

# Safety Culture is good for business



**Manage risk, maximise opportunity**

*Capt Dave Prior, Director of Safety and Security*

# Aims

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- ✈ *The aim of this presentation is to show:*
- ✈ Why easyJet embraces safety and safety culture
- ✈ Why safety makes great business sense
- ✈ Why safety gives us a competitive edge

# It's 1995

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*Population of Europe*

*727,405,000*

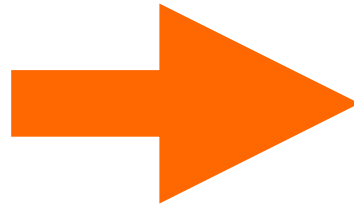
Dow Jones **Indexes**



# You want to set up a low cost airline.....

**1995**

1 base  
3 airports  
2 routes  
2 leased aircraft  
Virtual airline!



**2008**

20 bases  
103 airports  
26 countries  
383 routes  
160 aircraft  
43 million pax  
7000 employees



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# But you're mindful of the fact.....

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In order to make a small fortune in aviation  
You must first start out with a large one

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**So you'll be fairly keen to follow the rules.....**

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Rule No1: Never lose money

Rule No 2: Never forget rule number 1

Rule No 3: Risk stands between opportunity and profit

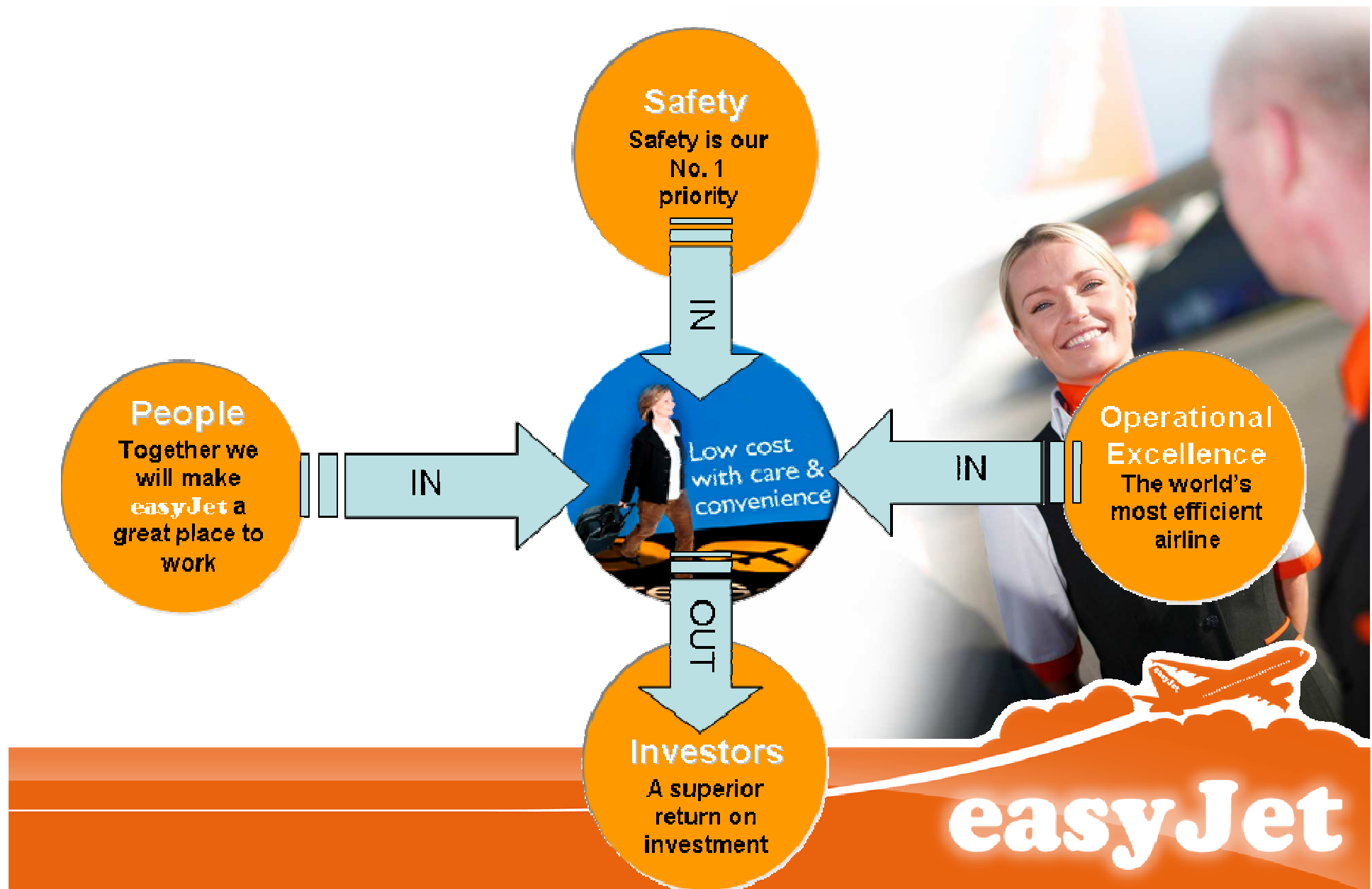
Rule No 4: Manage risk. Make profit

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# Manage risk by making safety your No 1 priority

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**Safety is your number 1 priority because.....**

It's more than being 'just' compliant



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## Legal and political reasons.....

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- ✈ It's law
- ✈ There's a regulatory requirement
- ✈ Over fly rights?
- ✈ Potential for blacklisting



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# Corporate manslaughter act (UK Jurisdiction)

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Herald of Free Enterprise  
Train crashes  
Piper Alpha  
Barrow Council

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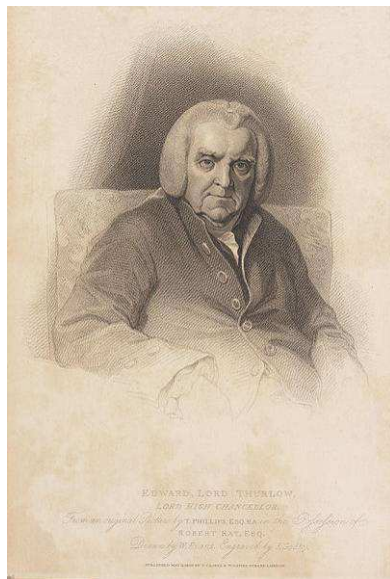
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# Baron Thurlow, 18<sup>th</sup> century English Jurist and Lord Chancellor

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“Did you ever expect a corporation to have a conscience, when it has no soul to be damned and no body to be kicked?”



