

**The 8IGHT DRIVERS® APPROACH: Helping companies manage risk and improve Operational & EHS performance**

by J. Michael McCandless

Achieving operational excellence in the critical areas of Operational Risk Management and Environmental, Health and Safety (EHS) has never been more important – and never more difficult.

Chemical and energy businesses today face increased complexity in a variety of key operating elements, and rapidly changing technological, regulatory and competitive pressures make it difficult to develop and maintain a culture that nurtures Operational Risk / EHS performance – even within companies with the best of intentions.

At the same time, operational incidents today can be very costly. Errors that lead to catastrophic events can have a significant negative impact to the company's bottom line, regulatory responsibilities, and even its reputation as a supplier, customer, partner or investor.

Plus, the rapid spread of news and information via social media and the Internet means that local incidents no longer stay local, and even small events can quickly become widely known and potentially used to mobilize opposition to a company's operations and its safety and reliability record.

This combination of increased complexity and amplified scrutiny puts a great deal of pressure on chemical and energy companies. In today's environment, the proper management of operational risk is about more than avoiding accidents – It is critical to maintaining a company's social license to operate – the written and unwritten agreements with communities, regulators, the financial community and society at large that allow a particular company to do business.

**DRIVING CULTURAL CHANGE**

While most chemical and energy businesses have systems, standards and procedures in-place to manage Operational / EHS risk, their senior executives often struggle with developing the strong culture of operational discipline necessary to meet today's exacting standards.

In our work with these businesses, it's not at all unusual to discover that people in the field – and the individuals managing them, all the way back to headquarters – regularly overlook or

disregard the risk management procedures and processes that senior executives believe are being used. At the same time, employees often believe that company leadership isn't truly committed to safety and environmental performance.

This unspoken disconnect between a company's written policies and procedures and the daily actions of employees is serious – and potentially very damaging to the organization and its operational integrity.

It's not enough to simply issue new policies or schedule additional safety training. Employees at all levels must understand what is expected of them; they must recognize its importance; and they must see and hear the company's leadership practicing these same commitments. In other words, the leadership must change before behaviors will.

But changing a culture isn't easy. It requires three essential elements – understanding the obstacles, identifying proven solutions to overcoming those challenges, and a commitment to implementation, including buy-in and engagement from the top of the organization on down.

Most importantly, it requires a focus on not just the technical systems and standards that drive strong Operational Risk / EHS performance, but also the so-called "soft" elements, such as leadership and communication that are the difference between success and failure.

**THE 8IGHT DRIVERS® DIFFERENCE**

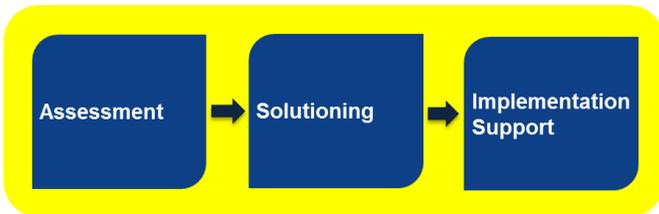
Pilko & Associates' proprietary **8IGHT DRIVERS® APPROACH** helps chemical and energy companies identify and address the issues that hinder operational performance and allow risky behaviors to continue unchecked – wherever they may occur.

**8IGHT DRIVERS®** delivers detailed information on a company's current performance in eight critical areas related to operational performance, covering both technical and cultural issues. Those findings enable us to identify problems and recommend best practices that have been proven to work in industries around the world. We follow-up with ongoing counsel throughout implementation and provide hands-on



support to help company leadership maintain its commitment to improve operational performance.

The 8IGHT DRIVERS® APPROACH includes three main steps:



### Step One: Assessment

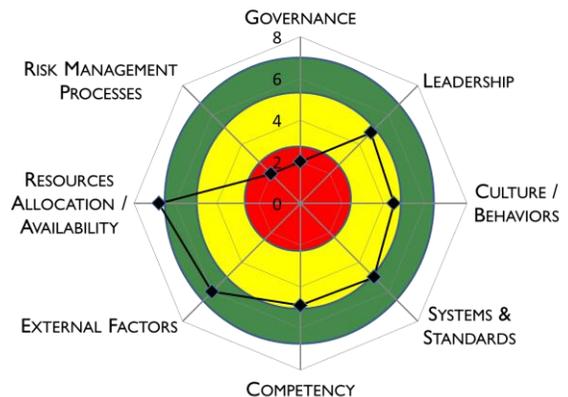
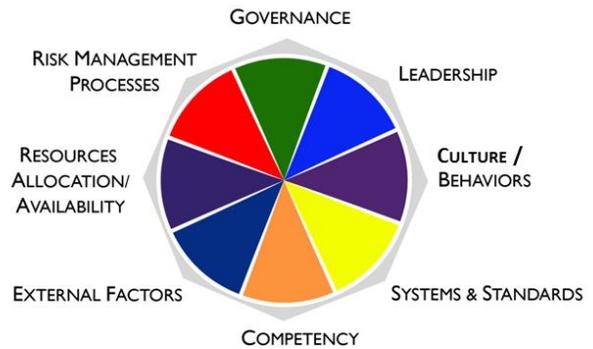
The first step in the 8IGHT DRIVERS® process is the Assessment, which includes detailed, confidential interviews across the organization, often from the board room to the front line. Our advisors, all of whom have years of senior-level experience in industry, are skilled in asking the right questions – and verifying what they are told. Their individual assessment interviews cover more than 70 separate elements related to operational performance, giving us keen insight into how employees at all levels of the organization are using existing systems and procedures and whether there is adherence to a true safety culture.

