

Governing Energy

What a Difference a Year Makes

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On November 15, the deepwater drilling sector quietly passed an important first anniversary, the implementation of the Safety and Environmental Management System (SEMS) regulation.ⁱ One year ago, SEMS evolved (some argue perhaps hastily) from a long history of risk management processes the industry had developed over decades and became law.ⁱⁱ

Perhaps more important than the passing of new regulations on the industry is the transformation the industry is undertaking. With the focus on a Culture-of-Safety, major changes in the core business processes are underway.

The Culture of Safety has a number of definitions across a wide organizational spectrum—both public and private entities. According to one organization from the health industry, *“In a culture of safety, people are not merely encouraged to work toward change; they take action when it is needed. Inaction in the face of safety problems is taboo, and eventually the pressure comes from all directions—from peers as well as leaders.”*ⁱⁱⁱ

The Management of Change (MoC) is challenging. For those executives that have been through this process (sometimes several times), the process is akin to a dental root canal. Transforming organizational culture is beyond difficult. Transforming industry culture is . . .

Simply changing by managerial fiat has shown not to result in longstanding organizational cultural conversion. “Selling” the new culture to those steeped in the old requires fresh thinking and neoteric marketing models.

Effectively, this process is a cross-cultural negotiation. In other words, the transaction process between one culture (the need for new thinking) and another (the desire to retain the status quo). It may be as simple or as complicated as that.

This author first addressed the challenges of the Relationships, Behaviors, and Conditions (RBC) cross-cultural negotiation model in his doctoral dissertation that assessed the selling/buying process between western and eastern cultures.^{iv} In January 2011, the RBC framework was extended to encompass the cultural transformation process the deepwater drilling industry would undertake.^v Similarly, widely different perspectives.

The industry is committed to a new and sustainable Culture of Safety, not just in deepwater drilling activities but also across all field operations processes. Changing decade’s old thinking will be done! Society, through its elected officials and regulatory agencies demands nothing less.

What's at risk is the *license to operate*—the revenue lifeblood! Failure is not an option. How the industry gets there is the only uncertainty.

Lessons learned from cross-cultural behavioral analysis are as important to this process as learning process safety management (PSM) good practices from other industry sectors, i.e., nuclear. One can argue that cross-cultural negotiation models developed for international business development provide a good framework to “sell” industry participants on the new requirements.

How does your organization meet cross-cultural driven transformational challenges?

About the Author

Dr. [Scott M. Shemwell](#) has over 30 years technical and executive management experience primarily in the energy sector. He is the author of two books and has written extensively about the field of operations management. Shemwell is also the CEO of Knowledge Ops, Inc.; a firm that focuses on providing its customers with solutions enabling operations excellence and regulatory compliance management.

End Notes

ⁱ <http://www.bsee.gov/Inspection-and-Enforcement/Enforcement-Programs/Safety-and-Environmental-Management-Systems---SEMS/Safety-and-Environmental-Management-Systems---SEMS.aspx>

ⁱⁱ <http://www.theoil drum.com/node/9041>

ⁱⁱⁱ <http://www.ihl.org/knowledge/Pages/Changes/DevelopaCultureofSafety.aspx>

^{iv} <http://www.scribd.com/doc/13395182/Abstract-Cross-Cultural-Negotiations-Between-Japanese-and-American-Businessmen-A-Systems-Analysis>

^v http://www.therrinstitute.com/uploads/The_Blast_Heard_Around_the_World_-_January_2011.pdf