

# The SRI Group, Inc.

[www.thesrigroup.com](http://www.thesrigroup.com)



“THE BUSINESS IMPERATIVE OF  
SAFETY EXCELLENCE



# Introduction



**MICHAEL SOUTHARD,  
PRESIDENT**

# THE SRI GROUP, INC.



- **Established in 1976**
- **500+ Clients Worldwide**
- **36 VVP Star Sites**
- **Numerous “Best in Class” Clients**

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**Air Products**

**Air Liquide**

**Albemarle**

**Amerada Hess**

**BASF**

**Baker Hughes**

**Bayer**

**BP Amoco**

**Braskem**

**Chevron Texaco**

**Chevron Phillips**

**Conoco Phillips**

**Degussa**

**Dow**

**Ethyl**

**Exxon-Mobil**

**GenCorp**

**Goodyear**

**Hughes Christensen**

**Huntsman Chemical**

**Honeywell**

**Kronos Inc.**

**LOOP**

**Louisiana Pacific**

**Lyondell Citgo**

**Marathon Oil**

**Motiva**

**Murphy Oil**

**NAPCO**

**National Steel**

**Nova Chemical**

**Ohmstede**

**OMNOVA Solution**

**Phillips 66**

**Shell Oil**

**SI Group**

**SunCoke**

**TPC**

**United Space Alliance**

**USS Steel**

**Valspar**

**Westlake Group**

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## Hammurabi

c. 1810 B.C. – 1750 B.C.

6<sup>th</sup> King of the First  
Babylonian Dynasty



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## The Code of Hammurabi

***If a builder builds a house for some one, and does not construct it properly, and the house which he built fall in and kill its owner, then that builder shall be put to death.***

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## Plant Explosion 1956

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## 5 Imperatives

- 1. Moral**
- 2. Legal**
- 3. Economic**
- 4. Operational**
- 5. Public Relations**



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## Moral Implications

- Pain, suffering and disability
- Loss of a loved one
- Mental anguish
- Loss of earning power
- Quality of life issues
- Broken trust

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## Legal Liabilities

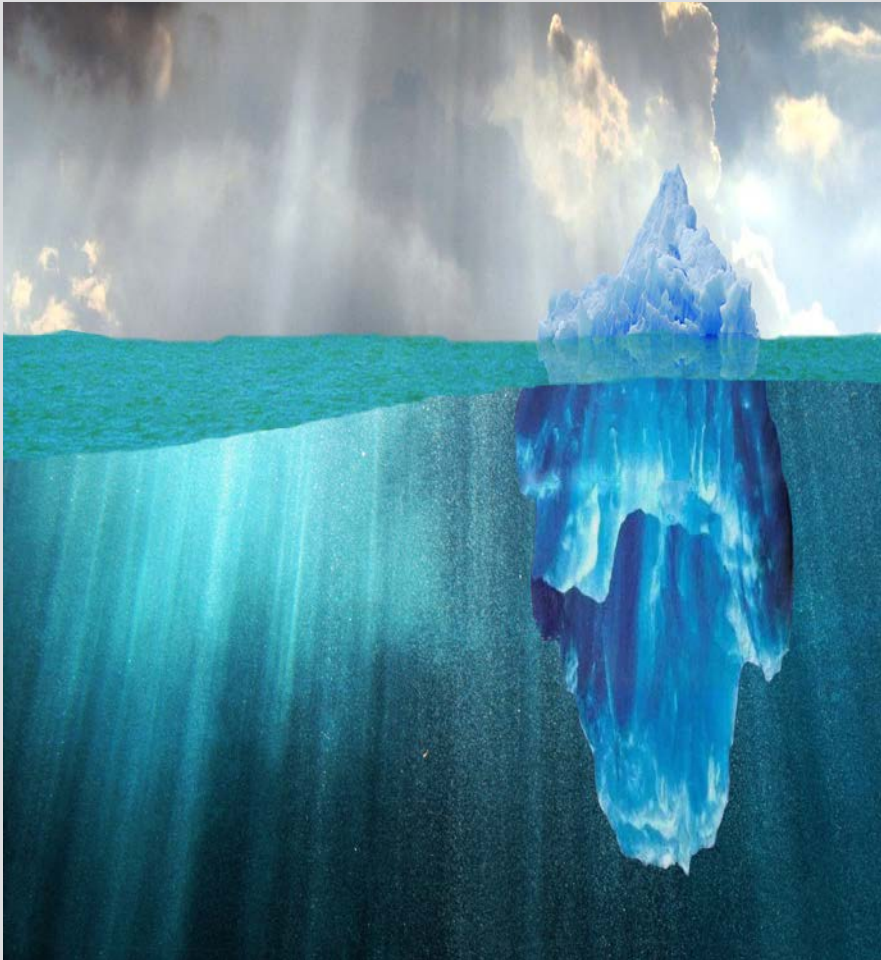
- **License to operate**
- **Citations, fines and penalties**
- **Criminal and civil**
- **Legal expenditures**
- **Compliance and remediation cost**

