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ERM and SMS Working Together in Harmony

Presented by:

Lisanne Sison – Director, Risk Management Consulting at Bickmore

Michael Smith – Title, Aviation and Marine Safety Solutions (AvMaSSI)



Mike Smith

CAA & Operations Auditing



Lisanne Sison

Director, Risk Management Consulting

Bickmore

Agenda

- I. Overview of ERM
- II. Overview of SMS
- III. Review of common principles
- IV. Exercise – Maturity Assessment



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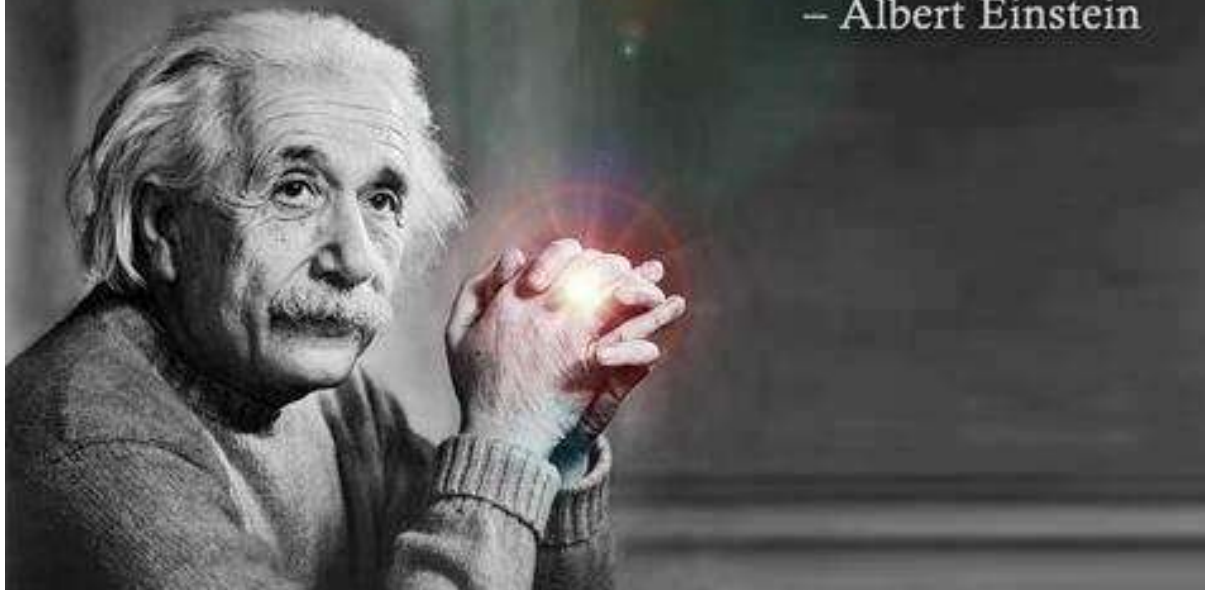


“Enterprise Risk Management (ERM) is “a process, effected by an entity’s board of directors, management and other personnel, applied in strategy-setting and across the enterprise, designed to identify potential events that may affect the entity, and manage risk to be within its risk appetite, to provide reasonable assurance regarding the achievement of entity objectives.”

- Committee on Sponsoring Organizations

If you can't explain it **simply**, you
don't understand it well enough.

