REALIZING THE **VALUE** OF YOUR SAFETY MANAGEMENT SYSTEM

A GUIDED SELF-ASSESSMENT TOOL

GRAINGER®
FOR THE ONES WHO GET IT DONE

KICK STARTING YOUR SAFETY MANAGEMENT SYSTEMS

Here at Grainger, we've realized that a lot of our customers – big and small – struggle with the same challenges in developing and sustaining a safety management system (SMS).

Safety isn't just about keeping your workers out of harm's way and staying compliant: investments in safety management systems can foster effective and efficient operating performance. In fact, positive safety outcomes can often be an indicator of overall business performance, communicating to outside stakeholders that operations are humming.

That's why we're working to bring you a suite of decision-support tools focused on understanding safety from the ground up. We started with a white paper – How We Should Talk About Safety Culture – that will help you rethink the relationship between safety and operations, and we're going to continue with that theme in this eBook.

In this eBook, we're going to:

- Rethink the discussion around SMS and offer ways to add stability and robustness to operating performance
- Give you an understanding of the drivers of change in the world of SMSs
- Guide you through a self-assessment for your company's SMS
- Provide you with a score card so you can rate your own organization's SMS on our maturity curve

What you've got in front of you is the first step on your path to developing a fully integrated SMS.

"How We Should Talk About Safety Culture"

GET THE WHITE PAPER

PAINTING THE PICTURE

What's driving development of safety management systems?

IN THE PAST...

- SMSs were fixated on the 3 Es – education, enforcement and engineering – as a means to control hazards
- The hierarchy of controls, e.g. elimination, substitution, engineering, administrative, and personal protective equipment, provided a decision-support framework for confronting hazards
- Engineering and operations management systems assured products and processes were effectively and efficiently improved
- Exposures to hazards in production processes drove the use of occupational safety and health management systems

TODAY...

- SMS change is driven by pressure to demonstrate a safety commitment to customers, supply chain, regulators, internal management, and employees
- Risks and liabilities are a major concern
- Systems are focused on
  - Designing out life cycle hazards before they materialize and cause accidents and incidents
  - Implementing control measures when hazards can't be designed out
  - Incident response, recovery and business resumption practices if and when control measures fail

IN THE NEXT DECADE...

- SMSs will be
  - Steered by new products and production processes with shorter life cycles that leverage the latest technology
  - Accommodating both vertically and laterally within organizational structures
  - Capable of balancing safety, health and economic concerns in transparent ways
  - Supportive of lean enterprise principles
  - Focused on design for safety, enterprise integration and workplace sustainability

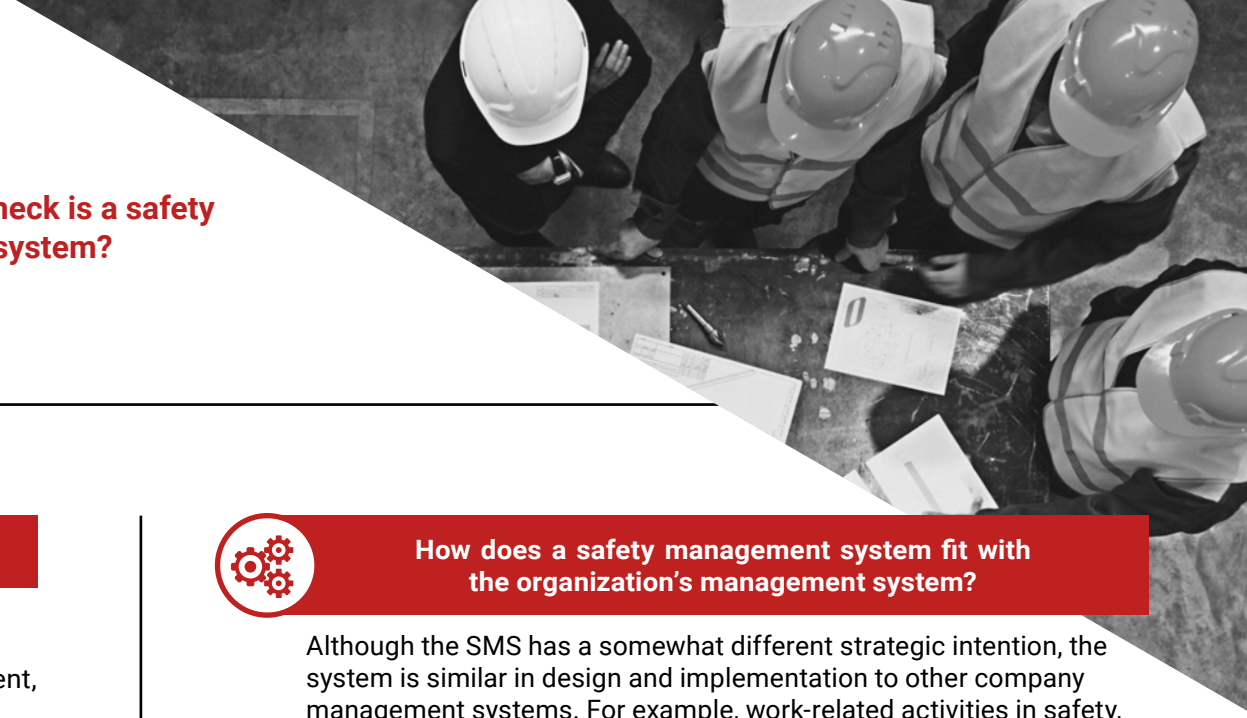
All of these developments will likely affect how occupational safety and health decisions are made and managed. For example, organizations will shape safety and health needs as a criterion for making operating business decisions, and operating business decisions will become a criterion for making safety and health decisions.

