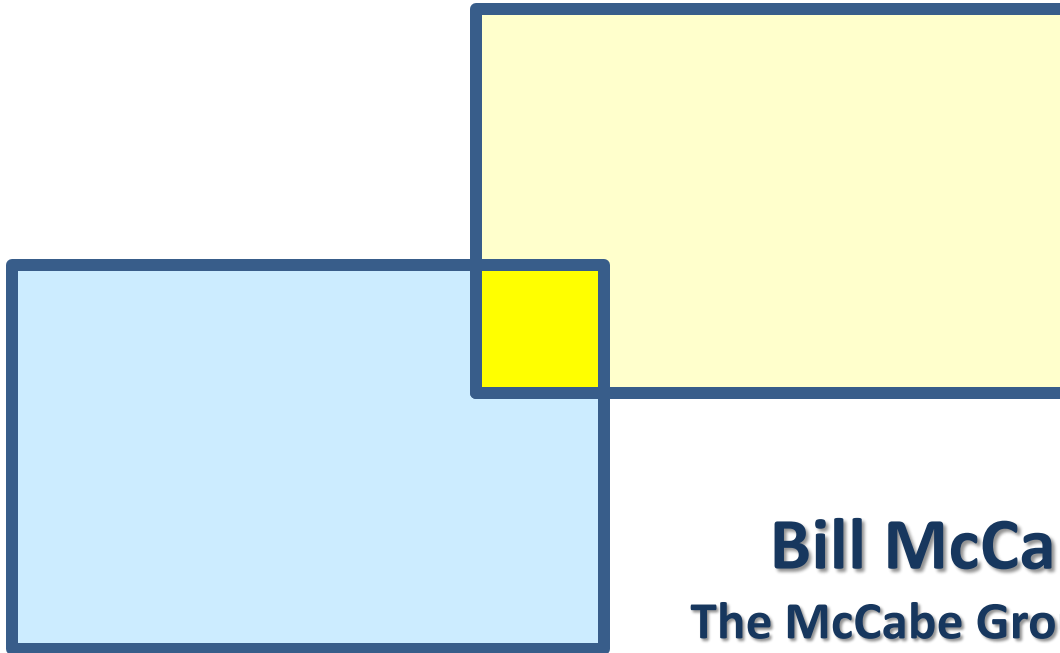


# MANAGING RISKS IN CIVIL AVIATION: THE IMPORTANCE OF RELATIONSHIPS



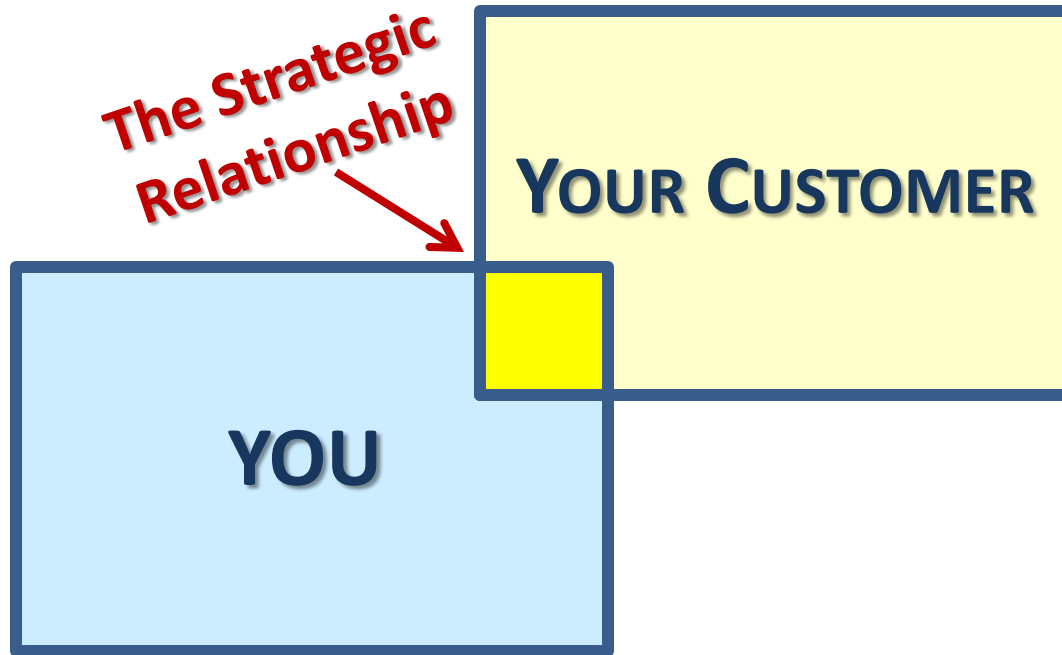
**Bill McCabe**  
The McCabe Group, LLC  
March 27, 2009

