



Comprehensive assessment of ShippingCo's Management System finds troubling issues and aligns leaders on urgency for a completely different approach

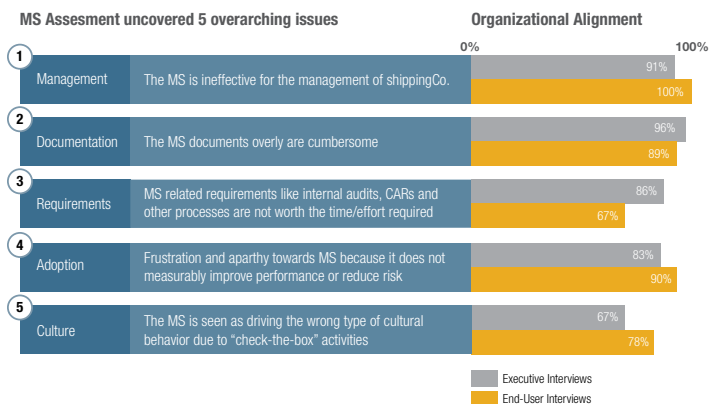
ShippingCo is a leading international shipping company with operations in over 70 countries around the world. Their international presence has helped them be an industry leader for over 150 years, but it also forced them to contend with ever-increasing complexity. Over the last decade, the complexity of having to conform to ISO 9001, ISO 14001, OHSAS 18000 and IACS grew to the point where its internal management system became more of a burden than an asset.

Recognizing a need for change

On paper, ShippingCo had everything in order. They had no problem passing certification tests for ISO or IACS, they had a single integrated management system manual, and they followed all of the requirements diligently. Yet each year senior management became more frustrated with their management system. Every year they would perform numerous audits and incident investigations to correct incidents, and every year the findings were the same with seemingly no progress.

Gaining a better vantage point

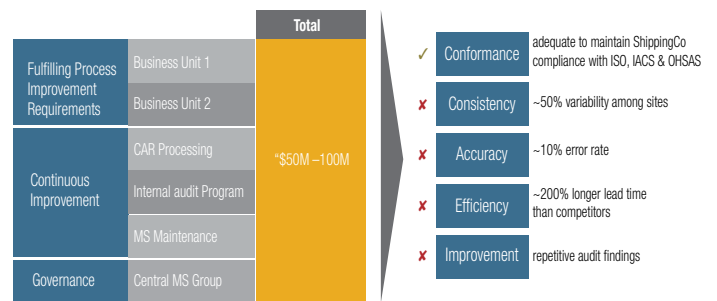
Senior leaders decided they needed to re-think their approach. The first step was to put their management system side-by-side against world class systems to see how it compared. They performed an in-depth MS assessment over the course of 4 weeks and the results were worse than they expected.



Across the board, executives and end-users of the system saw it as overly burdensome. End users who had to follow its procedures saw little value in the procedures because there was little correlation between procedure rigor and the risk. Further investigation found that, across the 5,000 person organization, they spent between \$50-100 million per year to stay in conformance with their internal procedures.

Unfortunately this did not translate to better performance. Across 5 performance measures, ShippingCo was underperforming in all except for conformance to its management systems.

The cost of meeting MS requirements does not translate to high performance



does not translate to high performance

Taking a different approach

The biggest lesson for the executive team was there are many ways to conform to external management systems, and some are much more effective than others. When they compared their internal management system to ISO, OHSAS, or others, they saw nothing lacking from theirs that would suggest a new direction. However, when compared to best-in-class OEMS systems, they saw three key areas of opportunity:

- Taking a true "risk-based" approach to viewing their business
- Using a process-based OEMS rather than a requirement-based system
- The importance of effective management system governance

Results

After years of struggling with the same issues and seeing little improvement, senior leaders finally found what they were looking for by pausing and looking outside their industry for insights. Doing so allowed ShippingCo to retain the conformance they needed while making necessary changes to deliver improved performance.