



## Risk Management, Oil Spills, And Prevention

by Clay Maitland- *Founding Chairman, NAMEPA*

Some years ago, I heard a shipping executive begin a speech with the words: "There is no such thing as a substandard ship". I didn't quite agree, but I knew what he meant. Most accidents involving ships do have a human dimension. There are reasons for this. There might be severe fatigue, often the result of long watches and repetitive functions performed without interruption. Another—aboard ship—is the modern detachment factor; the commoditization of labor. Finally, stringent corporate cost controls have often been the bane of effective safety management. Regulation by inspection or certificate, has helped offset these failures. However, emphasis on the ship, its hull and machinery, and a "check the box" approach to port state and flag state control, have often failed to reach the underlying causes of many maritime accidents.

A growing trade specialty in risk management has grown up, prompted by high-profile casualties and massive financial losses: "regulation by certificate" has been joined by "safety management by process". For example, BP has created a new safety division with more authority and wider powers. The risk management chief now reports directly to the CEO. Exxon Mobil, for its part, incorporates elaborate safety processes at the outset, into its decisions on new exploration. It's clear that successfully structured risk management produces lower costs and enhanced profitability.

Of course, risk cannot be managed through structural change alone. Some have pointed out that the real test of risk management practices—oil spill prevention—cannot be measured by the absence of a casualty.

So what is happening behind the mahogany doors of the C suite? Installing empowered risk managers is part of the solution. Mark Bly, BP's head of safety and author of its internal report on the Gulf spill, reports directly to CEO Bob Dudley. BP has also partly reconfigured its exploration and production division, which was in charge of drilling the Macondo well, splitting it into more manageable and accountable parts.

But will people pay attention? At the end of the day, it is the hand that signs the paycheck that calls the shots. A positive safety culture must begin at the top. It is not enough to have a safety management system in place; the policy needs to be constantly challenged, reviewed, and improved. The pursuit of improvement has to permeate the company. Without attention and input to and from top management, such a policy is doomed to be "something on paper".

How can a risk, hazard or deficiency be spotted? The best way is to have trained and competent employees who know that their work is essential, appreciated, and vital to the company.

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In order to remedy a deficiency, and to prevent loss, there must be a constant flow of information: usually, disasters don't just happen all at once. There are nearly always early warnings, or preliminary near-misses. A successful safety management system must be one with "eyes and ears" to note, take warning, and react.

A key to avoiding disasters, and their cost, is a risk management budget that is controlled at a very high level in the company. Many companies that have endured serious casualties have been found to suffer from fairly advanced cases of "beancounteritis"; there is no road to the top in many executive offices that beats being known as a cost-cutter! All of which is all very well if we know what costs can safely be cut...

People can be motivated to support a safety culture that works. Among the 2010 updates to the ISM code is a requirement for companies to adopt a complete risk assessment system. This means that the vessel's crew, and management ashore must actually follow such a system, and should take note of the mistakes that are inevitably made. This means that the crew, as well as management, must be trained to comply, to suggest and to take ownership of risk assessment and management policies. Seminars, conferences and meetings heighten awareness and understanding of the importance of the company's safety management policies. Understanding and awareness are essential.

## NAMEPA a New Booth Presence at CMA

2011 marked the first year that NAMEPA hit the exhibition floor at CMA. Take a look at all the action!



ABOVE: Mackenzie Jordan at the CMA NAMEPA booth. RIGHT: Angeliki Frangou, Navios CEO and 2011 CMA Commodore with Carleen Lyden-Kluss.



## National Maritime Day— Safety at Sea a Key Theme

Seafarer access, piracy, Jones Act and environmental response issues comprised the multilayered discussion items at this year's National Maritime Day Observance.



Michael Bohlman of Horizon Lines and Chairman of the Chamber of Shipping of America with Ole Chr. Schroeder. TORM USA



Kevin Doherty, Nexus Consulting



RADM Kevin Cook, USCG; Greg Linsin, Blank Rome; RDML (sel) Michael S. Devany

## SUNY Maritime NAMEPA Chapter celebrates Earth Day!

On April 13th, the newly formed Maritime College NAMEPA chapter held an Earth Day celebration with speakers, beach clean up, and more!



## AMVER Awards

33 shipping companies received recognition by the USCG for their participation in the AMVER (Automated Mutual-Assistance Vessel Rescue System). On hand to present the Awards was Admiral Robert Papp, Commandant.



TOP: AMVER award winners. AT LEFT: Cadets Stephanie Cavaliere and James Spear of SUNY Maritime College with Admiral Robert Papp. BELOW: Richard Pruitt of RCCL with Admiral Robert Papp.



## NAMEPA in Seattle— Sleepless no more

NAMEPA partnered with the Port of Seattle to explore their centennial environmental issues.



George Blomberg



Panel session



Sarah Flagg, Andrew Green, Mike Moore, William Morani.



Al Zurawski, Duncan Smith, Doug Howie, Sarah Morely, George Blomberg, Melissa Ferris.

