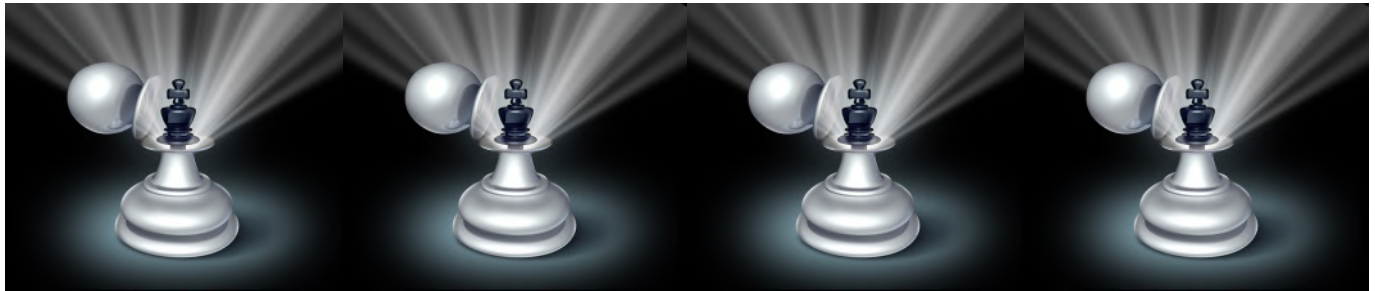


Leading for Safety

Developing culture to break through the safety performance plateau



Businesses everywhere are seeing their safety performance plateauing. In many cases, the easy wins for strengthening control of safety risks were won some time ago. The slowing of performance improvement can be compounded by complacency as staff at all levels consider that relying on compliance with well defined, formal arrangements for safety management is sufficient - at least in terms of what they actually do - which may be different from what they say they do. In short, busy agendas and behavioural drivers frequently mean that energies for further safety improvement initiatives are diverted elsewhere.

Yet stakeholder expectations do not stagnate. Beyond the moral and legal imperative to protect life and limb, safety is a robust metric for highlighting the financial health of operations – well-run businesses simply do not sustain poor safety records, nor vice-versa. There is money to be made in safety – and also to be lost.

Developing culture through leadership

Leadership of safety is THE key enabler of safety culture. As one of our senior clients regularly notes: *“leaders create cultures – managers work within them”* and as Anthony Hopkins, leading academic in this area notes, *“In the absence of leadership, safety management systems will fail.”* Such leadership needs to start at the top and form a key priority for the Board in explicit support of the most senior executive leading safety – usually the CEO.

As with any other business priority, such board-level support for safety would typically extend across a range of dimensions:

- Visible demonstration of board commitment.
- Effective governance of the executive team.
- Appropriate recognition across all senior balanced scorecards.
- Engagement with regular review.

There is recognised and published good practice.

But such leadership also needs to permeate all levels. As one client CEO put it:

“I want ALL of my 50,000 staff throughout my operations across four continents to be leaders in safety - each to personally recognise, take and own responsibility, to go beyond compliance and to intervene pro-actively to “make it happen.””

The importance of leadership in the area of safety assurance is well-known to regulatory authorities. Recent legislation is focusing attention on leaders, both in providing an effective culture and in driving implementation of risk controls, as well as providing indications of the consequences of failure. The Institute of Directors/Health and Safety Executive publication “Leading health and safety at work” provides guidance but also clearly states “that a review of leadership against this guidance could be a relevant consideration for a jury in any potential legal case falling under the Corporate Manslaughter and Corporate Homicide Act 2007”.

The increasing focus on the role of leadership for delivering effective safety is clear.

But what type of Leadership?

By leadership we're talking of what leaders do and how leaders behave.