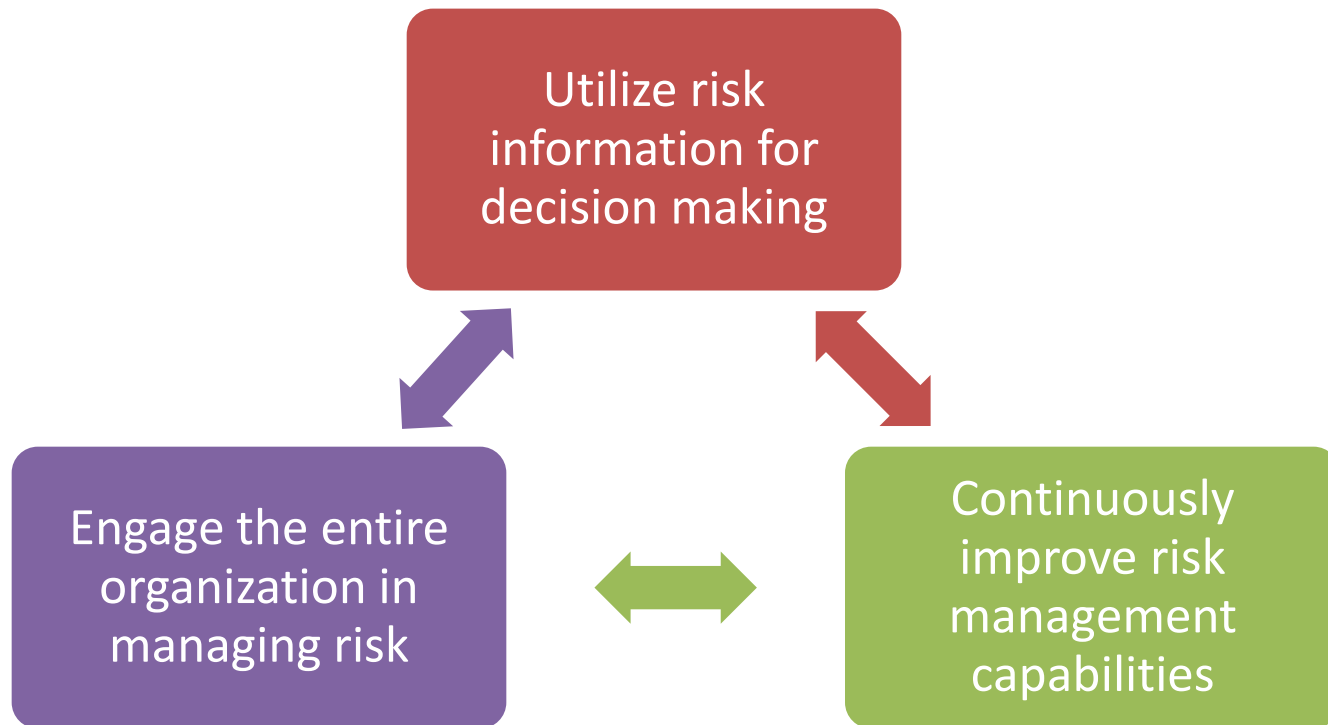
– Albert Einstein



Einstein's* explanation

ERM is a process that helps manage diverse organizational risks and supports successful achievement of objectives.

The ERM Triangle[©]



Alignment with ERM Frameworks

Utilize risk information for decision making

Engage the entire organization in managing risk

Continuously improve risk management capabilities

- Governance
- Framework
- Risk Assessment
- Risk Ownership
- Control Activities
- Monitoring
- Control Effectiveness



