

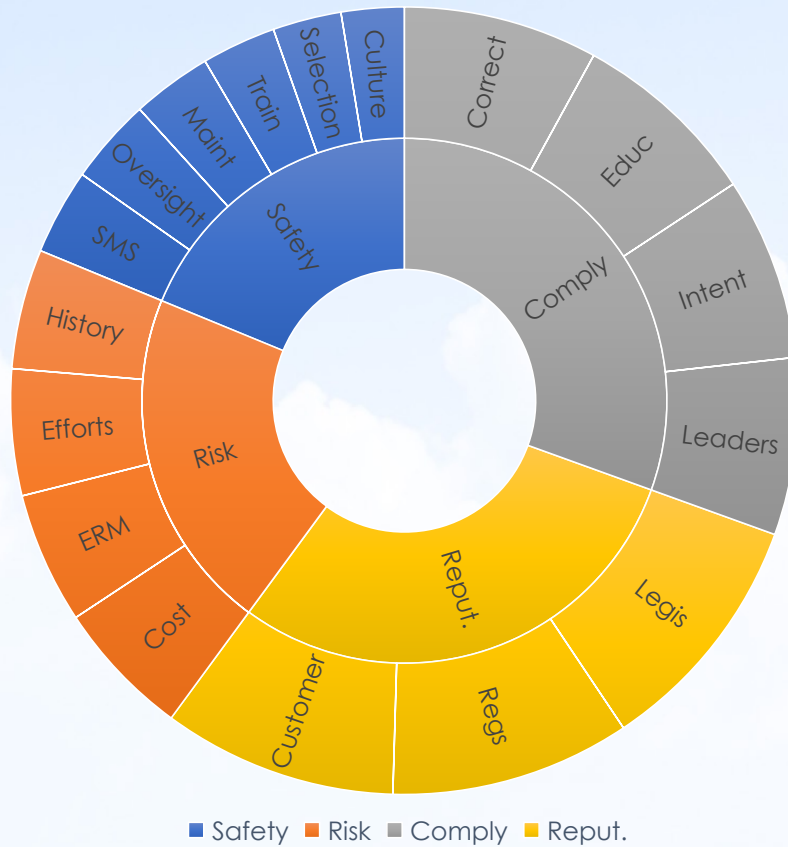


Safety, Risk, Compliance, Reputation: 1 Gem, 4 Facets

Ronald Brower, Esq. | RBAvLaw.com

Safety – Use Isolated or Unified View?

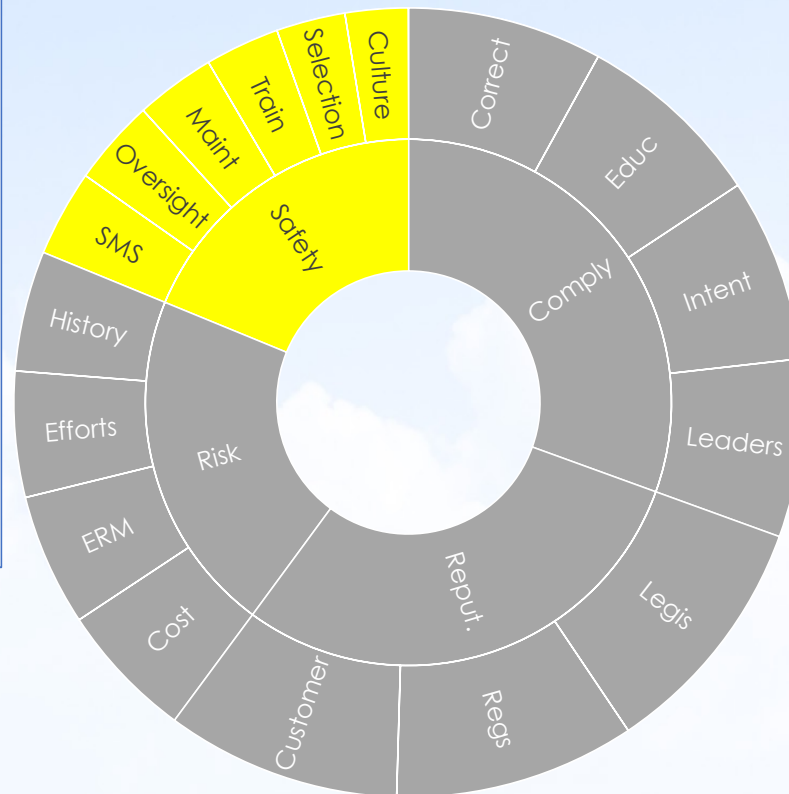
The Multi-Faceted Gem



Safety

- Safety standards include but are broader than “compliance”
- What would a reasonable aviation professional do?
- Enhanced responsibility of a common carrier
- Safety expectations can and do change over time

