

Leading Organizational Improvement With **ONE MANAGEMENT SYSTEM**

By Peter T. Susca

Many organizations are certified to various management system standards. Typically, these systems are operated and maintained by their respective functional groups (e.g., safety, environment, quality).

Peter T. Susca

Peter T. Susca, M.S., is a principal at OpX Safety and has 35 years of environment, health and safety, business leadership and process improvement expertise. He has served in various EHS technical and senior management positions in large multinational corporations. He has developed EHS management systems, rating systems, auditing and auditor certification programs, risk assessment processes, educational management systems, executive EHS development programs, quality and EHS systems integration, incident investigation and high-risk industry fatality prevention programs for a wide variety of clients. Susca is a member of ASSP's Connecticut Valley Chapter. Reach him at opxsafety@cox.net, www.opxsafety.com or connect with him on LinkedIn.

Although these systems may function in conformity with the same core principles, they often operate autonomously within the organization.

Having spent most of my career involved in management systems, it is clear to me that deploying management systems separately for quality, safety, environment, energy and more does not make good business sense. Many businesses that follow the traditional organizational architecture of distinct separation between operational and functional staff responsibilities, objectives, performance measures and data, and accountabilities often suffer some degree of inefficiency and dysfunction. Separate and redundant systems increase the distance between values, data and people that are often focused independently on the success of the organization.

Consider the following from Trevor (2018):

Multiple different individuals and groups are responsible for different components of the value chain that makes up their company's design, and they are often not as joined up as they should be. All too often, individual leaders seek—indeed are incentivized—to protect and optimize their own domains, and find themselves locked in energy-sapping internal turf wars, rather than working with peers to align and improve across the entire enterprise.

Organizations and their leaders should be fostering a more unifying and streamlined approach to their organizational design. This future state of organizational design should be supported by an organizational management system (OMS): essentially, one system connecting all functional and operational expectations that drives balanced decisions and sustainable value realization.

This article represents knowledge learned from our work in the area of organizational health and management system improvement. It offers insight into the challenges of operating separate systems, advantages of an OMS and incremental success

opportunities created in merging common system elements. OSH professionals with a solid understanding of system and process effectiveness (Susca, 2018; 2019) can use safety to blaze a trail toward the unification of functional management system elements. If effectively implemented, these efforts can show measurable operational improvement from the executive team to the frontline workforce.

Multiple System Inefficiency

All management systems are built on the same foundational elements that function within a continual improvement cycle (e.g., plan-do-check-act). This cycle of improvement follows the same core steps in the same order in every management system (Susca, 2019). The main difference between the systems is the value that they drive and the specific attributes that are required to achieve value actualization.

Many organizations are running separate systems as a result of the inherent separation of functional edicts, responsibilities and accountabilities. System-creating edicts are often driven by stakeholder (e.g., corporate, supply chain, customer) expectations. Independent of what triggers an organization to implement a management system or a group of them, a systemic approach to managing any value (e.g., safety, environment, quality) carries significant functional and organizational advantages.

When an organization is viewed holistically, it becomes apparent that separate functions operating separate systems with little meaningful interface is problematic. For example, imagine if steering an automobile required four individuals each controlling one of the car's wheels—essentially four drivers with four steering wheels. Even if the drivers were all headed to the same destination following the same directions, how difficult would it be to keep the car operating efficiently and on course? The car in this example is analogous to an organization and the drivers are separate leaders each driving their functional systems. While they may appear effective, based on their ultimately reaching the same destination, the struggle and waste required to get there is the result of a poorly designed car.

Following are some of the major waste-creating attributes associated with operating separate systems:

