

SMS and Executive Level Safety

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Are you maximizing the return on investment from your Safety Management System (SMS)? Do you know how you can tell? As a senior manager, this would of course be helpful to know, particularly when senior management's involvement with an SMS is cited as a key component to the program's success. Yet articulating what makes the program "successful" can sometimes be difficult to do, especially when talking to the boss.

Take the scenario of broaching the acquisition of new equipment: Have you ever considered using SMS outputs to make the case? You see statements all the time in marketing campaigns: "This widget will immensely increase your level of operational safety" ... but how? Take Night Vision Devices...these are not cheap acquisitions, but they are advertised as "greatly increasing the level of safety in the night time environment". However, you can't manage your return on investment (ROI) if you can't track the data. Understanding the baseline and subsequent margin will likely prove the device's value (or not). The outputs (if supported by strong inputs) of an SMS can readily assist in making the case for investments simply through objective data. The executive's role is to encourage meaningful SMS inputs which allow for more informed, objective decisions.



Understanding how safety data fits into the profit-and-loss statement is critical. Safety may be the "number one priority," but money talks! Right? If your organization currently measures safety success by the "time (or flight hour) since a mishap," there may be an opportunity to better illustrate how your company maximizes the benefits of an SMS on a monthly (or quarterly) basis to achieve greater efficiency. After all, "safety" boiled down is really just another form of efficiency. So the question is: Can safety "talk" like money talks? The short answer: Yes.

Mining your SMS for data can greatly support cases for acquisition, identify areas of procedural or policy weaknesses (and strengths), and create a means of feedback to the operators that illustrates the company's health. Once you have the data, the next task is to assign monetary values. As a Director of Operations, a Chief Pilot, or a Maintenance Director, let's assume for a moment you didn't get a Masters in Business Administration during your aviation-centric career. Recall that an SMS has four pillars (Safety Policy, Safety Risk Management, Safety Assurance and Safety Promotion). For brevity we'll focus on the safety risk management pillar. Did you know financial institutions also have "risk managers"? Those risk managers speak in terms of maximizing the realization of opportunities and the associated profits and losses. In other words, they use hard data to mitigate the uncertainty of ventures and inform their company's business decisions. In aviation, the tools within an SMS can be leveraged in the same fashion. For example, hazard reports can be trended monthly or weekly. When creating your trending reports, however, don't simply summarize events in terms of near misses or minor accidents. Instead, itemize the financial exposure for each event, whether realized or potential (for example, broken equipment [\$] or injured people [\$]).

What did accidents cost your company last year? Did your company create contingency funds for future mishap events as a result of those accidents? What new initiatives did you pursue to guard against future accidents? Have you experienced results from those actions? How are you measuring those impacts? By analyzing safety successes in terms of a company's business interests, articulating safety successes or failures takes on a new dimension: one that is more recognizable to the business-minded CEO. Tackling new safety initiatives (and their associated costs) or approval for the existing program's annual costs *should* require financial justification. Even if your organization has adopted one of the many "free" SMS tools available from the International Helicopter Safety Team (IHST) (i.e., no fee SMS methodology), many labor hours are still required to implement and oversee the system if the company genuinely desires any positive impact.

What do the metrics of a successful safety program look like? What information/metrics will gain appropriate attention? Who is responsible for collating the data? Before you point to the safety officer/manager, consider how much of the big picture that individual has over the company's financial health (\$\$\$). Are they really the right person to determine the ROI? For those organizations that have adopted an SMS, but still find themselves in the "development phase" (even after a couple years), perhaps it is time to review implementation process and/or the organization's commitment to building a genuine safety program. What are the fruits of your labor thus far (i.e., your ROI)?

The principal measure is trending events, attitudes, and procedural successes and failures. Trends are important to seek out and identify, but to do so, you must establish a baseline. Trending allows you to proactively (and objectively) pursue mitigation strategies to either stop a potentially hazardous trend, alter the course of activities to reverse a negative trend, and identify areas of strengths (which may need less attention than those areas where data development is ongoing).

If a safety program simply collects reports and only *hopes* not to experience a subsequent critical error, then that program is not proactive and is not trending its data. For example: if a company generated 20 hazard reports during the current quarter and 15 of them are associated with a hangar facility, the safety manager should focus efforts there. Start by analyzing the reports and consider the potential outcomes from inaction. Overcrowding a hangar in winter weather can easily lead to aircraft damage – consider what that will cost, both financially and logistically. On the contrary,

consider the cost of establishing a hangar parking plan, painting lines on the floor, and enforcing wing walkers during aircraft movement. Does the difference between the two justify the labor hours to accomplish the latter? Aircraft damage versus the cost of paint and a simple tasking of personnel for a few minutes to move an aircraft responsibly ... shrewd work. Directing such action based upon inputs from the operator shows that you are listening at the executive level and that the actions did not come from some high level gut feeling that more policy and procedures were needed. The hazard was identified, the severity was assigned, and an element of operational exposure was analyzed ... the risk of aircraft damage has been reduced. If you were to attempt this kind of activity monthly, then it would be easy enough to return to your summary actions at the end of 6 months or a year and point to cost-of-action versus the potential cost-of-inaction. Annual trending will hopefully demonstrate what the SMS has brought to your organization and ultimately showcase the ROI.



Accountable Executive

The Accountable Executive can be defined as the single, identifiable person having final responsibility for the effective and efficient performance of an organization's SMS. Depending on the organization's size and complexity, the Accountable Executive may be: the Chief Executive Officer (CEO); the Board of Directors' Chairperson; Unit Commander; Agency Director; a partner; the proprietor; or other top management official. The Accountable Executive is ultimately responsible for the continued support of the SMS, to include setting goals and objectives, as well as providing the necessary resources in order for the SMS to function effectively. An important aspect of the Accountable Executive's role is also the requirement for these same goals and objectives to be revised and updated at least annually as part of the organization's continuous improvement process. Additionally, all levels of management within the organization must be committed to, and held accountable for safety performance. This includes support for and execution of the processes and procedures.

This document is a peer reviewed publication by an expert panel of the USHST SMS Working Group. More information about the USHST/IHST, their reports, safety tools, and presentations can be obtained at the web site: www.IHST.org.