Supporting safety decision making in companies: Briefing notes for Board members, managers and other leaders

energy institute

SUPPORTING SAFETY DECISION MAKING IN COMPANIES: BRIEFING NOTES FOR BOARD MEMBERS, MANAGERS AND OTHER LEADERS

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The Energy Institute (EI) is the chartered professional membership body for the energy industry, supporting over 23 000 individuals working in or studying energy and 250 energy companies worldwide. The EI provides learning and networking opportunities to support professional development, as well as professional recognition and technical and scientific knowledge resources on energy in all its forms and applications.

The EI's purpose is to develop and disseminate knowledge, skills and good practice towards a safe, secure and sustainable energy system. In fulfilling this mission, the EI addresses the depth and breadth of the energy sector, from fuels and fuels distribution to health and safety, sustainability and the environment. It also informs policy by providing a platform for debate and scientifically-sound information on energy issues.

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It also offers its own Chartered Energy Engineer, Chartered Petroleum Engineer and Chartered Energy Manager titles.

A registered charity, the EI serves society with independence, professionalism and a wealth of expertise in all energy matters.

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FOREWORD

Safety within an organisation is heavily influenced by decisions made at executive Board level and by senior managers of the divisions in the case of large multilevel organisations ('leaders'). Lack of direction and oversight from leaders has been cited as a major contributory factor by investigations into some of the largest incidents that have occurred in the energy industry. However, leaders do not act in a vacuum; they are responding to the information they are provided with by managers and their understanding of that information, as they balance the demands placed on them by competing business drivers such as: optimisation of income and expenditure to maximise profit; and maintaining licence to operate and the confidence of all stakeholders.

Even if leaders are not directly involved in operational decision making about personal safety and process safety issues, they are responsible for creating the appropriate environment to assure the safety of the organisation’s activities, create the right conditions for itself in which to make good decisions, and avoid falling into the pitfalls of bad decision making.

The Energy Institute (EI) Human and Organisational Factors Committee (HOFCOM) identified the requirement to provide guidance on supporting good decision making in companies to:

– enable companies to understand and manage the factors that influence decision making at leadership levels, and
– improve the quality, understanding, and flow of information at the top of organisations, in order to facilitate better informed decisions, specifically where those decisions can impact on major accident hazard safety.

In order to reach a large target audience, which includes Board members, other senior personnel, and others who wish to gain an insight into how companies operate, each section in this publication is designed to be, to a certain extent, a stand-alone briefing note. Each 'briefing note' focuses on a different aspect of supporting decision making by leaders, and can be read by Board members, senior managers and other personnel individually (giving a snapshot of one aspect of decision making), or as a single publication (giving a more complete picture).

This publication covers a number of subjects, including safety culture, social and cognitive biases, and risk assessment. The information within should not be considered to be definitive; instead, the publication aims to provide practical guidance, to be informative, and to give a well-rounded overview of the subject. It is clear that any one of the topics discussed within the publication can be expanded upon with a publication in its own right, and that practices around managing decision making are likely to develop and improve over the next few years. The first edition of *Supporting safety decision making in companies: briefing notes for board members, managers and other leaders* represents a starting point for beginning to address the subject.

The EI welcomes feedback on its publications. Feedback or suggested revisions should be submitted to:

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1 INTRODUCTION

Safety within an organisation is heavily influenced by decisions made at executive Board level and by senior managers of the divisions in the case of large multilevel organisations ('leaders'). Lack of direction and oversight from leaders has been cited as a major contributory factor by investigations into some of the largest incidents that have occurred in the energy industry. For example, the CSB report into the incident at Texas City in 2005 stated, '[The company] Board did not provide effective oversight of the company's safety culture and major accident prevention programs' (Report no. 2005-04-I-TX). However, leaders do not act in a vacuum; they are responding to the information they are provided with by other managers and their understanding of that information, as they balance the demands placed on them by competing business drivers such as: optimisation of income and expenditure to maximise profit; and maintaining licence to operate and the confidence of all stakeholders.

In large public companies, the Board tends to exercise more of a supervisory role, and individual responsibility and management tends to be delegated downward to individual professional executives (such as a finance director, marketing director or an operations director) who deal with particular areas of the company's affairs. In smaller companies, the Board members themselves may also be executive managers in the company, and directly responsible for operational areas.

Even where leaders are not directly involved in operational decision making about process and personal safety issues, they are responsible for creating the appropriate environment to assure the safety of the organisation's activities, create the right conditions for good internal decision making, and avoid falling into the pitfalls of bad decision making.

As suggested by various models of human error, such as Shappel and Wiegmann's human factors analysis and classification system and Reason's Swiss cheese model, decision making and latent failures at all levels of the organisation (i.e. not just Board members and leaders) can have an impact on unsafe acts by operators. In many organisations, the term 'leader' can refer to those at the operational level, such as control room supervisors, as well as those further up the organisational structure. This guidance is not specifically aimed at those leaders/supervisors further down the organisational ladder, such as maintenance and operational supervisors. The focus is instead on senior managers or 'leaders' who interact and support Board members, as well as Board members themselves, although some guidance is applicable to a broader audience.

1.1 WHAT ARE THE BOARD'S RESPONSIBILITIES FOR MANAGING SAFETY?

The Board's responsibilities for managing process and personal safety can be split into five areas:

1. Setting the safety culture of the organisation.
2. Ensuring that effective process and personal safety management arrangements are implemented.
3. Defining and monitoring the required performance measurement and reporting arrangements, and stewarding the organisation's progress to achieve the defined performance targets.
4. Defining the organisation's 'appetite for risk'.