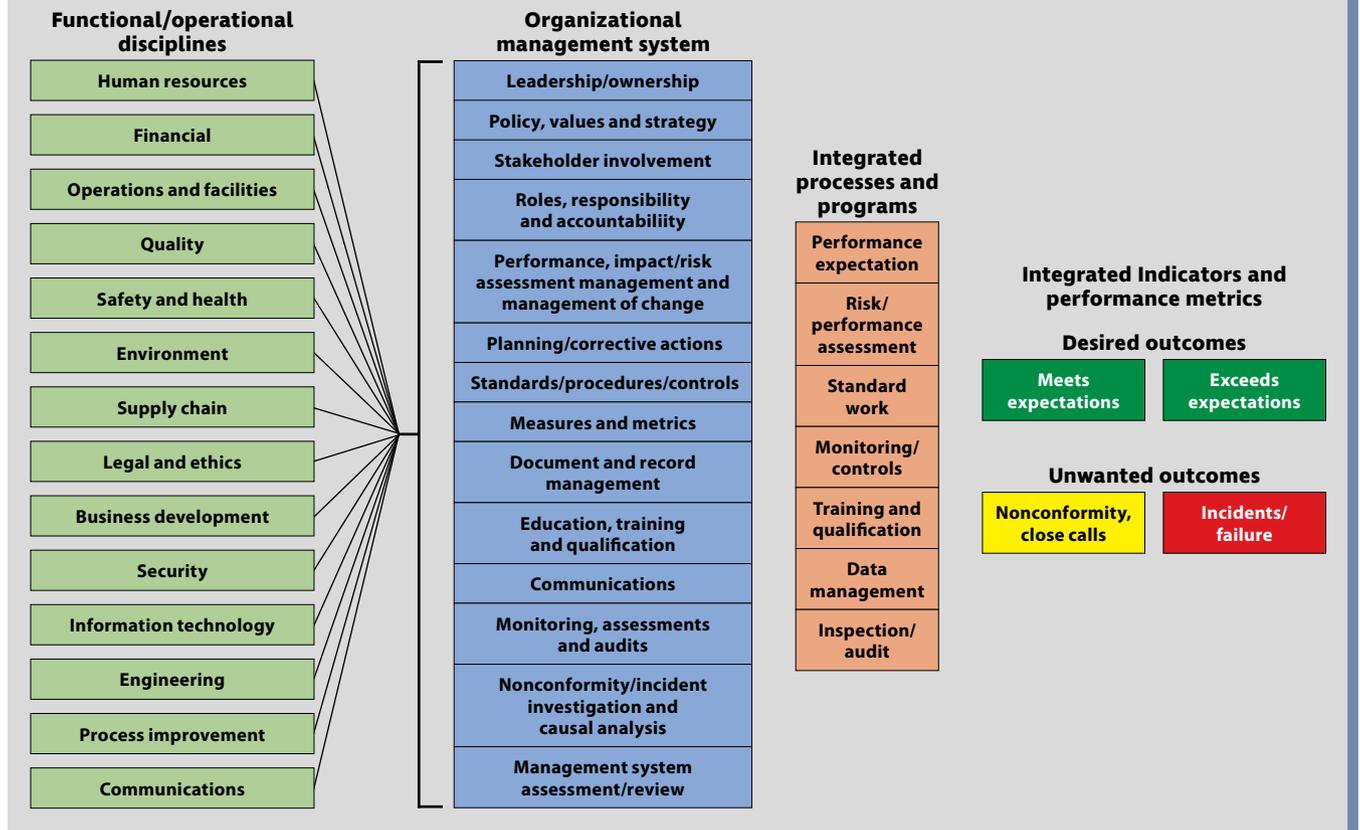
- risks and benefits evaluated, prioritized and actioned separately
- a multitude of disparate procedures and instructions
- separate system knowledge, training and specialists
- resources required to attain and maintain separate certifications

Business Class Article Series

This article series chronicles the principles and techniques that readers can apply to transition safety and the safety profession closer to the core of what organizational leaders value. The foundational philosophy is that safety challenges stem from larger organizational issues. By understanding the core business values, OSH professionals can begin to work from the inside out to engage business leaders, rather than the typical outside-in approach to integrating safety with business. If leaders can tap into this information, they can use it to improve the organization as a whole, and move safety from a purely moral imperative to an indicator and facilitator of organizational health.

FIGURE 1
ORGANIZATIONAL MANAGEMENT SYSTEM

Many of an organization's separate disciplines (green column) each require a sustainable management approach. Since the core elements of a management system all work to facilitate a strategic continual improvement methodology, they are valid separately and universally for each of the disciplines. The OMS (blue column) represents examples of the common elements across all management systems. Instead of running an organization with separate discipline-specific management systems, one system integrating the needs and requirements of all disciplines is deployed. When one integrated system (an OMS) is in place, it facilitates value-balancing and integration down through the work process level (orange column), thereby creating a more unified and operationally friendly approach. The performance of this approach can then be evaluated by integrated indicators and metrics.