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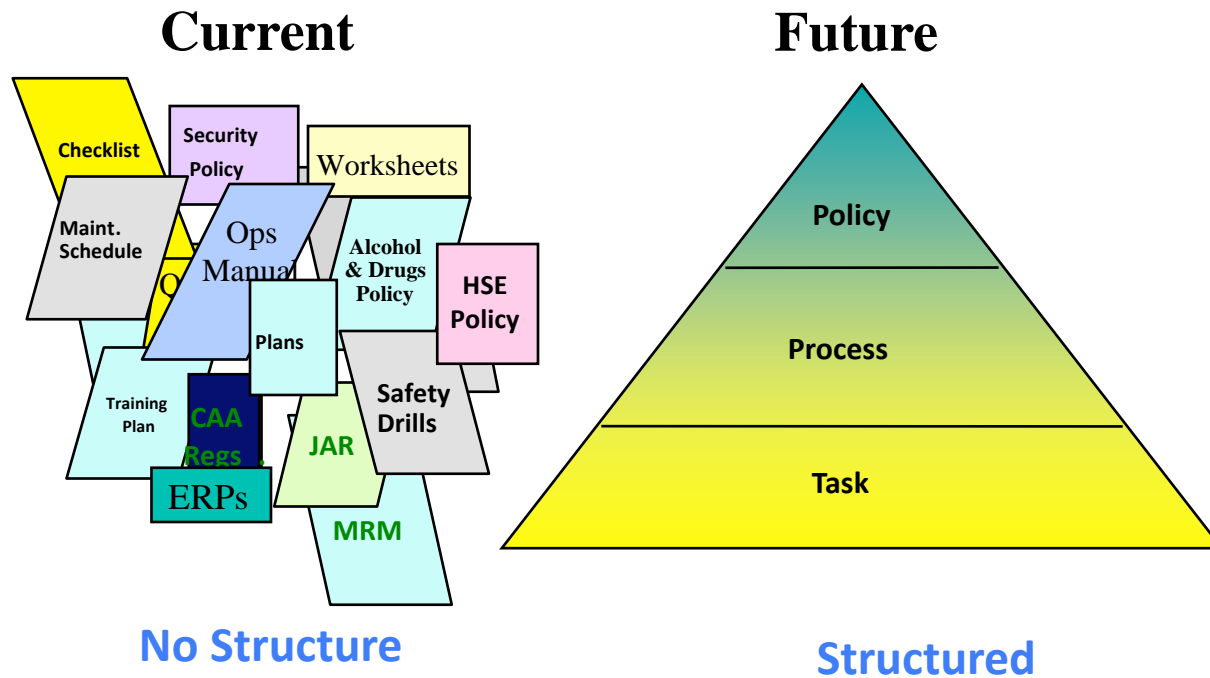
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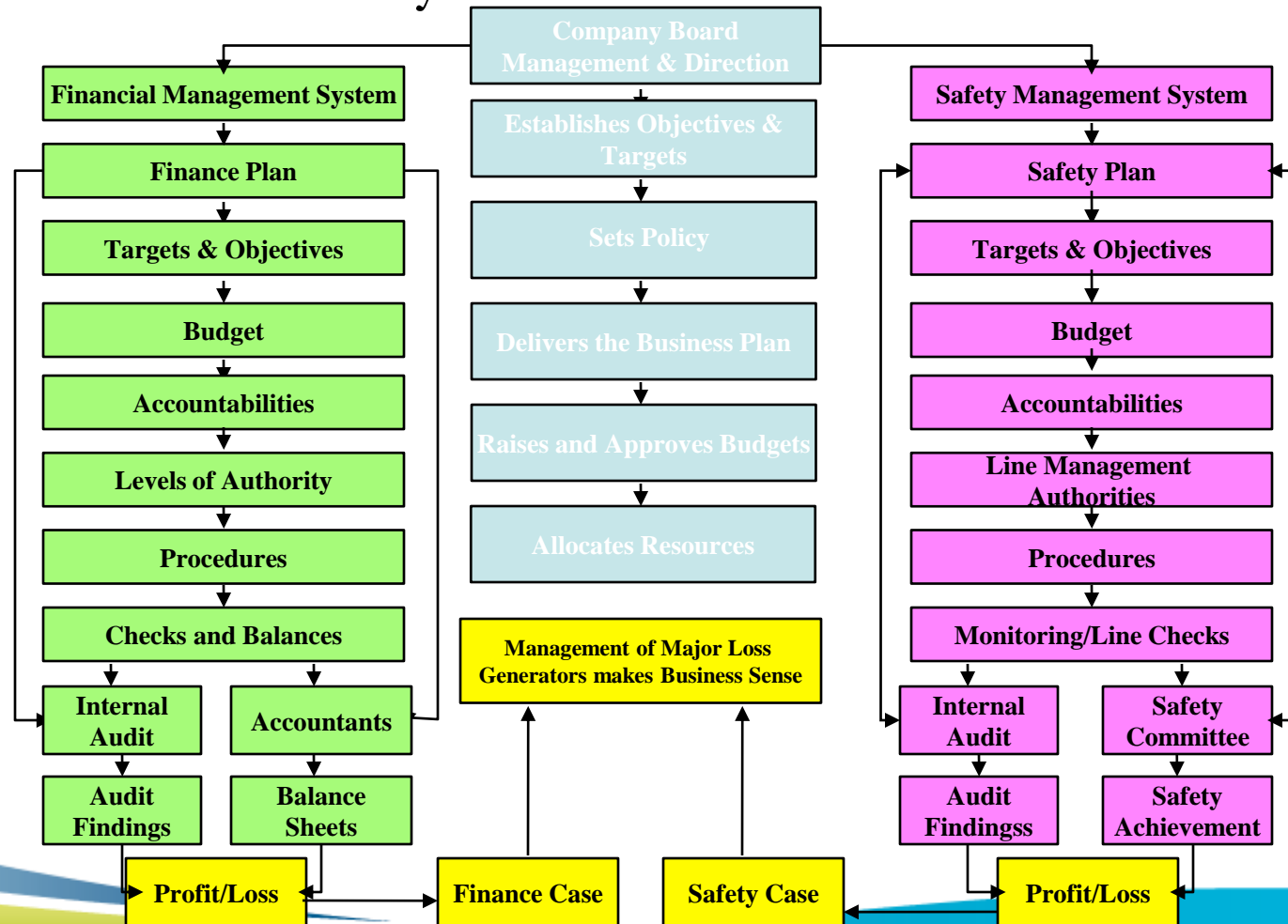
Benefits of SMS: US FAA Study

