

Drivers for Implementing an Environmental and/or Health and Safety Management System

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With EHS staff busy monitoring wastes, inspecting operations, conducting training, submitting reports and taking care of the myriad of other day-to-day operational requirements and with companies focused more than ever on their bottom line, why invest resources in implementing an environmental and/or health and safety management system? As the following discussion of common drivers shows, investing the time and resources in such systems makes good business sense.

Regulation

In some cases, regulations require a management system. Examples include OSHA's Process Safety Management (PSM) requirement for highly hazardous chemicals under 29 CFR 119 and EPA's corollary, a Risk Management Program (RMP) for chemical accident prevention under 40 CFR 68. One program addresses workplace safety and exposure, the other addresses accidental releases and pollution, but both stipulate implementation of a management system to analyze hazards, develop standard operating procedures, address mechanical integrity, conduct emergency planning and response, plan start-ups, manage changes, ensure employees and contractors are trained and qualified, conduct audits and incident investigations and work to improve the system. Organizations out of compliance with these rules can face significant fines, but these may pale in significance to the loss of life and costs associated with failure to have an effective management system.

Offshore oil and gas exploration and production operators are required to implement Safety and Environmental Management Systems (SEMS) pursuant to 30 CFR 250.1900 – 1929. The topics to be addressed are almost identical to those under PSM/RMP (e.g., analyze hazards, develop standard operating procedures, and address mechanical integrity). No SEMS can mean no permit, and no permit means no extraction of product making the decision to implement a management system is easy.

The International Safety Management Code (ISM) for the safe management and operation of ships defines a Safety Management System (SMS) to identify and safeguard against all risks to the ship, mariners and the environment. It calls for compliance with all regulations, proper qualification of personnel, audits, identification and analysis of nonconformities, implementation of preventive measures and continuous improvement of skills and procedures (particularly relating to safety and environmental emergencies). Third parties must audit and certify a ship's SMS compliance. With this certification required to secure insurance and enter the world's ports, to be in business, you implement an SMS.

Supply Chain Requirement

Certain large organizations (e.g., automotive manufacturers and aerospace companies) with existing management systems demand that their suppliers implement a management system and

have it certified. Presumably these important organizations recognize the value of comprehensively assessing risks and implementing procedures to minimize those risks. By requiring their suppliers to implement a management system, they believe their supply chain will be more sustainable and less costly. Even if their logic is based on that parental axiom “Because I said so,” a supplier interested in doing business with that organization faces a simple decision.

Sometimes organizations suggest, rather than require, that a supplier implement a management system. The organization might view a bid from a company with a management system more favorably than comparable bids. In other markets, such as Europe’s, not having a management system is the exception—and a poor way to differentiate from competitors. Whether a minimum requirement or a potential for advantage, the message is the same: get on the train or be left at the station.

A similar “market” demand for a management system comes from the Chemical Manufacturer’s Association (CMA). CMA requires members to embrace the principles of Responsible Care® and implement a Responsible Care® Management System. The benefits of CMA membership, although less tangible than landing a large contract, include access to industry experts, standards, tools and protocols, as well as lobbying power. Such incentives motivate some companies to implement the Responsible Care® Management System to achieve good standing as a CMA member.

Regulatory or Enforcement Incentive

Agency programs such as EPA’s Performance Track or OSHA’s Voluntary Protection Program offer incentives for implementing a management system, as do a number of states. Under these programs, demonstrating an effective management system provides certain regulatory or inspection relief and possibly even fast-track permitting. Enjoying certain regulatory incentives, however, does not necessarily motivate organizations to invest in developing management systems as much as a regulatory requirement or a market incentive.

On the other hand, the Organizational Sentencing Guidelines of the US Sentencing Commission provides an extremely compelling argument for implementing a management system. Many Chief Compliance Managers now realize the importance of aligning their environmental management system with their other compliance efforts for financial reporting, bid processes, and ethics. The prospect of reducing penalties or avoiding criminal prosecution because the Department of Justice recognizes how a program effectively prevents and detects most criminal conduct is very persuasive to senior management.

Stakeholder Expectations

Stakeholders come in different shapes, sizes, numbers, and importance. As George Orwell’s *Animal Farm* states “All animals are equal, but some animals are more equal than others.” A board member wields more influence than an office worker or truck driver; a governor more than an agency inspector. Nevertheless, local community groups, investors, unions, employees or retail customers may all call for an effective management system, and their voices may be too important to ignore.

Internal Driver

What if regulatory requirements, client/stakeholder expectations and agency incentives aren't enough? What would convince management to devote resources to development and implementation of a management system? After all, capable EHS staff will conduct inspections, monitor discharges, ship wastes, respond to requests, conduct audits, and submit reports. Are changes necessary?

The rationale lies in a deceptively simple question: "Are you happy where you are and where you're headed?" Consider a few examples: re-audits showing a 30% recurrence of prior findings; monthly surcharges to the local POTW; an unchanging (or increasing) injury rate; dread when an agency inspector arrives at the front gate; overtime to complete training; delayed plant expansion because permit reviewers didn't receive records. Is everything just the way it ought to be—both now and for the future? If management identifies areas that are inefficient, costly, or bothersome, it's time to consider changes.

Change, by definition, is doing things differently. Change is hard. Change can be disruptive. Furthermore, few issues in the workplace are isolated. Pulling on one strand stresses and strains the whole web. Implementing a management system, on the other hand, brings change that strengthens the entire organization.

Developing and implementing an effective management system calls for an initial and regular strategic review of risks, drivers, objectives, procedures and performance. The process identifies needs, opportunities, and important issues. Then management can provide the means, resources and controls to effectively manage those issues. The result? An organization that runs dramatically more efficiently, spending less time and energy responding to surprises and their consequent interruptions and stresses.

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