# 6 Strategies for Improving Management of Compliance with EHS Regulations





Many companies have one program to manage their compliance with environmental, health and safety laws and regulations. So called EHS programs can be very effective given the overlap in these areas and laws. But how do you know if your EHS program is effective—or as effective as it could be? Benchmarking—that is, comparing your program against others known for their high quality—is a useful method of evaluating an EHS program. The Aberdeen Group released a benchmarking study based on the results of its survey of 175 executives of manufacturing companies on EHS compliance. We'll tell you about this study and how to use the strategies from other companies to improve the effectiveness of your EHS program.

**The Aberdeen Study**

The Aberdeen study evaluated participating companies in the following five categories:

- **Process:** What's the scope of process standardization? What's the efficiency and effectiveness of this

**Profile of Survey Companies**

The manufacturers included in the survey were primarily from North America (69%), with 14% coming from the

process?

- **Organization:** How's your company currently organized to manage and optimize this particular process?
- **Knowledge:** What visibility do you have into the key data and intelligence required to manage this process?
- **Technology:** What level of automation have you used to support this process? How is this automation integrated and aligned?
- **Performance:** What do you measure? How frequently? What's your actual performance?

It identified certain companies as "best in class." Such companies are distinguished by:

- 12% decrease in regulatory citations from the previous year;
- 0.3 injuries recorded per 100 fulltime employees per year;
- 1% repeat incident rate (ratio of repeat incidents over total number of incidents in a year);
- +9% performance v. energy goals; and
- +13% operating margin v. corporate plan.

It's important to note that these top companies are not just good in one area; they're able to effectively manage performance in compliance, safety, energy efficiency and profitability. As a result, they not only create a safer and more compliant environment for workers but also

Asia-Pacific region, 10% from Europe and 7% from the rest of the world. They represented the following industry sectors:

- Chemicals (24%);
- Oil and gas (10%);
- High tech (9%);
- Food and beverage (7%);
- Metals, mining and minerals (7%);
- A&D (6%);
- Automotive (6%); and
- Industrial equipment manufacturing (5%).

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gain a competitive edge by possessing higher operational efficiencies at a reduced overall cost.

**6 Successful Strategies**

The researchers found that when it came to EHS program management, the best in class companies had several things in common. Based on their best practices, here are six strategies you can use to help your company rise to the top in this area:

**1) Build compliance into the business process.** Companies that think of compliance as a cost of doing business tend to have a "check the box" attitude toward compliance. Instead, they should build compliance into their overall business processes to ensure predictability and prevent unnecessary fines for violations of environmental and safety regulations.

**2) Streamline the reporting process.** Reporting on compliance to regulators, stakeholders, customers and auditors can be a daunting task. So streamline the reporting process by establishing standardized procedures based on best practices and investing in software tools, such as compliance management systems.

**3) Automate collection of EHS data.** Manual processes can make it difficult to find relevant information quickly and when needed. Companies need to automate EHS data collection and use that data to enable intelligent decision-making.

**4) Establish corporate EHS policies based on the culture of continuous improvement.** To ensure that EHS best practices are established and shared across functional groups, you should establish corporate EHS policies and update them on a continual basis as improvements and final results are tracked. Doing so will also enable consistency in the business processes across the company and help prevent and reduce the losses from EHS incidents.

**5) Invest in a centralized knowledge base that provides visibility into regulatory requirements.** To ensure compliance, you have to understand the regulations that are relevant to your company. But few companies invest in a central knowledge base that stores all relevant regulatory information. Best in class companies are nearly twice as likely to invest in software that enables them to access up-to-date information about current and future regulations.

**6) Invest in an EHS solution.** It's also important to invest in what the survey calls an "EHS solution"—that is, software and technology that records EHS metrics, automates data collection, improves visibility and promotes accountability within the company. Nearly 60% of best in class companies have invested in such solutions, which help them record and store information in a common location and provide that data to the decision-makers who need it.

**Bottom Line**

Based on the Aberdeen benchmarking study, companies that excel in the management of their EHS programs do three key things:

- Automate the collection of EHS data and provide that information to decision makers in an actionable form;
- Establish standardized policies to prevent business interruption due to risks related to EHS incidents; and
- Invest in compliance management, reporting, dashboards and analytics to provide visibility into EHS data.

By following the lead of these best in class companies, you can help your company improve its EHS program management and thus reduce the cost of compliance, better protect the safety of workers and the environment, and surpass corporate sustainability goals.

***Insider* Source**

"Compliance Management in Environment, Health and Safety,"

Ismail, Littlefield and Shah, the Aberdeen Group, April 2011.