- Improved communication,
- Increased safety awareness,
- Integration of disparate departments and staff through collective assessment of risk and budgets, and
- Data collection and trending analysis to provide a higher level of awareness are reported as benefits of the SMS pilot studies

A framework for Safety Management



Finance and Safety



Aerodrome Complexity

Aircrew	Ground navigation	Aircraft
Firecrew	Emergency Response	ER Hardware
ATC	Separation	Navigational aids
Security Staff	Security management	Detection systems
Front Line Staff	Pax management	Computer systems
Dispatch Staff	Planning & Preparation	Computers / coms
Ramp handlers	Load Configuration	Hardware
Drivers	Load transport	Vehicles



Human Operators X Complexity X Technology = ?



Technology magnifies the consequences of Human Error

Safety Management System (SMS)	Enterprise Risk Management (ERM)
<p>Safety Policy – Establishes senior management’s commitment to continually improve safety; defines the methods, processes, and organizational structure needed to meet safety goals</p>	<p>ERM Policy – Set objectives, identify risk appetite and establish program parameters and communication channels</p>
<p>Safety Risk Management – Determines the need for, and adequacy of, new or revised controls based on the assessment of acceptable risk</p>	<p>ERM Risk Assessment – Identify, assess and prioritize risks and existing mitigations, evaluate risk treatment alternatives and implement changes to address any gaps</p>
<p>Safety Assurance – Evaluates the continued effectiveness of implemented risk control strategies; supports the identification of new hazards</p>	<p>ERM Assurance – Monitor progress and facilitate continuous improvement through use of internal and external audits, metrics, and performance reviews</p>
<p>Safety Promotion – Includes training, communication and other actions to create a positive culture within all levels of the workforce</p>	<p>ERM Promotion – Build ERM culture through sustained and targeted communication and training that enables people at all levels of the organization to incorporate consideration of risk when decisions are made</p>

*Per FAA Website





Ongoing Engagement



Basic	Initial	Defined	Integrated	Advanced
<p>Safety and Risk Management are not viewed as a key business risk, and responsibility for management of these activities often delegated to a single department.</p>	<p>Accidents and risk exposure are average for its industry sector, but incidents are higher on the severity side. Performance measured in terms of lagging indicators and senior management involvement is reactive.</p>	<p>Accidents and risk exposures are relatively low, but not decreasing. Majority of staff acknowledge their personal role in maintaining a safe work environment and managing risk within their purview.</p>	<p>Majority of staff is convinced that health and safety are important from both a moral and economic point of view. Majority of staff is also convinced that alignment of risk management activities with the mission of the organization is imperative to ensure successful achievement of objectives. Not only is direct risk experience used to advise action, but risk scanning techniques are also deployed.</p>	<p>The prevention of all injuries or harm to employees is a core company value, and though the organization has had a sustained period without a significant risk event, there is no feeling of complacency. Risk conversations happen during every major decision, and risk-based functions across the organization work seamlessly and collaboratively with the business units to mitigate risk across the organization.</p>

Exercise Warm Up

Pick your Super Power!

