



# INDUSTRY INSIGHTS DID YOU KNOW?

## A Quarterly Newsletter for Energy and Chemical Industry Corporate Officers and Boards

Pilko & Associates brings quarterly industry insights to energy and chemical leaders who are responsible for managing and mitigating Operational/EHS Risks.

### **ORGANIZATIONAL CAPABILITY**

Concept – Organizational Capability is a critical component of safe, compliant, and reliable operations. Always a “work-in-progress;” which needs care and feeding to achieve sustainable peak performance. Organizational Capability should never be considered a “cost of doing business,” rather a critical investment because it is an essential component of a winning strategy.

Problem Statement – The capability of the organization to successfully manage and mitigate the Operational/EHS Risks associated with the company range from fundamental work processes and procedures in the day-to-day operations to defining and implementing a corporate strategic plan. Each a critical factor to the overall success of the company. However, Organizational Capability is a continuously changing dynamic that ebbs and flows with changes in personnel through a wide variety of events such as retirements, acquisitions, divestitures, and normal attrition, yet is equally impacted by events which occur in the global market place such as technological breakthroughs, catastrophic events, and political climate changes.

Is an organization’s capability for Operational/EHS risk management something that can be measured and continuously improved?

Premise – Success for any organization lies within the ability to manage Operational/EHS risks ranging from day-to-day operations to strategic planning for future growth. A positive outcome, which can be accomplished if the company is intentional and purposeful in developing the necessary governance culture that is adaptable to the ever-changing demands of a wide variety of Operational/EHS Risks.

### **Evidence of a Strong, Capable Organization**

Hidden Leadership – Leadership abounds at every level of the organization. Leadership is an action verb; and a quality which should be visibly championed by the CEO and his/her Senior Leadership Team (aka SLT), through empowerment, recognition and reward for positive leadership at all levels of the organization.

Vision and Alignment – A company’s vision should be transparent, communicated clearly throughout the organization and understood by everyone in the organization. The vision should be reflected in roles/responsibilities for each employee, evident in decisions made by senior management, and align with the performance management process.

Systems/Standards – It is imperative to implement and enforce a documented management system created to provide standards, methods for prioritization and managing risk. It is being utilized routinely and effectively and drives the way people work.

Continuous Improvement – The organization should thrive on learning and be open to constant improvements. Audits and self-assessments are highly valued and useful tools for identifying and closing gaps, and there is a robust communication process to facilitate sharing Best Practices. Higher risk activities incorporate checks and balances and are subject to additional scrutiny, as appropriate.

### **Additional Critical Elements of Organizational Capability**

- Compliance
- Behavior Based Safety
- Operational Risk Management
- Performance Management

### **PILKO's WORLD-CLASS IP FOR RISK REDUCTION**

- Pilko's growing suite of **8IGHT DRIVERS®** IP is the Gold Standard for identifying Blind Spots in how Risks are managed in Energy companies
- Corporate Officers and Boards rely on **8IGHT DRIVERS®** to identify, prioritize then aggressively address Gaps



### **PILKO's WELL-ESTABLISHED BRAND**

- The Pilko Brand is well known and respected by Corporate Officers and Boards.
- Since 1980, we have organized:
  - » 52 Governance Forums in North America and Middle East for Corporate Officers and Boards
  - » 66 Transaction Roundtables globally for Deal Leaders and Deal Advisors
  - » 6 Breakfast Briefings for Outside Directors
  - » 70+ Grey Papers on timely topics for Corporate Officers and Boards

#### **PILKO ANNOUNCES EXECUTIVE STAFF ADDITIONS!**

- Greg Cochran – Executive Vice President (cochran@pilko.com)
- Jessica Potts – Director, Marketing (jessica@pilko.com)



TRUSTED ADVISOR TO CORPORATE OFFICERS AND BOARDS ON MITIGATING OPERATIONAL/EHS RISKS AND UNLOCKING VALUE IN THE GLOBAL ENERGY, CHEMICAL AND RELATED INDUSTRIES.

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