- frequent auditing for different standards and preaudits to prepare for audits
- separate teams and meetings
- workers taken off task by a multitude of separate requirements, training and inspections
- separate data, metrics and records
- separate unwanted outcomes, investigations and corrective actions

Quite often, we find functional groups such as safety and quality working separately to address symptoms of functional problems that have common organizational reasons and solutions. Typically, these groups do not see the ultimate reason because they are not comparing and understanding the relationships between their data. They are essentially traveling on separate paths with their heads down. This organizational wheel-spinning could be turned into traction with a unified process for defining and investigating all nonconformity. When a common definition for nonconformity is created that includes quality, safety, health, ethics and more, the process to find the reasons and the solution can become unified and more business friendly. This is just one of many possible examples of the synergy and efficiency that can be created by the establishment of unified systems criteria and ultimately an OMS.

Prior to conducting leadership training for the senior management team of a manufacturing compa-

ny, I visited their operations to get a feel for the shop floor dynamic. While on the tour, the supervisor of one area took great pride in showing me his worker input board. On the board were four separate sheets labeled “quality,” “safety,” “schedule” and “cost control,” each listing problems that were identified by workers. The supervisor was pleased that the workers were comfortable communicating the issues and happy that management was responding to their concerns. While the management team also seemed to be happy to have a healthy find-and-fix process, I was concerned that no one was looking at the bigger picture that was painted by this data.

As part of the leadership training, I asked the management team to help me understand the common reasons for the diverse set of issues identified by the workers. This turned into a great learning experience for the team and me. They had never been asked to look horizontally at this vertical data before. The exercise helped me understand how their systems were performing and how much they really understood about their systems’ functionality. This example highlights the opportunity to build a system that views leaks in separate systems as common, rather than being unique to safety, quality or other areas. These issues then become organizational health symptoms rather than discrete problems that are routinely found and fixed independently.

The OMS & System Element Integration

An OMS is a single system that an organization uses to control all of its processes and facilitate its decision-making for all operational and functional areas. This system should ultimately manage all of an organization's disciplines, even those that do not have published management systems standards (e.g., ethics or integrity, human resources, legal). The OMS is also referred to as integrated, business and operational systems. Published guidance to combine separate management systems into one integrated approach includes BSI PAS 99:2012 and the ISO (2018a) publication, The Integrated Use of Management System Standards. The foundation of the OMS represents the elements that are common in all management systems. The system blends common system expectations together to create an integrated process to collect, analyze and make decisions across all organizational data (Figure 1, p. 21).

An OMS or single integrated system should not stop at creating matrices of common requirements, combining and organizing like system elements and requirements or creating a single system that meets all applicable standards. Although this should get an organization off to a great start creating efficiency, it does not guarantee that the single integrated system will be more effective than operating separate systems. The true measure of OMS effectiveness is the improved capacity to predict opportunity and harm, make value-balanced decisions and create solutions that holistically improve the business. If an organization's strategy expects the OMS to create more effective and balanced decision-making, then the OMS must be designed with that principle in mind. To be effective, the OMS strategy should create more organizational horsepower, not just a consolidation of documents.

System Integration Effectiveness Indicators

The following indicators can be used to judge the effectiveness of management system (or elemental) integration:

- The organization is system-thinking and the system becomes the definitive language and design standard for the organization.** When an organization is system-thinking it expects more from the system. When successes and unwanted outcomes are identified, they are assessed and verified as products of the system.

- Functional leaders and their staff team up to create synergy across disciplines,** for example, building a multidisciplinary team to assess and investigate cross-functional nonconformities and incidents.

- System elements and their relationships are more effective together than apart.** For example, the use of a unified risk assessment approach such as enterprise risk management should improve decision-making where diverse risks, typically assessed by separate systems or value-based mechanisms, must be weighed against each other.

- Indicators are wired together or consolidated.**

The organization understands the relationship between functionally diverse data and indicators, and creates relationships and new interrelated measures, for example, one nonconformity indicator rather than multiple indicators.

- The frontline supervisor and worker situation is improved.** One of the best litmus tests of added value from system integration is taken at the front line of the organization. For example, an integration effort can save costs (e.g., reduced third-party audit fees), but does it have a positive, neutral or negative impact at the front line of the organization?

Added Value of System Integration

The following describes the added value of system integration, adapted from ISO (2018a).

- Elimination of redundancies:** An integrated approach to implementing multiple management system standards can result in common or single management system components, such as policies and objectives, processes and resources. An example is one training management approach that encompasses every qualification and educational need in the organization.

