PG&E Code of Conduct – Systems and Management video

FULL TRANSCRIPT

Audio Description script:

Narrator: An opening sequence of titles says PG & E Supply Chain Responsibility Department presents this, Prime Supplier Academy, supplier diversity workshop, supplier code of conduct workshop, importance of management systems. The speaker is Jimmy Margolis, a partner at ERM Consulting. Mr. Margolis is a tall, fit middle-aged man, with closely cropped gray hair and beard. He's wearing a light yellow button down shirt and a dark blazer and pants. A PowerPoint slide appears on the screen behind the speaker with the heading, Some Thoughts About Systems. It has a cartoon drawing of a man in a suit pushing a circle of oversized dominoes behind him, where they will fall in a circle and crush him at the end. Footage appears of workers in various contexts, office warehouse, conference rooms. There is a silver metal wheel with spokes and small metal balls moving on the spokes.

A semi-opaque blue screen appears and the text reads, if you have repeatable sustainable programs, you'll have less incidents because training will be consistent and monitored. The next PowerPoint slide appears on the projector screen behind the speaker. The heading reads, Why Build Management Systems? Sections of it are highlighted as he discusses them. There is footage of office workers and stacks of paper. A PowerPoint slide appears with the heading, Applying the MS Concept to the Code. The slide has a circle divided into four. The quarters are labeled respectively, act, plan, check and do. There are squares with information that are connected by a line to each quarter. Check marks appear in each quarter. There is footage of construction workers in the field fixing gas pipes, riding in a bucket truck, fixing equipment on a power pole, and working on a large battery. There are workers in various settings dealing with paperwork.

The information box connected to plan is circled in purple. The information box that's connected to plan, do and check, are circled. A PowerPoint slide appears with the heading, Essential Elements, Risk Assessment One of Two. Red check marks and arrows appear by parts of the slide as he discusses them. A PowerPoint slide appears with the heading, Essential Elements, Risk Assessment Two of Two. On the slide is a risk assessment table. As he discusses various parts of it, red check marks and arrows appear directing the viewer's attention to that spot on the slide. A semi-opaque blue screen appears and the text reads, do our risk assessment with the people who are exposed to the risk. A PowerPoint slide appears with the heading, Essential Elements, Regulations Compliance. The slide has a monthly calendar on it. Workers discuss a calendar on the wall. A man opens a gate at an industrial facility. A semi-opaque blue screen appears over the speaker and the text reads, translate regulations into a simplified list of actionable compliance items.

A PowerPoint slide appears with the heading, Essential Elements, Metrics and Reporting. On the slide, a red arrow points to a bar graph labeled CPMM. The next PowerPoint slide appears on the projector screen behind the speaker. The heading

reads, Essential Elements, Corrective Preventative Action. There are bullet points on the slide and a timeline called looking at causal factors. The next PowerPoint slide appears on the projector screen behind the speaker. The heading reads, Keys to Success, Common Issues to Keep Your Eyes On. The bullet points are highlighted in yellow as the speaker reads them. The PGE logo fades in, the screen reads, together, building a better California.

Video Transcript:

Speaker: Everything that we do is full of different programs and processes and systems. And so the question is, what kind of programs, process or systems makes sense to help you guys comply with the PGE Code? We should think about the consequences of what we do, right? Management systems are typically connected. So, when I fill out my time sheet each week and I allocate my hours to different clients, that actually connects with another system for billing our clients. And my hours and Diana's hours, with a certain billing rate, go on there and that creates an invoice which goes to the client and then that invoice has to be paid, there's accounts-payable people. And we expect to get paid by PG&E with a certain number of days. So, all of these systems kinda connect. And again, you wanna organize your system in a way that makes sense so you get the outcomes that you want, not necessarily like the outcome in this cartoon. So, the idea is if you have repeatable, sustainable programs, you will avoid incidence. 'Cause people will be consistently trained in a certain way and you'll be monitoring activities in a way to hopefully prevent bad things from happening. You will hopefully be avoiding the kind of fines and penalties that one could be exposed to. And by defining things in a systematized, standard, structured way, you should be more efficient, right? 'Cause you're not depending on each individual person to make their best guess about, how am I supposed to do this work? So, standard work practices should drive efficiency, they should drive quality, they should help you avoid non-compliance. So, while some of us as larger companies may have enterprise-wide software solutions to deal with some of the stuff, others are gonna be working on Excel spreadsheets and some people may be just using paper forms. So, this is the idea of scaling it in a way that makes sense for you. So, let's apply this general plan-do-check-act concept through the code, okay? And you can look across these, so, what are the critical ones? Understanding your specific hazards is the first thing. Understanding the legal requirements. I don't know, maybe that's second, maybe that's first, these kinda go together, what the risks and requirements that apply to the work that we do? Defining standard work practices, policy standards, procedures, to manage these critical risks. Not every risk is for the, you don't need a procedure on how to go to the cafeteria. You don't need a procedure on those types of things, but you do need a procedure on critical things that if you do them incorrectly could cause significant damage to people, the environment, or your business reputation or your assets. Like, working at height. Like, entering a confined space, right? Like, working on electric equipment that may have hazardous energy in it, whether it's electrical energy or suspended loads or whatever it might be. I'm giving a lot of safety examples, 'cause they're intuitive, but it applies to some of these ethical issues as well. It's like, okay, we actually have specific procedures and controls when we enter a contract with clients to make sure that we don't have conflicts of interest as well. So,