*Preventing Corporate Accidents, Whittington and Burlington*

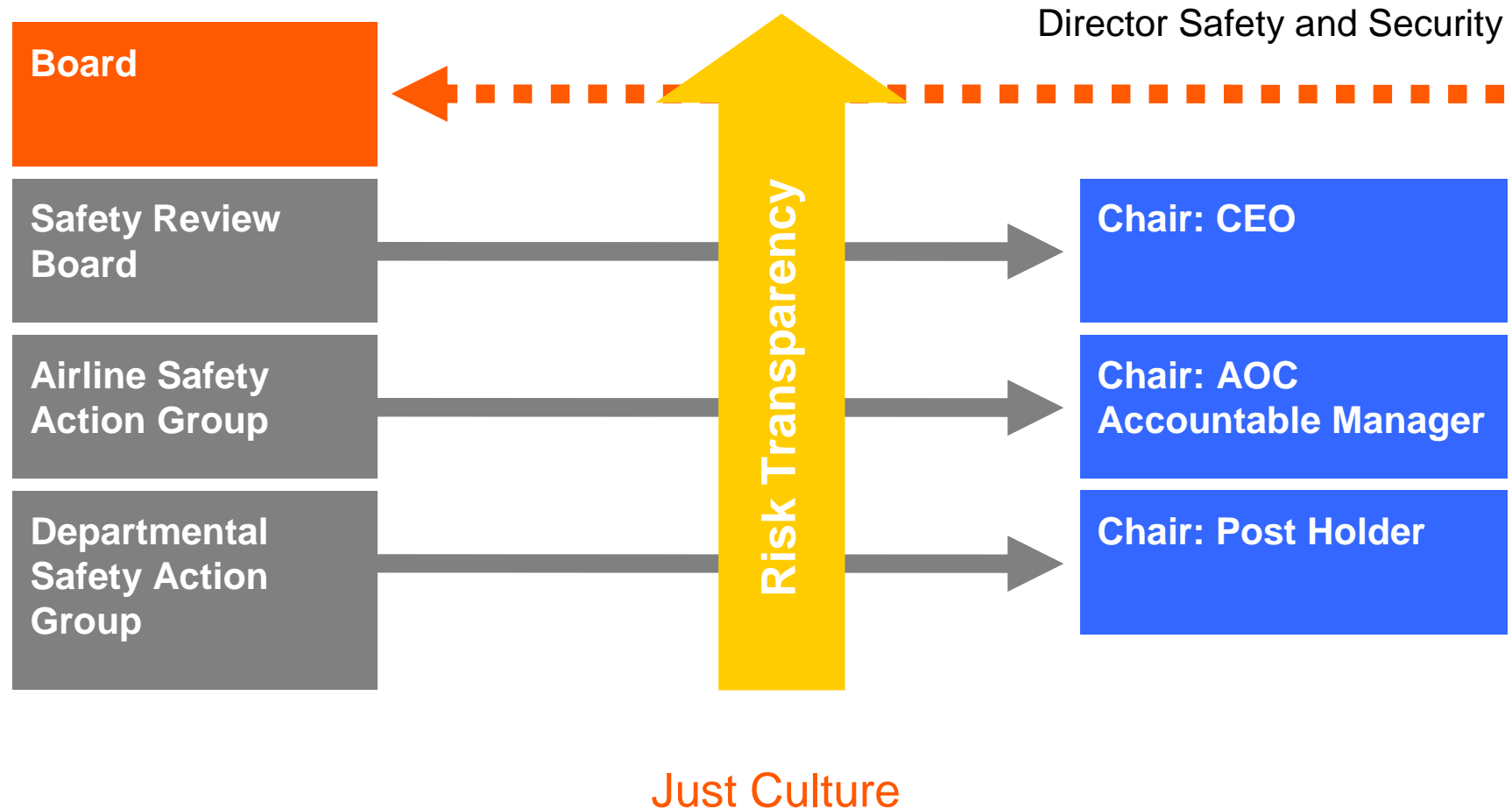
# What senior managers need to know.....

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- ➔ What could go wrong?
- ➔ Why won't that happen?
  - ➔ today?
  - ➔ tomorrow?
- ➔ What else should we do?
- ➔ What else could we do?
- ➔ Are we improving?
- ➔ Is the Safety Management System working as it should?

# Risk visibility, how you get to know



# Reputation.....

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- ✈ Brand protection
- ✈ Consumer confidence
- ✈ Regulator/Rule Maker perceptions
  - ✈ UK ANO Article 6 Compliance
- ✈ Political

# Our reputation and our brand....

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## Set safety standards----and stick to them

- ✈ “In a consumer facing business, such as aviation or shipping for passengers, whether cruise liner or ferry boat, you basically live or die by your reputation. With very few exceptions, people don’t have to use your product or your services. “If you have a good reputation, they will use your product. If you destroy your reputation, you pretty much go out of business. In the kind of industry where neither the provider of the service nor the buyer has a brand, reputation tends to matter less.”

*Sir Stelios Haji-Ioannou*



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# Safety through intelligent risk management

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## “Safety is our business”

- ✈ Everyone committed to maintaining a safe and secure operational environment for our customers, our staff, and our shareholders
- ✈ Our goal is more than just regulatory compliance, our focus is proactive risk management, underpinning the needs of the business
- ✈ It's safe delivery of the company business strategy

Andy Harrison, CEO easyJet



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**Safety is your number 1 priority because.....**

