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Building a reporting culture – the CEO's role
Ed Sims — Airways New Zealand

I am passionate about the safety of the people who work for Airways and the safety of the people who fly in New Zealand's airspace.

One of the great advantages of being the CEO is you have your hands on the financial, the operational, the commercial and the customer levers of your business. That's a very powerful position to be in. And it's a power for good when it comes to driving safety initiatives.

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> "To encourage reporting of all incidents, including human errors, we've adopted a just culture."

Ed Sims

Chief Executive Officer,
Airways New Zealand

■ My motivation

My deep and personal commitment to safety has
its roots in an experience I had in one of my first jobs,
when I managed a group of hotels at a ski resort in
Austria. Following a spate of thefts from guests' rooms
I instructed staff to lock the hotel doors while guests
were out skiing. This stopped the thefts; something
I was pretty pleased about.

But about four weeks later I got a call at 1am saying
one of my hotels had caught fire. Two staff members
and a guest had died trying to evacuate through a door
that had been left locked. I was 22 at the time, and one
of my responsibilities was to talk to the families about
what had happened.

It was a pretty traumatic experience, and I still carry a
lot of guilt about it. But I also carry a huge amount of
determination to make sure I never find myself in a
similar position again.

■ My role as leader

Airways runs New Zealand's air traffic control operations
and has about 750 staff. Essentially it's our job to
maintain separation between aircrafts in New Zealand
airspace, so safety is at the heart of our business.

One of the things that attracted me to this company
was its values. There are only three; and the very first
one is "We are safe". But when I came here two years ago
I was concerned that occupational safety – the safety of
our staff – didn't have the same high profile as operation
safety – the safety of our air traveller customers.

To ensure I had good visibility over both areas, one of the
first decisions I made was to create a new role of Head of
Safety and Risk, and elevate this position to be a direct
report to me. There's a lot of debate about where safety
should sit in an organisation. But my view is that if a CEO
wants to make safety a priority then their head of health
and safety must sit at the top table.

There are many things we do here at Airways to
demonstrate that safety is our top priority. One of them
is to start all board and executive team meetings with
a safety review. Obviously, this is a good way to ensure
board and management are kept well-informed. But
equally important it sends a clear message to staff that
when they report incidents or concerns, the people at
the top of this company are paying attention and
something will happen.

We also make sure our Board Safety Committee has the
kind of muscle it needs to be effective by having all our
board and most of our executive team sit on it.

I try to make sure that no one escapes the safety
message. We have safety messages dotted all around
our buildings and our screen savers are a series of safety
reminders. We have a quarterly staff publication focused
largely on health and safety, and safety is a regular feature
of my weekly staff blog.

My commitment to safety is reflected in the approach
I took with the board when setting my key performance
indicators (KPIs). I asked that two of the 12 KPIs be related
directly to safety. I did this because I think it's really
important that my staff know that a significant proportion
of my bonus is based on keeping them safe. These KPIs
have very specific metrics; zero high risk events (for
operational safety) and zero workplace lost time injuries
(for occupational safety). If I don't deliver on those two
KPIs I lose 15% of my bonus.

■ Why incident reporting is critical

In the aviation industry mistakes can have dire
consequences. That's why we're so focused on
ensuring they don't happen.

Civil aviation regulations require us to report certain
serious operational incidents. But operational incidents
are quite rare in our business. So voluntary reports on
less serious incidents or near misses are often much

more valuable in helping us improve our operational and occupational safety systems.

These might be a hazard someone's seen, a procedure that doesn't seem quite right, or a mistake someone has made that highlights a wider organisational problem.

Proactive incident reports are like gold to us because they enable us to flush out, learn from, and eliminate potential problems before they do any harm.

■ How *just culture* supports proactive reporting

It can be difficult for people to voluntarily report incidents that are due to human error by themselves or colleagues. No one likes admitting mistakes, or feeling like they're dobbing in a workmate.

To overcome this reluctance Airways has accepted that making mistakes is part of being human, and has adopted a just culture. Under a just culture employees who self-report unintended mistakes aren't subject to criticism or penalties. This approach has a huge impact on reporting rates because employees know they can file reports without fearing the consequences. And that means we can get a handle on potential problems much, much more quickly.

Airways' just culture model is fairly simple *(see diagram)*. It involves a few questions to identify whether the person's actions were intended, and whether the consequences were predictable. Ultimately, unintended errors don't result in disciplinary procedures.

I should be clear, however, that a just culture doesn't mean a "no blame" culture. Reckless or rogue behaviour will not be tolerated in our safety critical industry.

Accountability is an important part of a just culture. At the moment we're re-writing our safety accountabilities – which spell out what parts of the safety jig-saw puzzle each person is responsible for. Eventually staff will be expected to provide hard evidence of how they've met their safety accountabilities.

Another critical aspect of just culture at Airways is that staff who file incident reports get positive feedback. They are congratulated for making the effort to report a concern, or for taking ownership of a mistake. Equally important, they're able to see that something *happens* as a result of their report – that their concerns don't just disappear into the ether.
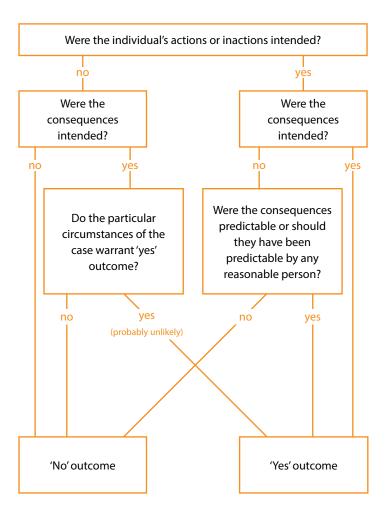
■ Lessons on building a reporting culture

I believe that the changes needed to build a proactive reporting culture and a just culture must be led by the CEO.

Too often I've seen safety initiatives falter because someone didn't have the delegated financial authority or was concerned about the strategic implications. But the CEO's unique position, where they control the operational, financial and strategic aspects of the company, means they can make that initiative happen.

There are a lot of things CEOs can do to demonstrate leadership on incident reporting. For me, one of the most important things is to set the vision. At Airways we talk about "not letting things pass". If you see a potential hazard or challenge do something about it or report it.

Airways' just culture model

I'm also committed to keeping staff engaged by making sure they see action being taken as a result of their reporting. There's nothing more dispiriting than completing a lengthy report and not seeing positive change happen as a consequence. We have to make sure positive change is directly attributable to the efforts of our staff in reporting.

One of the key lessons I've learnt is that when communicating with staff about reporting it's okay to express concern about the *root causes* that prompted the reports. But you should never express concern about the *number* of reports. Early on I made the mistake of doing this, and my staff quite rightly pulled me up because what I'd said could have been interpreted as meaning I wanted to see less reporting.

Reporting also needs to be easy. We're in the process of changing our e-reporting system to ensure that every staff member can report incidents, hazards and safety concerns directly to the safety department in a confidential manner.

But the biggest lesson I've learned is the way a just culture approach can strengthen your organisational culture. It has helped us build trust and engagement with staff, and enabled us to get to the root causes of incidents much faster.

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a difference

The Business Leaders' Health and Safety Forum inspires and supports its members to become more effective leaders on health and safety. The Forum has more than 140 members, who are CEOs or Managing Directors of significant New Zealand companies.

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