- Value reconciliation:** An integrated system facilitates a reconciliation between values that are often deployed in parallel (or in competition with each other). For example, values such as profitability and safety that are often in conflict should be aligned and balanced up front in the system rather than at every decision point.

- Establishing consistency:** Using an integrated approach facilitates the consistency of the management system. This improves communication, understanding and focus on achieving an interrelated set of organizational objectives and goals.

- Driving cross-functional synergy:** System integration breaks down vertical silos and barriers, and drives cross-functional responsibility, analysis and decision-making (e.g., connecting the gauges on the organizational dashboard).

- Strengthening accountability:** Integrating management systems should create team-based objectives, processes and resources where interdependent accountability can be fostered.

- Reduction of costs:** Reducing maintenance, consolidation of audits and assessments, as well as the optimization of processes and resources can contribute to reducing costs. This removes non-value-added redundancy.

- Optimization of processes and resources:** Blending processes should add value at all levels of the organization. For example, the creation of integrated task-based training and skill evaluation versus separate training by functional need.

- Facilitating sustainability:** The universality of the approach fosters greater shared understanding and accountability, and decreases the opportunity that change will negatively impact the organization.

- Consolidation of audits and assessments:** Integrating standards and systems decreases the cost



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and organizational impact of frequent and independent assessments and audits. It offers a more holistic assessment of the overall process rather than a discipline-specific evaluation.

- Facilitating decision-making:** Beyond the consolidation and integration of management system elements, the single-system approach should facilitate the balancing of decision-making across values at every level in the organization.

- Improving performance:** Integrated use of management system standards can have a positive impact on value-based performance by creating more operationally balanced and sustainable approaches.

Evolving Toward an OMS

Clearly, many benefits can be derived from the integration of multiple systems into an OMS. While most organizations with management systems are operating them independently or have combined what they have, some organizations are actively using an OMS approach.

Organizations with a single business system typically evolve to this state through a compelling leadership vision. If an organization lacks this vision there are ways to create integration value, one element at a time. OSH professionals can use the organizational reasons for safety symptoms (see the other articles in this series) to compare common reasons with functional (e.g., quality, environment, reliability) peers. As system integration evolves, more opportunity will likely exist for system/process experts at the strategic level of the organization. OSH professionals with strong system and process knowledge coupled with operational savvy can rightfully become trusted executive advisors.

Leaders interested in integration should start with system elements that have recognized commonality or are perceived as organizationally valuable. The following elemental cross-system unification actions can yield significant organizational value.

Risk Assessment & Management

- Integrate risk and risk assessment into one common process across all business areas [e.g., COSO (2017) Enterprise Risk Management and ISO 31000:2018].

- Create a mechanism to equate all risk to a common prioritization hierarchy.

- Credit the risk reduction taken for similar control levels equally across all enterprise risks.

- Align all risks around process health and sustainability.

- Create one management of change process that encompasses all potential impacts of change.

Education, Training & Qualification

- Create one education management approach to include needs assessment, learning objectives, course design and more.

- Design task- and job-specific knowledge, skill building and evaluation that is cross-functional, rather than by risk or compliance requirement.

Causal Analysis

- Create a common approach to recognizing and evaluating the reasons for success and failure.

- Build a cross-functional evaluation team to identify organizational, rather than functional, reasons and solutions.

Conformance Validation

- Develop cross-functional inspection, observation and other processes.

- Assess (with the causal analysis team) and communicate common organizational reasons for these findings to senior management.

Conclusion

Because organizations and functions fall in various places on the business evolution spectrum, it may take a while for the OMS or system integration principle to gain popularity. The future driver in the U.S. will likely be supply chain or customer expectations. Organizational leaders in companies at the top of the supply chain have a significant influence on the system that creates and perpetuates separate standards and systems. Leaders in these organizations will likely become more cognizant of the waste created by operating separate systems and insist on a more holistic system approach from their organization, the supply chain and the standards-setting and certification community.

This should not delay OSH professionals' opportunity to foster these principles to add business value in their organization. The best way to evolve toward a unified approach is to show value and build momentum. Grow your understanding of system and process health and how it applies to your organization. Team with peer functional leaders such as quality to assess efficiencies between system elements that add value to the management team and the frontline workforce. Celebrate and build on incremental success. **PSJ**

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