## SUCCESSFUL CUSTOMER/SUPPLIER RELATIONSHIPS



- Both parties share common interests.
- Both become stronger competitors in their respective markets.
- Their concentration is on total value.
- The relationship is built on trust and open communications.

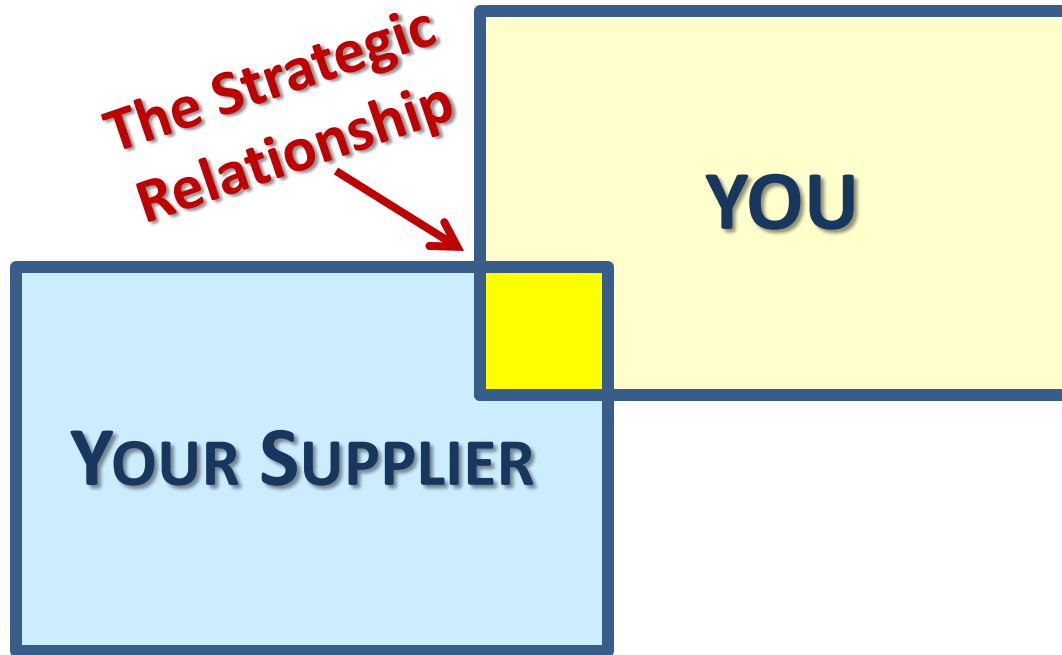
# MANAGING RISKS IN CIVIL AVIATION



### **IS IT VITAL TO YOUR GROWTH TO HAVE STRATEGIC RELATIONSHIPS WITH KEY CUSTOMERS & SUPPLIERS?**

- **Do you employ a deliberate company-wide coordinated initiative to sustain and nurture each relationship?**
- **Is the initiative considered a company-wide critical operating task, with strong leadership commitment?**
- **Do you have meaningful goals and expectations for each relationship, with clear line-management accountability for success?**

# MANAGING RISKS IN CIVIL AVIATION



## THE AVIATION SAFETY REGULATORY ENVIRONMENT

**YOU**

**How is Your Relationship  
with Your Regulating Authority?**

### **IS IT VITAL TO YOUR OPERATION TO HAVE A STRONG RELATIONSHIP WITH YOUR FAA SAFETY INSPECTORS?**

- **Do you employ a deliberate company-wide coordinated initiative to sustain and nurture that relationship?**
- **Is the initiative considered a company-wide critical operating task, with strong leadership commitment?**
- **Do you have meaningful goals and expectations for the relationship, with clear line-management accountability for success?**

## THE AVIATION SAFETY REGULATORY ENVIRONMENT

?

