Proactive Risk Management is Good for Business

By James M. Testo, CIH, CSP, President, EHS Risk Management, LLC

Businesses that take a proactive approach to safety can manage risks, reduce injuries, and control costs. Finding the right solution begins with understanding what's keeping business leaders from making better decisions.

The Problem

Business leaders are smart but making the right decisions can be difficult without being properly informed. When it comes to environmental health and safety (EHS), what you don't know can cost you. Whether it's a major accident, a workplace fatality, an explosion or fire, or a chemical spill or leak, taking a reactive approach to safety can mean learning things the hard way – and at considerable expense.

To prevent safety-related problems from occurring, business leaders need information about potential risks that lets them take a proactive approach based on risk management and cost avoidance. Copying EHS programs from standards isn't proactive, but it's an approach that many safety managers take because they are task-oriented and regulatory-focused rather than business-minded.

Regurgitating a safety standard is not the same as developing a management system. Yet, many business leaders believe that their organizations are managing risk when in reality they are not. Leaders who do not receive risk-based information cannot connect safety to business decision-making. Workplace safety and risk avoidance efforts suffer with compliance-only programs.

"Over the years, I've visited many companies that have had accidents or fatalities. When investigating and trying to understand root cause, I hear the same thing. They thought they were doing everything right because they were following the regulations. But they weren't managing the risk." – Jim Testo

The Solution

The solution to this problem is a proactive safety program – a sustainable operating system with built-in processes for a company's specific business. This program needs to have a policy-procedure format. There are one or more policies and a set of procedures to achieve each policy. The procedures must contain key elements, such as management commitment; roles, responsibilities and accountability; and employee involvement. This program must go beyond compliance and emphasize sustainable risk management that is consistent with the company's business objectives.

Organizations that take a proactive approach like this find that their safety program shapes their culture. When senior management defines safety as a priority, it leads to buy-in at

all levels of their organization. At proactive businesses like this, managers emphasize a systematic approach and employees understand how things are done – and do them consistent with the company's safety culture.

Chevron Corporation, a global energy leader, offers an example of this type of thinking. As Chevron's leadership guide explains, "safety will not be compromised for production or cost". Moreover, leaders are "responsible for doing it the right way." There is always time to do things right at Chevron, and employees learn to do things the right way – or not at all.

The Technology
Organizations need both a proactive safety program and a technology solution. Traditionally, however, companies have implemented EHS software that is task-based or metric-based and falls short of a risk-based approach. Consequently, program implementation may fail since success requires building a smart operating system. In addition to real-time training, safety audits, and process information, companies need to know what must be done and when it must be completed.

The ideal system puts all of the safety-related information that employees and managers need right at their fingertips. Whether they are in an office on a desktop computer, or out on the factory floor or a construction site on a tablet or smartphone, the system should be responsive to all computing environments. If a safety incident or near-miss does occur, a proactive system makes it easier and quicker to provide the pertinent information to senior management so they can take appropriate action.

Smart safety systems use a versatile cloud-based platform to deliver real-time information in a structured, hierarchical, easy-to-find way. Businesses don't have to develop their own expensive applications or find just the right solution for their industry. For employees, safety information is conveniently available via web browsers and mobile devices instead of in outdated, printed binders that sit on dusty shelves. Security is maintained through the use of online portals that require users to login with user IDs and passwords instead of emailing documents back and forth. Two-factor authentication can also be leveraged to further increase cybersecurity.

Developing the right expert system is important because managing EHS risk is about adding business value. Business leaders who take this proactive approach improve the bottom line and strengthen corporate social responsibility. EHS Risk Management, LLC combines this technology with safety expertise to enable you to create a sustainable risk management solution.