When you think about safety jointly with operational and business needs, your SMS is likely to serve as a proxy for overall business health, and can communicate powerfully to external stakeholders that performance is a priority.

That's why safety management systems won't operate as a standalone system but will combine with operations management systems, creating an integrated system that simultaneously protects workers and contributes to firm competitiveness.

WHO CARES?

And what the heck is a safety management system?



What is a management system?

A management system consists of interrelated organizational activities and processes created to support stable and robust operational and business performance, like research & development, engineering, operations, finance, human resources, distribution, environment, safety & health, etc.

What is a safety management system?

A safety management system is a sub-system of the organization's management system. It's a business-like approach to systematically control risk.

Why do safety management systems matter?

Safety management systems are central in presenting to outside stakeholders an organization's ethical, legal and financial commitment to protecting workers. SMS represent to internal stakeholders how the safety management system fosters a stable and robust operating management system. Safety management systems provide all stakeholders an understanding of how safety fits into the overall organizational strategy, allowing exchanges of operational information that is vital to controlling risk and adding competitive value.

How does a safety management system fit with the organization's management system?

Although the SMS has a somewhat different strategic intention, the system is similar in design and implementation to other company management systems. For example, work-related activities in safety, engineering and operations management occur in the same space, involve the same workers, the same business motives and the same risks and regulatory concerns. Furthermore, many practices of safety management systems are similar to those practiced by other operating management systems. For example, these operating management systems at a minimum have a formal set of practices for assessing problems, confronting those problems, arranging financing for the solution, and sustaining feedback mechanisms for continuous improvement.

So what's holding safety management systems back?

Through the years, safety management systems have evolved along separate and uncoordinated paths, incomplete in expanding the scope of safety decision-making and operating actions into other operating management systems. Safety leaders have also failed to effectively demonstrate how an SMS fosters stability and robustness in the company's operations. Even as more safety leaders have explored the connections between operations and safety, the idea that safety can have a positive impact on operations – even improving them – has rarely been explored.

What should we do about it?

Senior-level executives want to see operational changes that enhance the long-term sustainability of the organization. That's where a robust SMS comes in: they're designed to protect workers while protecting operations against unwanted and unexpected ineptness.

What safety leaders should do:

- Assure senior-level executives of a compelling strategy and organizational structure for managing the SMS, including a budget that is transparent, fiscally prudent and impacts firm competitiveness
- Establish cross-functional teams (R&D, design, engineering, operations, finance, human resources, maintenance, etc) to assist in the design, implementation and continuous improvement of the SMS
- Assure mid-management support so that the SMS will be aligned to their operational and business objectives
- Declare a strategy for reporting quarterly performance evaluation

Simply put, safety management systems simultaneously protect workers and improve and sustain operations and resources. That's why a SMS should stand out to executives and managers from other development opportunities.

Whether or not you call them management systems, your business is already home to a wide range of formal and informal management systems that keep things running.