The Multi-Faceted Gem



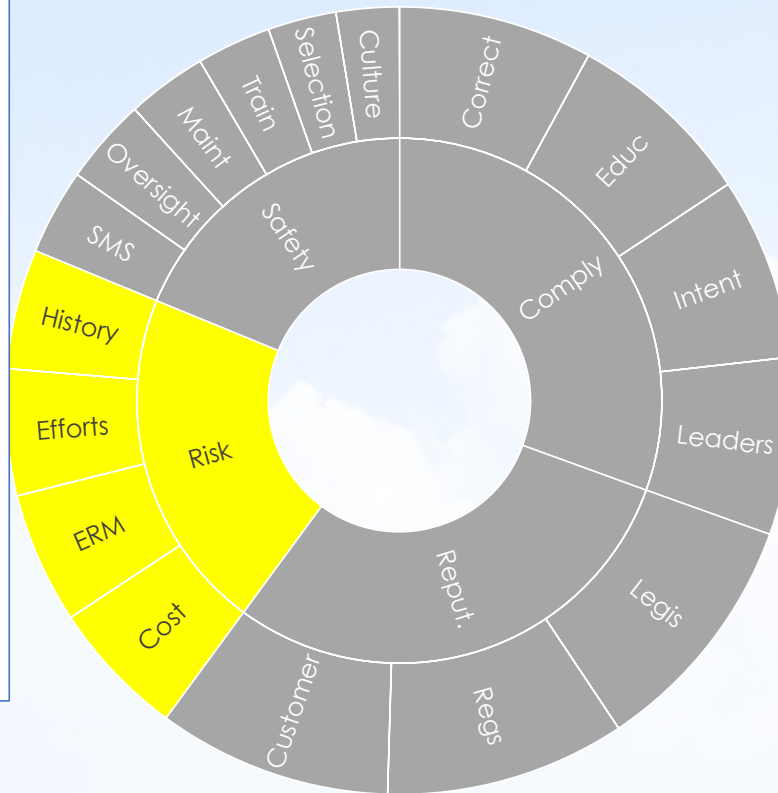
Occurrence of a safety event can:

- Flag non-compliance for enforcement
- Impact your claims history and subsequent insurance costs
- Harm your reputation, driving away customers and creating a public outcry for new laws

Risk Management

- Goal is not risk “elimination”
- It is risk “management”
- Take only reasonable risks
- There are consequences for taking unreasonable risks
- There may still be consequences even if the unthinkable or unavoidable happens

The Multi-Faceted Gem



■ Safety ■ Risk ■ Comply ■ Reput.

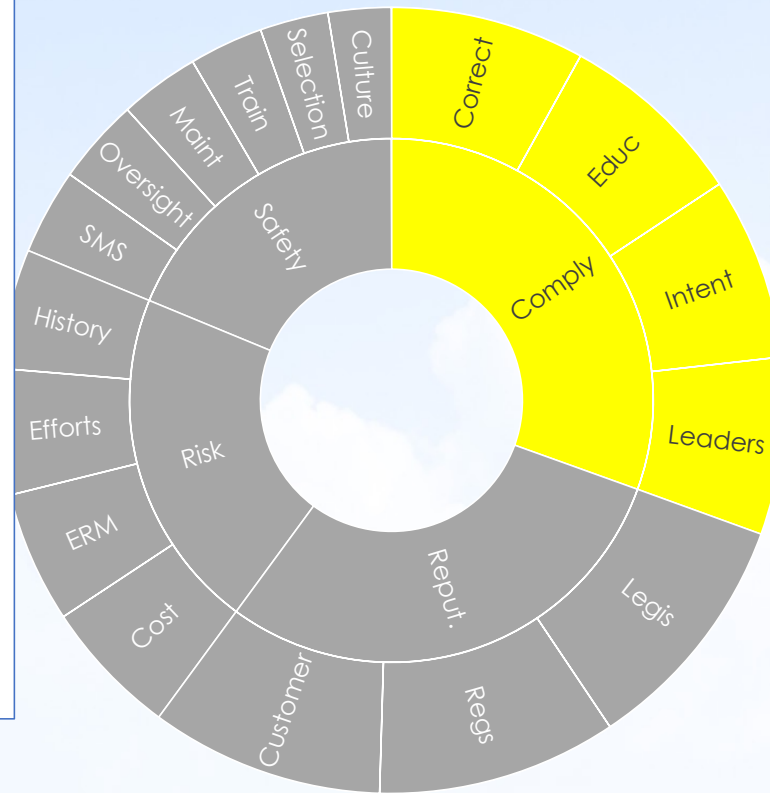
Risk management escapes can:

- Point to substantive deficiencies in safety culture
- Highlight lack of effort in SMS risk identification and mitigation
- Call into question the competence of the certificate holder
- Enflame passions for regulatory or legislative change

Compliance

- Leaders determine culture and intent
- Education helps those who want to comply; rarely does it convince someone to comply
- Correction is necessary to stay on track and remove those who aren't onboard
- Better to correct yourself than to need outside correction
- The people who care the most will tell you, so even if it hurts, don't shoot the messengers!