## Wrecks of the World II— Mitigating risk

Photos of the conference at MITAGS



Congressman Elijah Cummings



Dr. Christopher Reddy of Woods Hole Oceanographic Institute



## Time to hit the beach—and plan to clean it up in September!!

NAMEPA Board Director Christopher Bastis will be contacting NAMEPA members to encourage them to sign up for this year's annual beach cleanup scheduled for September 17th. Over the past 25 years, Ocean Conservancy's International Coastal Cleanup has become the world's largest volunteer effort for ocean health. Nearly nine million volunteers from 152 countries and locations have cleaned 145 million pounds of trash from the shores of lakes, streams, rivers, and the ocean on just one day each year.

## Save the Date:

**August 18, 2011— Environmental Intelligence in Shipping: Preparedness and Response in the Arctic** at The Captain Cook in Anchorage, Alaska.

Plan to join NAMEPA in Anchorage on August 18th for an afternoon seminar on Preparedness and Response in the Arctic.

**October 12, 2011—Responder Immunity Seminar** at The Harvard Club in New York City.

Join shipowners, the responder community, the USCG, and more to learn how responders are being faced with legal action when answering the crisis call.

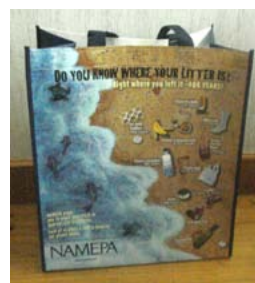
**October 27-28, 2011— World Maritime Day Observance, Tampa, FL.** Piracy, stewardship, safety and security will headline this day and a half event. Join the USCG, industry, and North American government representatives to explore these critical areas affecting our region.

**November 9, 2011—New York Environmental Intelligence in Shipping and 2011 NAMEPA Awards Dinner** at Chelsea Piers Lighthouse, NYC

Risk management strategies will be the topic of an afternoon seminar followed by NAMEPA's annual Awards Dinner. Reserve your table today!

## New Production of Marine Debris Bags in the works!

Become a sponsor and have your logo all over the world! Call Carleen for details on how you can become a sponsor.



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Carleen Lyden-Kluss  
*Co-Founder & Executive Director*

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*Continued from page 1*

Interestingly, safety management began centuries ago with the insurance industry, and its most successful exponents are still to be found within the marine insurance business. It is not a coincidence that marine insurance gave birth to our modern classification societies, and indirectly to the more durable flag states. It is unfortunate that some corporations involved in maritime pursuits have tended, in recent decades, to depart from the safety awareness skills still to be found in the underwriting community.

A word about audits: far from being a necessary evil, they are vital if we are to benchmark the effectiveness of our quality systems. Quality audits are a crucial part not only of regulatory compliance, but of the inputs that are the foundation of management of safety at sea. NAMEPA, among its other tasks, conducts conferences on how this process can be tailored to the needs of any company engaged in ship's business. By the way, two recent books, *Willful Blindness; Why We Ignore the Obvious at Our Peril*, by Margaret Heffernan, (Walker & Company, \$26) and *Car Guys vs. Bean Counters; The Battle for the Soul of American Business*, by longtime GM executive Bob Lutz, (Portfolio, a member of Penguin Group USA, Inc; \$45) describe, in two different ways, how bad management can mean big trouble. I recommend them both, as confirmation of your prejudice, and mine, against incompetence. And there's always Dilbert, to the same effect.

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## Mark your calendars— 2011 NAMEPA and Related Events

### ENVIRONMENTAL INTELLIGENCE IN SHIPPING SEMINAR SERIES

**August 18-** Alaska EIS, Preparedness and Response in the Arctic

**November 9-** NYC EIS, Risk Management Strategies

### NAMEPA- RELATED EVENTS

**September 22-** NYC Propeller Club, Chelsea Piers

**October 12-** NYC Coast Guard Foundation/NAMEPA Seminar

**October 27 & 28-** World Maritime Day Observance, Tampa, FL

**November 9-** NAMEPA Awards Dinner, New York, NY

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## It's never too late to be a NAMEPA Sponsor

We have a variety of sponsorships available for you to cement your commitment To Save Our Seas. From your logo on our popular marine debris bag, to a sponsored table at our annual Awards dinner, to having a presence at all our events, NAMEPA encourages you to climb aboard and be a sponsor!!!

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## NAMEPA Needs YOU!

There has never been a better time to participate in a marine environment protection association than now. Please encourage your industry peers to join NAMEPA, and help "Save our Seas". This proactive, industry-led initiative demonstrates to all our commitment to preserving our seas for all to enjoy and present our industry in a positive light.

To expand its programs, and ensure its financial stability, NAMEPA is recruiting a qualified membership consisting of domestic and international companies, Associations/Academies, and individuals within shipping and the wider land-based industry such as banks, insurance companies, etc. who share the objectives of NAMEPA to "Save our Seas". There is an annual membership fee which is used to support the efforts of NAMEPA. We also offer a complimentary membership to active licensed seafarers.

We need you to help spread the word about joining NAMEPA. Contact Carleen Lyden-Kluss or Rose Lambert for membership applications.

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