**YOU**  
(The "Customer")

**THE FAA**

*Does It Look  
Like This?*



## THE AVIATION SAFETY REGULATORY ENVIRONMENT

?

THE FAA?

YOU?  
(The Regulated Entity)

Does It Look  
Like This?

**...Or Something Altogether Different?**

### WHY IS THE NATURE OF THE RELATIONSHIP SO IMPORTANT?

- A clear, respectful, commonly understood regulatory safety oversight relationship enables you and your inspectors to more successfully manage risk.
- It enables healthier cooperation and better withstands stressors inside and outside the relationship.
  - Business demands
  - Personalities, differing points of view
  - Outside political agendas
  - Other priorities of the moment
- Your mutual result: Improved safety for the traveling public.

## WHAT HAPPENS WHEN THAT RELATIONSHIP BREAKS DOWN?

### Last Year: The FAA's "Perfect Storm"

#### Within Days:

- The FAA was broadly accused and condemned for having overly friendly relationships with Southwest Airlines.
- It was accused of acting harshly and legalistically with American Airlines, causing severe disruption and economic damage.
- Both airlines were roundly criticized for violating airworthiness directives.

## INDEPENDENT REVIEW TEAM FORMED

**Five Person Blue Ribbon Panel  
Chartered by U.S. Secretary of Transportation  
With This Mandate:**

- **Examine the FAA's safety culture and its safety management.**
- **Recommend ways to help optimize the agency's effectiveness for airline safety.**

## **The FAA's Relationships with the Carriers**

## ISSUES ADDRESSED

- **The role of voluntary disclosure programs, and conditions necessary to preserve their integrity (to maintain compliance)**
- **Managing competing regulatory ideologies within one organization**
- **The tension between enforcement and cooperative risk mitigation**
- **The special challenges associated with analyzing and managing catastrophic risk**

## 13 RECOMMENDATIONS

- **Airworthiness Directives**
- **Voluntary Disclosure**
- **The Culture of the FAA**
- **Safety Management**
- **Oversight**

## AIRWORTHINESS DIRECTIVES

- **Notify the field offices of AD requirements in time for them to provide “progress towards compliance” help for the carriers, if requested.**
- **Retain the aviation inspector’s unambiguous right to ground any planes not in compliance with an applicable AD.**

## VOLUNTARY DISCLOSURE

- Retain the voluntary safety reporting programs.
- Abide by the rules constraining the programs to prevent erosion of compliance.
- Strengthen higher level analysis of the programs to achieve better trends insight and to protect the integrity of the programs.
- Ensure voluntary disclosures are not used as performance metrics or risk factors [for individual carriers or other organizations]
- Maintain the confidentiality of the programs.



## THE FAA CULTURE

- **Focus on internal divergences in regulatory ideologies as a source for potentially serious error.**
- **Train the field office managers and principal inspectors how to manage contrasting regulatory views within the work force.**
- **Review the composition and conduct of offices or teams identified with having such problems.**
- **Review the culture and conduct of CMOs with managerial teams in place for over three years.**

## SAFETY MANAGEMENT

- Focus on the agency's own operational role in identifying and mitigating risk, and expedite internal SMS implementation planning.

## OVERSIGHT

- Assess the time demands front line operations inspectors and management have with ATOS and other IT applications; establish reasonable associated workloads.

### NURTURE THE RELATIONSHIP

- **Build a clear, open, mutually respectful, cooperative environment to manage risk...together.**
- **Work the stressors on the relationship...together.**
- **Ensure the safety of flight for the traveling public ...together.**

**Have a Great  
Symposium!**