# Making
# Safety Governance
# Work

White Paper

## Executive Summary

Ask people in organizations how they feel about "governance," and they'll likely give you one of two reactions. Either they think it's a natural and necessary function of management or they believe it is another word for bureaucracy, which makes timely decision making difficult if not impossible.

In fact, governance is necessary to the functioning of any organization, and if structured correctly, it can speed, rather than delay, decision making. Nowhere is governance more important than in matters of safety, where, unfortunately, it is too often lacking. Let's look at Governance and in particular Safety Governance. What is it? The value it provides. How should it be structured for best results?

**DEKRA** On the safe side

In our experience, most organizations that demonstrate a high value for safety create a distinct safety governance structure

As a subset of overall governance, a Safety governance structure is needed for all the same reasons. An effective safety governance process will:

- Align leadership;
- Assure policies and rules are aligned with organizational direction and philosophy;
- Assure communication and accountability in the implementation of policies and initiatives;
- Align the organization around the most crucial safety measures and activities;
- Improve decision making; and
- Promote confidence.

Most organizations have a well-defined and clearly understood corporate governance structure. If a safety governance structure exists, it usually mirrors the prevailing structure or is naturally integrated into the corporate governance structure, without being explicitly defined or codified.

There is, however, a risk when safety is integrated into the overall governance structure. It can be pushed to the end of the agenda and not given time for the robust discussions needed to maintain alignment and assure good decision making. When this happens, safety ends up being pushed aside, a nice-to-have rather than a must-have, a matter of preference, not priority.

If this is happening in your organization, you need to reassess whether safety governance should be separated from the larger structure – brought out as a discrete aspect of corporate governance – to become the focus of greater attention.

In our experience, most organizations that demonstrate a high value for safety create a distinct safety governance structure. This structure commonly follows the model below, which includes safety councils at various levels of the operation, with ultimate connection to site safety councils and committees.

## *What is Governance?*

Governance is the system of management by means of which leadership exercises its authority and control. Almost all organizations – all but the smallest and most informal – have a clearly defined governance structure. That structure provides clarity about how decisions will be made. It describes who will make what kinds of decisions and who is responsible for what aspects of implementation.

Defining responsibility within the Governance structure has the added benefit of speeding the learning curve of new managers up and down the chain of command. In all organizations, there will inevitably be leadership changes, and new leaders need to understand how the governance structure works, how they fit in, and what their role is.

## Executive Safety Council (ESC)

This council is chaired by the CEO, COO, or President and has at a minimum the senior-most leader of the various business units as members. The senior safety person prepares the agenda and content and facilitates the meeting. This council is responsible for making decisions that have company-wide implications. The decisions include: what high-level metrics will be tracked and discussed, setting improvement targets, policy decisions that will be implemented organization wide, and backing of safety initiatives that have company-wide reach. This team also monitors whether the organization is on track regarding the metrics and implementation of key policies and initiatives.

In decentralized organizations, the ESC often struggles to operate effectively because the structure goes against organizational norms. Yet even in a decentralized organization, there is value in having some level of centralized safety governance structure.

## Business Unit (BU) or divisional safety councils

This council is chaired by the senior leader in the BU and these councils typically report to the ESC. The senior safety person within the BU prepares the agenda and content and facilitates the meeting. This council is responsible for making decisions that have division-wide implications and overseeing the development and approval of tactical implementation plans for rolling out corporate policies and initiatives. This council monitors division metrics (typically more granularly than the ESC) and tracks the status of the implementation of key policies and initiatives.
Site Safety Council (SSC)

This council is chaired by the site manager and reports to the BU safety council. The senior safety person at the plant typically prepares the agenda and content. This council is responsible for developing and implementing a site safety improvement plan. The SSC also develops tactical implementation plans for rolling out  corporate policies and initiatives within the location. Members also monitor plant metrics, which are typically at a much more granular level than are reviewed by the ESC and BU, and they track progress on the implementation of key policies and initiatives to assure sustainability of the change.

This structure creates linkage through the chain of command from executive through plant level, enabling a multi-dimensional communications channel. When functioning effectively with this model, there should be no surprises. The BU safety council has a direct connection with the ESC and will know what topics are being discussed and what changes might be considered.

## Conclusion

The final element of most corporate governance structures is a methodology to assure that items that make it to the ESC and BU level are properly vetted and the implications of decisions are fully understood. The way many organizations handle this is through the formation of a working team. The working team commonly has representation from the BUs and the safety organization. The working team has two primary responsibilities: determining what items go to the ESC for a decision and evaluating ideas and initiatives with corporate implications for the ESC.

Safety governance is a necessary element for an organization that wants to function at a high level in safety and achieve both sustained improvement and safety excellence. It takes hard work to follow a more formal process for making decisions that have broad organizational impact. But creating and following such a process increases the probability that safety standards and initiatives will be implemented in a way that will be supported at all levels and sustained over time.

**Interested in building an effective governance system in your organization?**
**Connect with us**

➡ **Contact Us**

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