



**Organisational Structure – Its Impact on  
Managing Risk Module**

**Organisational Design**

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# Safety Talks

## Organisational Structure

– Its Impact on Managing Risk Module

## Organisational Design Support Material

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### Script

Another thing that mindful leaders will do is ensure that the structure of the organisation really empowers people who have specialist safety functions. These people often know what is going wrong, but often they're not sufficiently powerful within the organisation, and their voices are not heard.

Reverting again to the BP Texas City accident of 2005, this diagram illustrates BP's organisational chart with the CEO in London at the top, a chief executive for refining and marketing also in London, a vice president worldwide for refining also in London, a vice president U.S. refining, and then the business unit leader of the Texas City refinery where the explosion occurred. A large and fairly decentralized organization.

In addition, there was a chief executive for functions and a vice president for health, safety, security and environment at the top of the diagram.

While these are high-level, high-status positions based in London, occupied by well-paid, knowledgeable people, it is clear from this diagram that they had no control over the actual business units and the on-the-ground operations. Their function was to devise the organisation's operational standards, **but not to enforce them**. It was the responsibility of the business unit leaders to comply with those standards, so the people in these senior technical positions created the standards but had no enforcement role, and line managers had the responsibility for complying, but were not forced to comply and did not in fact comply properly. This was a system which **systematically disempowered the most senior safety people** in the organisation.

This is an organisational defect that needs to be overcome, so that the vice president for health safety and environment, can have some real control over what is going on at the site level and be able to exercise a veto if and the site is not in compliance. In a sense, what we want is a second reporting line where the site manager reports to functional specialists in the corporation.

Let's move to the lowest level on this diagram - the process safety manager.

This is the person with important knowledge of how to keep dangerous substances in the pipes, how to manage the major hazards that can blow the place apart. In this case, the process safety manager was two steps down from the site manager, and was to some extent cut off from the site manager. He complained before the

accident to various people that he didn't have an organisational position which enabled him to get his message across. So again, here's a safety expert who was systematically disempowered by the organisational structure. What we need to do is to empower this person by putting in some kind of direct reporting line between the site process safety manager and the senior OHS people in the corporation. Then, if this manager feels that he's not being heard, he can report upwards that things are not as they should be, and if the corporate HSE manager agrees, he can issue instructions down the line.

The US space agency, NASA provides another example of this issue. The inquiry into the space shuttle Columbia accident found that the shuttle program was absolutely focussed on getting shuttles launched on time. There were technical safety people in NASA, but they didn't have the power to veto shuttle launches. The Columbia report recommended that the senior safety people in NASA should have that power.

Mindful leaders need to carefully review their organisational structures so as to empower their most senior safety people to take effective action.

### **Suggested Discussion Questions and Answers**

1. What safety management structure do you have and does it empower or systematically disempower?
  - This will be specific to your organisation
2. How are operational safety standards managed?
  - Accountability and responsibility clearly defined
  - Training provided
  - Audited regularly