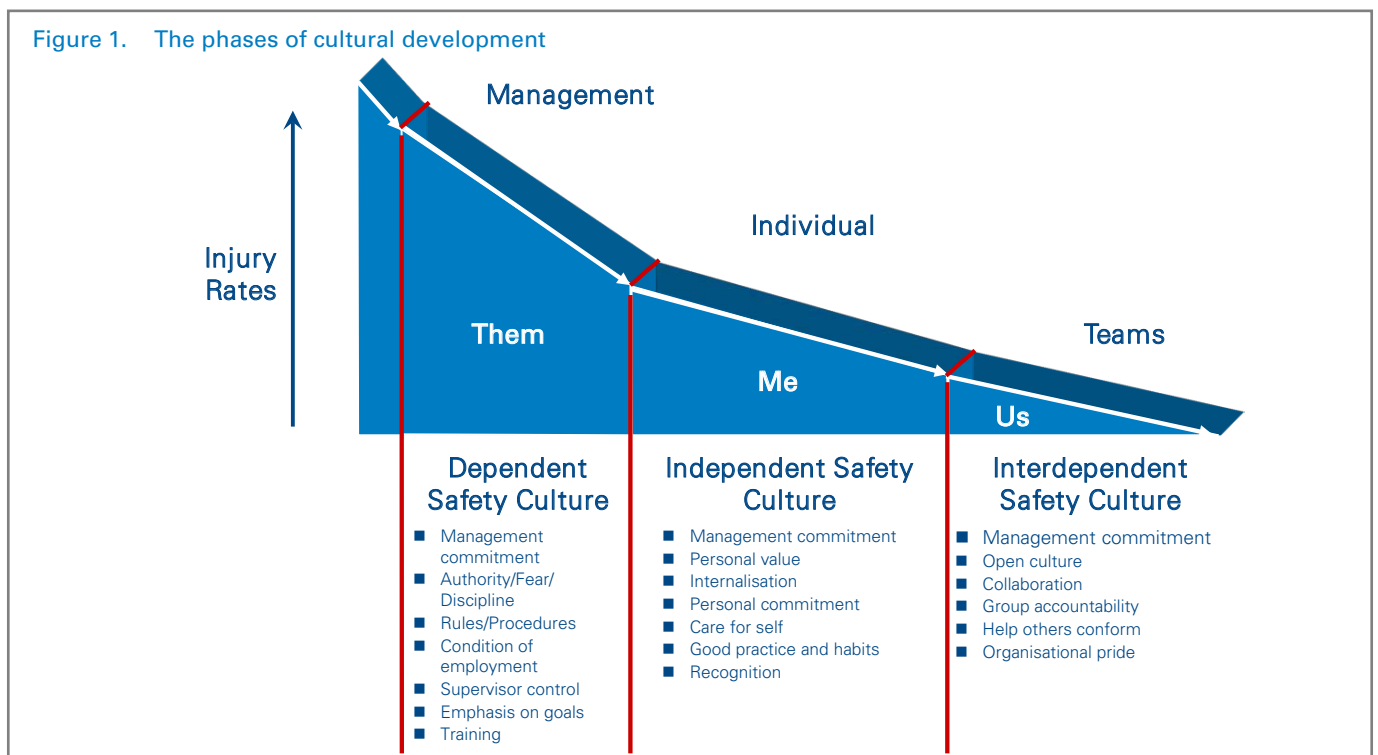
Firstly, in terms of what leaders do, the specific measures they implement; the UK Institute of Directors/Health and Safety Executive publication is a contribution to international best practice. Other specific measures are set out in proprietary programs such as Visible Felt Leadership and Essentials for Safety Leadership. Many corporations provide in-house executive programmes for development of leadership of their executives which include specific measures. Whichever is chosen, a first development step is to upgrade measures to close remaining gaps.

Secondly, in terms of how leaders behave, research into leadership provides insights into styles which leaders can adopt to achieve differing goals and in a range of environments. Such styles typically comprise some combination of two building blocks – controlling and caring. Daniel Goldman's research for example, (The New Leaders – Transforming the act of leadership into the science of results, 2002) suggests six key leadership approaches which are valuable to safety leadership. UK HSE's own research (A review of the research on effective leadership behaviours for safety) notes five common approaches. The Maritime and Coastguard Agency's guidance, developed by Arthur D. Little, focuses on ten. Skills training of various types can be provided to equip leaders with the behavioural insights and tools required to be effective.

Whilst there are numerous approaches to leadership of safety, all claiming effective intervention, our view is that these two factors - measures and styles - provide the primary basis for effective leadership of safety.

Critically, both dimensions need to be designed to support delivery of the specific attributes of the cultural development required. There are a number of recognised models for characterising culture. A popular model, often called "the Bradley Curve", is illustrated at Figure 1. The model suggests progression of culture across three phases, based on prevalent styles of control and behaviours. To engage and be effective therefore, leadership approaches – both in terms of measures and styles – need to be optimised for the cultural development being targeted.

