementation of technology to augment human performance
- Engagement of all employees from "C" Suite to the front line

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## **Observations from Field Based Assessments**

Traditional approaches to HSE (ie. Policy Compliance and Response to Lagging Indicators) could prove to be regressive in a dynamic business environment. Reacting to symptoms vs. resolving the root cause of problems is the reason the plateau has not been broken. More specifically solely focusing on hazard recognition, behavior-based safety programs, training, and policy development/enforcement is not delivering the step change improvement. This has resulted in widespread under-reporting and repeat incidents in the areas of overexertion, ergonomics, & slips, trips, and falls.

Those facilities with poor safety and environmental performance typically have underlying systemic issues. Many times, poor safety outcomes are a direct result of leadership commitment, management system weakness, and ineffective work processes which lead to:

- Fragmented data systems that focus too much on data integration and not enough on system integration.
- Unstable production systems that amplified by supply chain disruptions and changing workforces.
- Limited transparency between decision makers and the workforce.
- Lack of understanding of the interdependencies of safety, environmental, productivity, and unit reliability performance.
- Ineffective user experience at the front line (those who are exposed to the most risk).

## **Breaking the Plateau Will Require an HSE Evolution**

The concepts appear obvious, so the question becomes why haven't we made the change? The simplest answer is change is not easy. Leadership has so many competing and diverging priorities, they require partnership with HSE professionals. They should be able to lean on this expertise to understand their overall risks and hazards. HSE professionals should be able to offset those management system weaknesses that are overshadowed by redundant and monotonous routines. They need to provide a clear vision of what is possible and what "good" looks by supporting the execution of an effective gap analysis. This should be done in a way to instruct and empower leaders so they can conduct ongoing self-assessments that drive a continuous improvement culture.

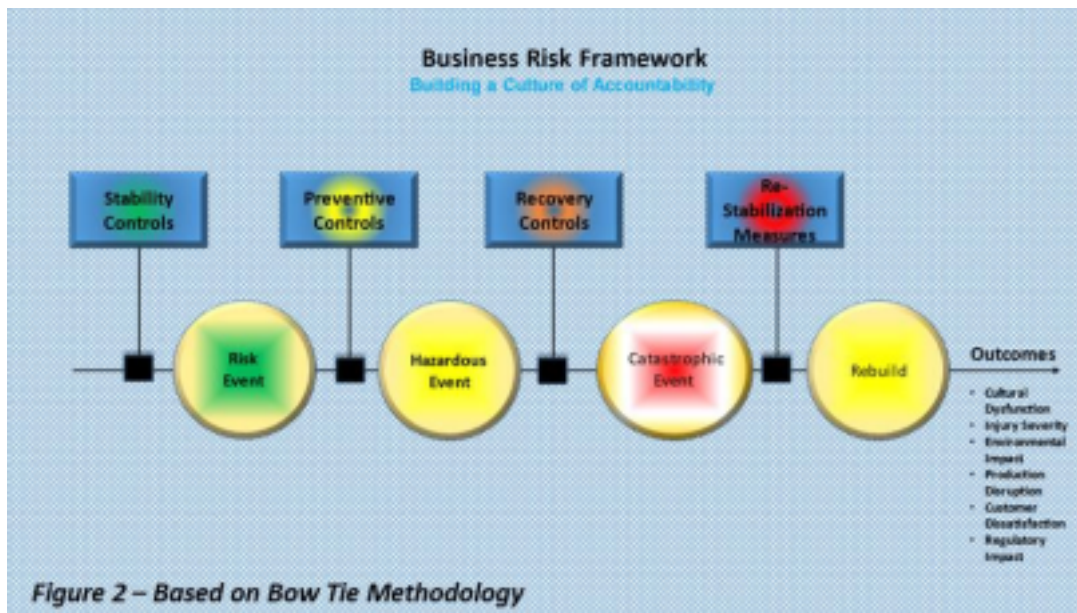
## **What will it take to evolve HSE Performance?**

The business model for success is simple and based on basic fundamentals. The model (Figure 1) focuses on (1) Leading the Business, (2) Motivating Your People, (3) Running the Business, and (4) Assuring the Business. This should sit on a technology platform that drives consistency, transparency, and predictability. Leaders should conduct a gap analysis (assessment) to help develop a playbook that aligns with business, corporate, and industry standards. This playbook should be the driving force for their

continuous improvement plans. This should not be a one-time event because performance erodes without leadership engagement and discipline. Therefore, the HSE function should support their business partners conduct self-assessments to identify weak or broken controls that lead to negative business outcomes. The intended outcome should be to drive production stability, equipment reliability, and workplace efficiency. This will help organizations focus on operationalizing their strategies rather than reacting to injuries and environmental incidents. An added benefit is a reduction of their CO2

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footprint while minimizing waste. Figure 2 illustrates the interdependencies of business controls and business outcomes.



Close

In closing, changing the way we address risks to drive operational stability must change because

external forces like climate change, societal pressures, economic pressures, and political instability will continue. The days of quick fixes are gone because there is no more low hanging fruit. Therefore, the future of sustainable operations is hinged upon HSE serving as visible partners to continuously evaluate business performance by identifying and closing gaps.

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