The Multi-Faceted Gem



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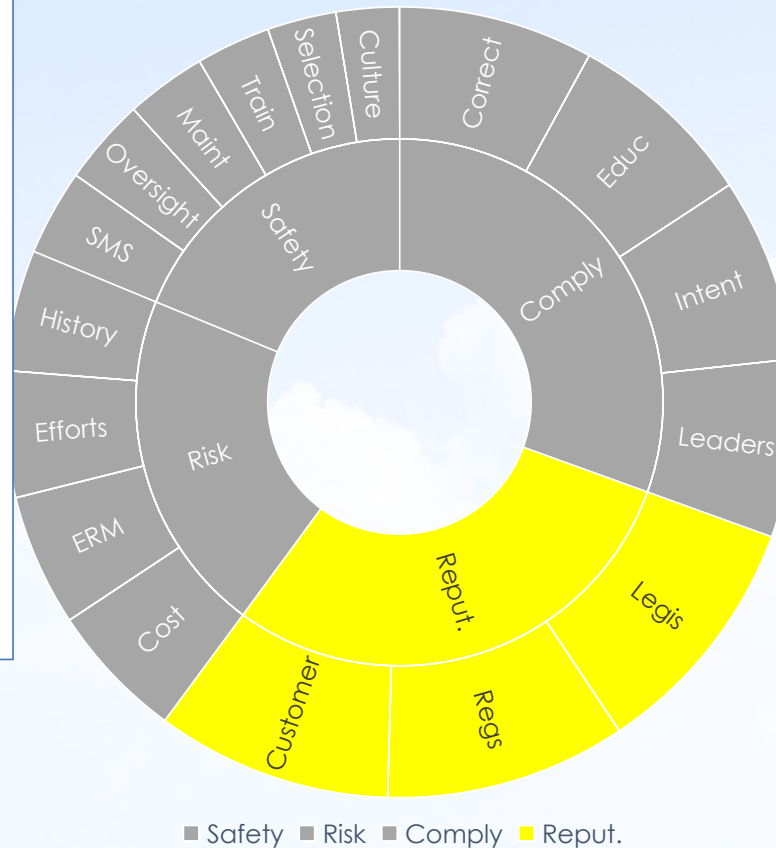
Compliance errors can:

- Lead directly to the safety events they were supposed to prevent
- Create liability – damages for those hurt as well as civil and criminal penalties
- Jeopardize certificate privileges for your business
- Trigger creation of new, more burdensome regulations and statutes

Reputation

- Reputation is hard to gain, but easy to lose
- Anyone can have a safety, risk, or compliance problem
- It important to address:
 - how it happened
 - whether and why your actions beforehand were reasonable and persuasive

The Multi-Faceted Gem



- A damaged reputation can only be recovered if you survive long enough
- Survival depends on the emotional strength of the public's response and the political outfall
- Reputation management is harder in a distributed media environment
- Public judgement by lawmakers can depend on your prior investment of effort and sometimes political participation

Case Studies

Pan Am
103

State-sponsored terrorist bombing resulted in a tragic loss of life
Who was legally expected to screen, and how would a reasonable person screen?
Public outcry for enhancing security and improving treatment of families
Reputational and financial impacts for the air carrier?

ValuJet
592

Improperly packaged/labeled hazmat shipment caused a cargo-hold fire and loss of life
Civil liability and criminal investigations grew out of the tragedy
Air carrier was accused of growing too quickly and not focusing enough on safety
Survival depended on extraordinary financial strength pre-accident/rebranding after

Events
Starting
2025

Midair collision over the Potomac River; runway incursion causing an airline to abort landing
Public policy questions raised for safety, compliance, and enforcement
Might fear in the public mind open a policy window that leads back to stricter enforcement over compliance and voluntary program participation?

Review of Objectives

Culture	Accept on a cultural level that safety, risk, compliance, and reputation cannot be managed apart from each other.
Vulnerability	Keep in mind that it only takes one serious event to jeopardize everything you've built.
Cost-Ben	When weighing the cost of safety investments, add into consideration the value that can be realized in other areas like risk, compliance, and reputation.
End Goal	Prevent safety escapes as much as you can, and ensure you have the right policies and response plans in advance for those things you can't prevent.

Final Thought: The Value of Prior Preparation

- How will a customer, insurance carrier, regulator, or legislator view your justifications if they are documented well in advance?
- How will those same parties view your justifications if they are only written down after a bad event?
- CYA is not SMS
- You want to avoid “C_(YA)I_(s)N_(ot)S_(MS)”

Q&A