- Super Strength
- Telepathy
- Telekinesis
- Fly
- Other

Demographics

- Large Hub
- Medium Hub
- Small Hub
- Non Hub
- Reliever
- General Aviation

Exercise 1– 10 Minute ERM Assessment

Senior Leadership understands the value of, and is committed to ERM.

- Agree
- Somewhat agree
- Neither agree nor disagree
- Somewhat disagree
- Disagree

Exercise 1– 10 Minute ERM Assessment

At all levels, the organization understands and utilizes the ERM framework for decision making and to support operational and strategic goals

- Agree
- Somewhat agree
- Neither agree nor disagree
- Somewhat disagree
- Disagree

Exercise 1– 10 Minute ERM Assessment

There is a process for identifying and tracking risks, controls and risk improvement activities

- Agree
- Somewhat agree
- Neither agree nor disagree
- Somewhat disagree
- Disagree

Exercise I– 10 Minute ERM Assessment

Risk based functions such as Compliance, Audit, Legal, Financial Control, Risk Management and ERM work seamlessly and collaboratively with the business units to mitigate risk across the enterprise.

- Agree
- Somewhat agree
- Neither agree nor disagree
- Somewhat disagree
- Disagree

Exercise 1– 10 Minute ERM Assessment

Current and actionable risk information can be accessed in a timely fashion by all levels of the organization

- Agree
- Somewhat agree
- Neither agree nor disagree
- Somewhat disagree
- Disagree

Exercise 1– 10 Minute ERM Assessment

Risks are being regularly reviewed by management to ensure that controls and treatments are regularly monitored for effectiveness.

- Agree
- Somewhat agree
- Neither agree nor disagree
- Somewhat disagree
- Disagree




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Exercise 2– 10 Minute SMS Assessment

Safety is openly discussed at team meetings.

- Always
 - Very often
 - Often
 - Occasionally
 - Rarely
 - Never
- 

Exercise 2– 10 Minute SMS Assessment

Managers emphasize the importance of working safely, and encourage workers to say something when they see unsafe behaviors.

- Always
- Very often
- Often
- Occasionally
- Rarely
- Never

Exercise 2– 10 Minute SMS Assessment

Managers enforce AND follow the safety rules

- Always
- Very often
- Often
- Occasionally
- Rarely
- Never

Exercise 2– 10 Minute SMS Assessment

Workers understand the rules and systems for working safely.

- Always
- Very often
- Often
- Occasionally
- Rarely
- Never

Exercise 2– 10 Minute SMS Assessment

Workers get a full induction on health and safety, and are provided ongoing training to do their job safely.

- Always
- Very often
- Often
- Occasionally
- Rarely
- Never

Exercise 2– 10 Minute SMS Assessment

Enough time and resources are allocated to conduct work safely.

- Always
- Very often
- Often
- Occasionally
- Rarely
- Never

Exercise 2– 10 Minute SMS Assessment

Incidents and accidents are reported, including minor accidents.

- Always
- Very often
- Often
- Occasionally
- Rarely
- Never

Exercise 2– 10 Minute SMS Assessment

Near misses are reported.

- Always
- Very often
- Often
- Occasionally
- Rarely
- Never

Exercise 2– 10 Minute SMS Assessment

I feel satisfied with our Safety Program as it stands today.

- Agree
- Somewhat agree
- Neither agree nor disagree
- Somewhat disagree
- Disagree



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Exercise Results





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