Finally, most successful businesses view change as their steady-state and are often typically engaged in a development program, or programs, which embrace a broad range of business-wide priorities. As safety typically spans across all business areas, such programs provide a further opportunity for engaging leadership in safety.



Examples from our experience

Based on our recent work supporting a range of executive clients, we highlight examples of differing approaches to safety leadership:

- A newly appointed CEO needed to rapidly harness weak and variable safety performance throughout global transportation operations. He recognised the need to secure and embed a first phase of cultural development and, consistent with his leadership of many other issues, majored on “harder” approaches. We helped him to upgrade central control by rapid introduction of a handful of global standards and rules supported by incentives/penalties and by upgrading assurance to support intervention. Safety leadership training, for both measures and styles, was delivered to several hundred managers across the group. Some 20% year-on-year improvement in safety performance is being achieved.
- As new investors and owners of a shipping business, the non-executive directors were concerned about a run of incidents which, they feared, could form weak signals indicating deterioration of underlying risk control. A rapid diagnosis indicated residuals of a blame culture from a CEO recently departed from the business, weakening pro-activity for safety – although compliance with key standards and procedures remained strong. Under new leadership, the Board renewed commitment to safety as priority, captured goodwill of staff previously suppressed and progressed second and third phases of cultural development.
- A recognised world-wide leader of operational safety in their sector (and 25 year client of ours) is rapidly expanding their global business. This is requiring the corporation to both engage with new sector partners, as well as to accelerate expansion through major infrastructure projects. Both require new models of control of safety which the corporation’s executives recognised would be best optimised through strengthening culture. We are providing some 2,000 of the most senior managers with safety leadership training designed around the two key parameters previously noted; measures and styles for leadership.
- A global infrastructure construction and management client had grown rapidly to a leading sector position primarily through acquisition and had launched a “zero” program to harness safety performance. We supported the firm with assessments of “Risk Intelligence of Leaders” to provide a primary indication of culture development priorities.
- The President of a national oil company provides leadership through monthly direct communication with several thousand staff. All employees of the Upstream, Downstream and Transport Divisions are invited to dial-in to part of the regular Executive Team meeting at which the President

personally sets both the substance and style of communication. Regular agenda items include recent events or initiatives, an overview of recent safety performance and also presentation of new insights from an invited external speaker. To optimise engagement the President allows time for questions, comments and discussion from any participant. At a recent monthly call supported by Arthur D. Little, over 4,000 staff dialed-in.

- Our work in developing leadership guidance for the Maritime and Coastguard Agency (http://www.dft.gov.uk/mca/leading_for_safety-9.pdf) highlighted the importance of sea captains having specific qualities in both hard/control and soft/care dimensions to be effective leaders – commanding unquestionable discipline and respect, whilst being an empathising leader for many weeks at sea – “tough empathy” describes this required balance.

Moving forward

Effective leadership can be tough and all-too-often, safety may often not feature adequately on the radar screen – one more minefield with apparently mystical dimensions. As with any key business issue, some leaders want to be popular and take decisions that stakeholders want to hear rather than what’s right.

So, as usual, it’s a matter of priorities.

With a background in strategic consulting, we are used to supporting executives and senior managers with development of leadership of safety as a key strategic issue often, during times of change.

Based on recent experience, we typically help:

- Strengthen communication - common language.
- Training - understanding and skills development across senior teams.
- Rapidly diagnose shortfalls against good practice to kick-start an effective program of change.
- Develop targets and assurance arrangements to drive performance.
- Review the effectiveness of risk controls.
- Install measures to create leaders amongst all staff - standards, pocket cards, audit programmes.

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Arthur D. Little

As the world's first consultancy, Arthur D. Little has been at the forefront of innovation for more than 125 years. We are acknowledged as a thought leader in linking strategy, technology and innovation. Our consultants consistently develop enduring next generation solutions to master our clients' business complexity and to deliver sustainable results suited to the economic reality of each of our clients.

Arthur D. Little has offices in the most important business cities around the world. We are proud to serve many of the Fortune 500 companies globally, in addition to other leading firms and public sector organizations.

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