# Imperative # 3



**ECONOMIC**

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- **Direct Cost**
- **Indirect or Hidden Cost**

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## Direct Cost

- Medical
- Workers compensation
- Damage
- Loss of product
- Emergency services
- Fines and penalties

## Indirect Cost

- Higher premiums
- Loss of employees
- Loss of customers
- Lost experience
- Legal cost
- Administrative cost

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## Associated Cost

- **Low of 1.1 to 1**
- **High of 64 to 1**
- **SRI believes 10 to 1**

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**Average cost of a Workers  
Compensation claim in Texas**

**\$19,403.00**

# Imperative # 4



# OPERATIONAL



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## Operational Cost

- **Poor quality**
- **Reliability problems**
- **Loss of experienced employees**
- **Limited funds to reinvest**
- **Supply chain issues**
- **Poor morale**
- **Environmental issues**

# Imperative # 5



# PUBLIC RELATIONS

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## Public Relations Cost

- **Damage to reputation**
- **Cost of capital**
- **Market valuation**
- **Regulatory scrutiny**
- **Company viewed as an outcast**

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**Ensuring the  
Imperatives are Met**

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## BEST IN CLASS - FOCUS

- 1. Drive Value**
- 2. Maintain License to Operate**
- 3. Achieve Optimal Performance**
- 4. Minimize Bureaucracy**

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## BEST IN CLASS - UNDERSTAND

- 1. Safety is an indicator of proper work**
- 2. More is not necessarily better**
- 3. Excellence requires high standards**
- 4. The appropriate nature of work**
- 5. Safety is best managed by the line organization**

# Error



- 1. All error is not created equally**
- 2. Occur across all business functions**
- 3. The proper disposal of error**

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## BEST IN CLASS - STRUCTURE

- Fully adopt Principles of Excellence
- Comprehensive EHSMS
- Highly involved executive leadership
- Integrate safety into all aspects of business
- Fully engage all personnel and contractors



# 100% Involvement



## **Keys to Effective and Meaningful Involvement:**

- Must support the overall process
- Must be commensurate with current position
- Must produce value for individual or organization
- Must be mandated
- Must be tied to Performance Development

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## BEST IN CLASS - ALIGNMENT

- Performance evaluation
- Remuneration systems
- Metrics
- Roles and Responsibilities
- Ownership of critical systems
- STRAP

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## BEST IN CLASS - PRACTICES

- Focus on execution and skills
- Clearly defined approach to risk
- Strong commitment to mentoring
- Ensure relevance of process activities
- Learning organization
- Clear concise procedures
- Use safety as an agent for cultural transformation

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**Measurement is first  
a social process.**

# Process Measurement



Are We Doing Things Right?  
Are We Doing The Right Things?

## Inputs

People

Activities

Volume

## Process Measurement

Programs

Process

Systems

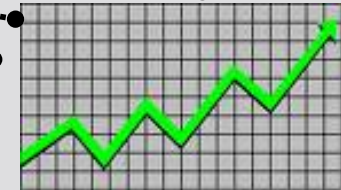
## Results

Output  
Outcomes

Process Measures

Result Measures

Input Measures



Performance Measures

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**BEST IN CLASS - COMMITMENT**

**“Why not  
ZERO?”**