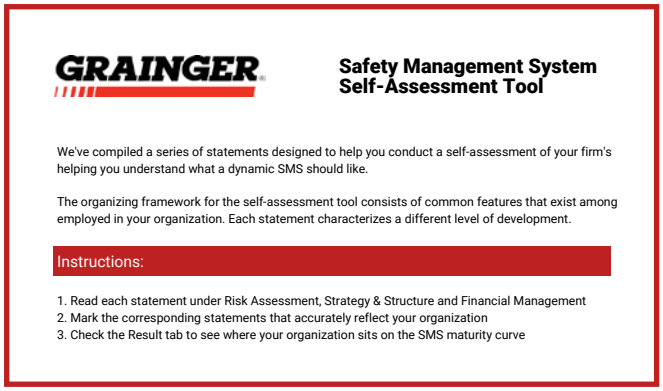
Integrating safety into those systems might seem like a hard pill to swallow. In fact, researchers and safety professionals have debated for years over how and why (and whether companies should) integrate safety management systems into operations management. We're here to tell you it's time.

HOW TO ASSESS YOUR SAFETY MANAGEMENT SYSTEM

We've created a tool designed to help you conduct a self-assessment of your firm's SMS with an eye on helping you understand what a dynamic SMS looks like.

INSTRUCTIONS:

1. Download the tool, read each statement under Risk Assessment, Strategy & Structure and Financial Management and mark the statements that accurately reflect your organization
2. Mark the corresponding statements on the attached scorecard found at the end of this document
3. Tally up your total score to see where your organization fits on the SMS maturity curve



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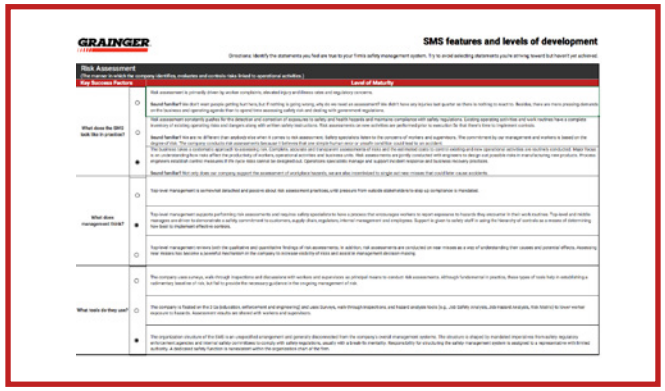
Safety Management System Self-Assessment Tool

We've compiled a series of statements designed to help you conduct a self-assessment of your firm's helping you understand what a dynamic SMS should like.

The organizing framework for the self-assessment tool consists of common features that exist among employed in your organization. Each statement characterizes a different level of development.

Instructions:

1. Read each statement under Risk Assessment, Strategy & Structure and Financial Management
2. Mark the corresponding statements that accurately reflect your organization
3. Check the Result tab to see where your organization sits on the SMS maturity curve



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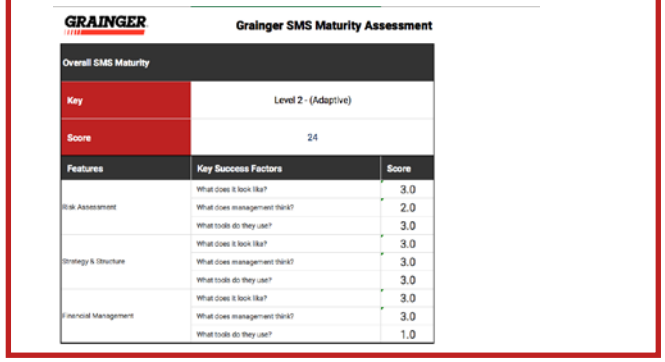
SMS features and levels of development



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Grainger SMS Maturity Assessment

Overall SMS Maturity		
Key	Level 2 - (Adaptive)	
Score	24	
Features	**Key Success Factors**	**Score**
Risk Assessment	What does it look like?	3.0
	What does management think?	2.0
	What tools do they use?	3.0
Strategy & Structure	What does it look like?	3.0
	What does management think?	3.0
	What tools do they use?	3.0
Financial Management	What does it look like?	3.0
	What does management think?	3.0
	What tools do they use?	1.0

DOWNLOAD

REFERENCES + ABOUT THE AUTHOR

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Professional Profile

- EHS executive with 20 years of experience in Corp. EHS, Manufacturing & R&D leadership roles
- Leader in integrated EHS Management System implementation
- Member of the Oregon State University Corporate Partners program, ASSE Finance Committee, Board Member Semiconductor Environmental, Safety and Health Association and authorized instructor for the OSHA Training Institute
- Certified Safety Professional (CSP), Certified Drinking and Waste Water Operator, Certified Hazardous Materials Manager (CHMM) and Safety Trained Supervisor (STS)

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