that can be procedural, we don't want to drive people to create big procedure manuals. This can be four bullet-point checklists, okay? Or they could be robust, long procedures, depending on the nature of the work. So, it's all about fitting the control to the hazard, right? It's kind of a very poor concept. Okay, so, what are the risks, what are the requirements? What are the procedures in place to manage these, right? Make sure everyone knows what their roles are in carrying out these procedures. Making sure that they're confident to do it by either hiring the right people and, or training them along the way. So, people can be competent because of either education or just personal skills that they have, past experience. But if they're not competent today, they could be made competent through training, okay? What are the list of requirements? What are the procedures? What are the roles? Make people competent. Monitor the implementation, okay? And again, monitor the implementation on a scaled, or a sampling level. You don't have to monitor every single person during every single task, but you wanna do periodic inspection, maybe periodic audits, to monitor that, maybe set up some numerical key performance indicators of data. So, risk assessment. So, one of the, and this is actually specifically mentioned in the PGE Code of Conduct, they talk about job safety analysis. You identify work, you break it into individual tasks, and for each task, you identify what the hazards are and what the controls are to manage the hazards with each step. Here's another way to do risk assessment, right? It's more of a top-down than a bottom-up. And that is, you look at each area or operation at risk. For each of these area of activities, what are the hazards, okay? What's the probability of those activities having an adverse impact on people or property or on the environment or operations and how big is that impact? The reason this top-down view is helpful is, when you're working from the bottom-up and looking at every task, you're not really using a risk-based approach, you're kinda systematically looking at everything that you do. By looking at it from the top-down level, you could identify, well, which thing should I be doing job safety analysis on in the first place? Where do I start? And when you do these types of risk assessment activities, it's very important, I think we talked about this earlier today, is to make sure you do it with the people that are exposed to the risk. Because they know whether the training that they got was really any good and they know the reality of how effective the procedures are and the actual real nature of the risk. So, another really critical tool here is to develop some type of, I'll just call it a compliance calender tool to ensure that you've identified the compliance requirements and there would be an action. So, it's one thing to know what applies to you, inspect this ladder once a year, okay? But how do you know that's gonna happen, unless somewhere on someone's list it says, inspect ladder by December 15th, right? There's a lot of regulations. And a lot of 'em are recurring. What this is an example of, is of literally a monthly calender, and this is a low tech example. A higher tech example would be one that would send an email to somebody the week before, the month before, the day before a specific action has, don't forget, tomorrow the weekly waste area inspection is due or, depending on your company, you could literally have something like this, right? Just a piece of paper hanging some place that just says what to do and who's to do it and when it's done, they just check their name and that's done. But the idea is to make compliance easy by translating all these regulations into a simplified list of actionable requirements. So, metrics and reporting. So, plan, do, check, this is the check part, monitoring. So, you have to define what's meaningful to measure and then you have to collect the data and then you have to organize it to put into reports that go to the right people. Here are some, this is the total recordable incident rate, going down, going up. This is the severity

rate. So, one measures how frequently you're having incidents, one measures the actual severity of the incidents. This a CPMM, collisions per million miles. So, they're tracking how many accidents they're having from the folks that are driving company vehicles. And This a example of, people call it the five whys, one of a lot of different methodologies. In this case, this only four whys, but that's okay. So, there's an incident, there was property damage, because the vehicle crashed into some equipment. Okay, so it's like, well, what happened? Because how do we prevent this from happening again? Well, let's find out what the root cause was and then we'll fix the root cause, so this wouldn't happen again Well, the first, well, the brakes failed. So, that doesn't end it, right? You could say, okay, well, we're done, that's the root cause, brake failure. Yeah, but what caused the brake failure? Oh, we didn't do preventative maintenance like we should have. Yeah, but we have a preventative maintenance program, how did that happen? Okay, so, why? Oh, the vehicle wasn't on the preventative maintenance schedule. How did that happen? It's like, oh, but we got this from another operation and it wasn't, when the vehicle transferred into our responsibility, Joe didn't put it on the list. It's like, okay. Now we know how to fix this particular problem, so you could have a, maybe there's a procedure that needs to be modified, maybe there's someone that needs to be trained, whatever it is. But the concept is, you work backwards from the incident, you ask why, why, why? To get to the root cause. Okay, and then once you find the root cause and implement the action, presumably, you do something about it. And you actually implement the action, you track it through closure, you verify its implementation and its effectiveness as well. So, just, a couple of key points in building your systems, I think wherever you can, if you can integrate what you do with other systems that are in place, and working, then do that. So, if you already have a I don't know, preventative maintenance program for something and you decided, well, we also wanna do preventative maintenance on this piece of equipment, just add to your existing program. Or, if you have an existing HR process for training people on onboarding, well, you don't need a new safety training program, just can integrate that in with what we're doing for the HR training. I would always look for these opportunities to integrate in with existing processes that you have, 'cause that's always gonna be the most efficient way. And then having template tools, like this risk assessment tool, or others, is always a smart thing to do. Don't over-automate. Sometimes people can spend so much time and money trying to automate something, where paper is just fine. Hold people accountable for this. You have to follow up. The worst thing that could happen is, managers talks about safety or environmental protection, we see this all the time, I'm sorry to say. The people at the top are talking about all this stuff: diversity and ethical business practices and then senior leaders goes down to a plant, he doesn't where his hard hat in the right places. Someone overhears him saying something not very nice about a minority, or something like that. It's like it undercuts everything that you can do with bad leadership. So, when you see that kind of stuff, you gotta nip that right in the bud and make sure people are held accountable for those type of things. And then understanding the risks and the need for the contriving. That really is the heart of this thing. And I realize that you guys, PG&E may not be your only customer, so do what makes sense for PG&E of course. But I'm guessing it might apply to other customers as well. I just gave that last anecdote about how bad leadership can undercut all of this.