Throughout the assessment phase, our advisors also observe employees, supervisors, managers and executives in action and they often identify gaps in communication or expectations that can create breakdowns in systems and processes.

After the interviews, we conduct a thorough calibration process, together with key leaders from the company, to determine the company’s score in each of the eight areas of assessment:

- Governance
- Leadership
- Behaviors / Culture
- Systems and Standards
- Competency
- Resource Allocation / Availability
- Risk Management Processes
- External Factors

This calibration process gives us a highly visual scorecard and accompanying heat map that enable senior management to clearly see the organization’s major issues – and identify the areas that should be a priority moving forward.



### Step Two: Solutioning

Following the assessment and calibration activities, we work with senior management to narrow the focus to the critical elements that need the most attention and that offer the greatest opportunity for significant improvement.

We help divide responsibilities for implementation among the appropriate executive team members so that accountability is shared. This facilitated effort allows the company’s entire executive team to participate in the implementation plan and fully understand and embrace its objectives.

Pilko & Associates also provides a list of detailed recommendations – based on our advisors’ knowledge and years of experience – specifically developed for those elements that are considered a priority.



Those recommendations include proven best practices from the **8IGHT DRIVERS® PLAYBOOK**, which provide the leadership team with a step-by-step map for implementing change that can be customized for the company's unique situation.

### Step Three: Implementation

Implementing new systems and standards and improving overall Operational Risk / EHS performance takes hard work and discipline. The **8IGHT DRIVERS®** approach, however, is designed to ensure that the organization will achieve "quick wins" that help motivate everyone to keep working toward lasting improvements.

To maintain this momentum, Pilko & Associates advisors provide ongoing coaching and guidance throughout the implementation process. Our consultative approach often helps senior managers improve their leadership approach to operational integrity by strengthening their communications and eliminating the ways they unknowingly undermine their company's safety culture.

This coaching and mentoring is especially important in helping senior leaders successfully "walk the talk" and close the gaps between Operational Risk / EHS expectations and behaviors across the organization. Our advisors often act as sounding boards to help executives solve problems and develop solutions related to the changes we've recommended.

Bottom line: We understand that while the assessment phase is important, successful implementation of the cultural and behavioral elements that drive EHS performance is the key to lasting improvements in operational integrity.

### THE VALUE WE BRING

**8IGHT DRIVERS®** is a proven approach to improving Operational Risk / EHS performance and reducing operational risk. But beyond the process itself, Pilko & Associates provides clients with considerable value throughout all three phases of the process.

Our advisors have an average of 37 years of experience in the energy and chemicals industries with executive expertise in EHS and operations with some of the world's leading companies. They have seen – and solved – the leadership, cultural and behavioral challenges that typically hinder safety performance and create operational risk.

They are experienced at helping others, too. Together, we've conducted more than 40 assessments in 59 different countries, many of them using the proprietary **8IGHT DRIVERS®** assessment process.

Our clear, concise reports – including the **8IGHT DRIVERS®** scorecard and heat map – help senior managers quickly understand where their primary issues reside and which ones are a priority. And our expertise and knowledge helps executives develop a plan of action for solving their issues, and enables them to gain buy-in from the entire leadership team before embarking on the improvement process.

A customized **8IGHT DRIVERS®** assessment can also be used later in the process, as well, to measure progress and provide data that can be used to communicate success.

### THE END RESULT

Companies that implement the **8IGHT DRIVERS®** process have a deep, thorough understanding of how their existing safety systems, standards, processes and procedures are followed and where there are gaps that need attention.

They also have a detailed roadmap – including best practices that are utilized by leaders in many different industries – to help their executive teams build a stronger, more cohesive safety culture and better manage operational risks.

Along the way, they have the support and assistance of Pilko & Associates, worldwide leaders in operational risk management since 1980.

The end result is meaningful improvement in operational integrity and worker safety, along with a strengthened license to operate and a lasting competitive advantage.

If you would like more information on the **8IGHT DRIVERS® APPROACH** or any of Pilko & Associates services, please contact:

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