**It's actually cost effective**



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# First principles

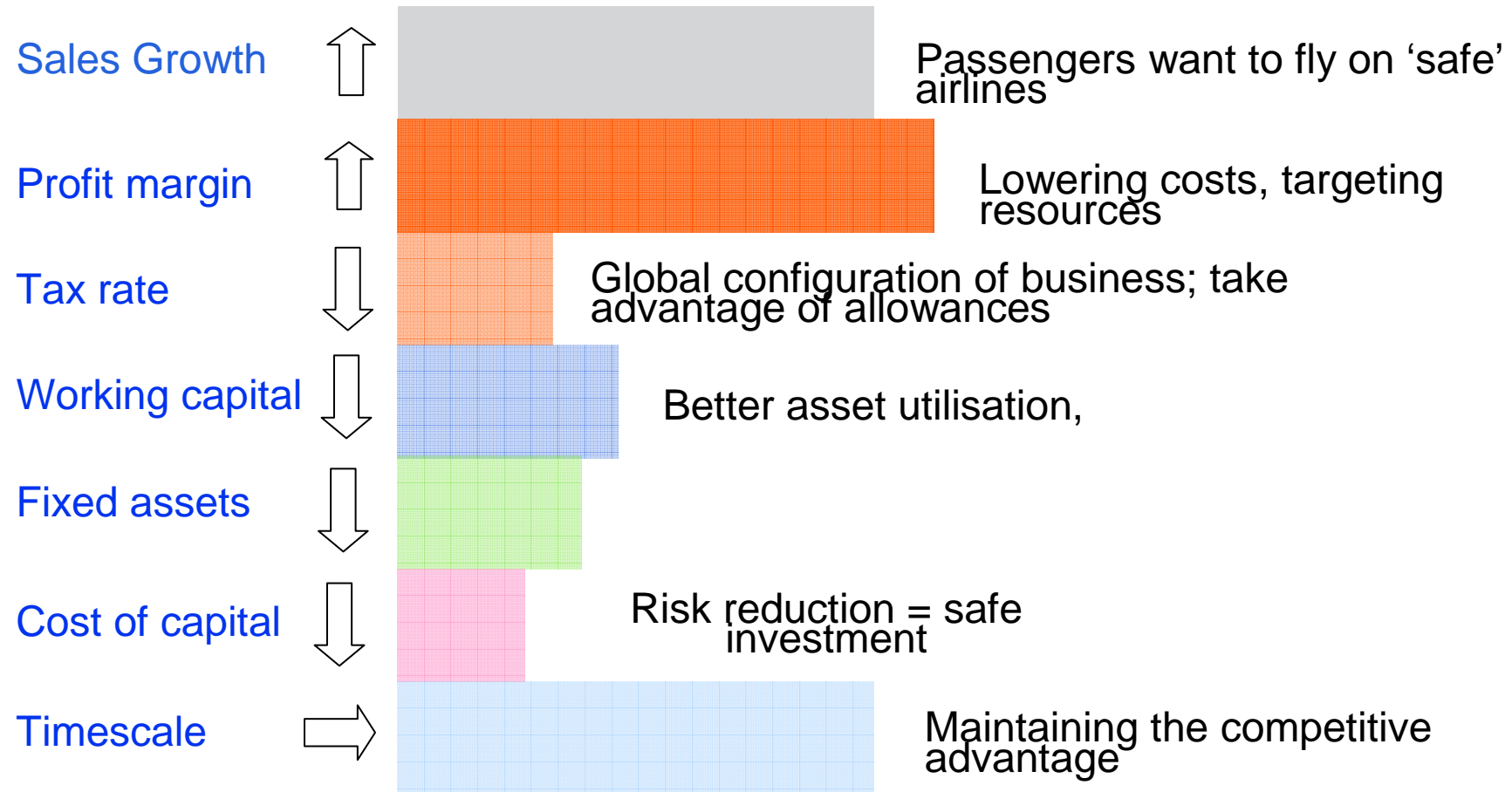
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- You want more profit
  - + *Sales Growth*
  - + *Operating profit margin*
  - - *Cash tax rate*
  
- Out of fewer assets
  - - *Investment in working capital*
  - - *Incremental capital expenditure*
  
- At lower risk
  - - *Cost of capital*
  
- For as long as possible
  - + *Competitive advantage period*

*Rappaport - Creating shareholder value*

# Driving shareholder value – the safety case



# Good safety systems enhance business efficiency

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- ✈ Because they require more detailed planning of the processes
- ✈ Processes become more consistent and efficient
- ✈ Because organisationally you are always then on the leading edge of the knowledge curve

**Safety is your number 1 priority because.....**

**It gives you the competitive advantage**



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# Through intelligent risk management

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- ✈ Facilitates effective resource allocation
- ✈ Provides lower risk exposure for investors
- ✈ Allows greater exploitation of opportunities



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# Lowering the incident profile



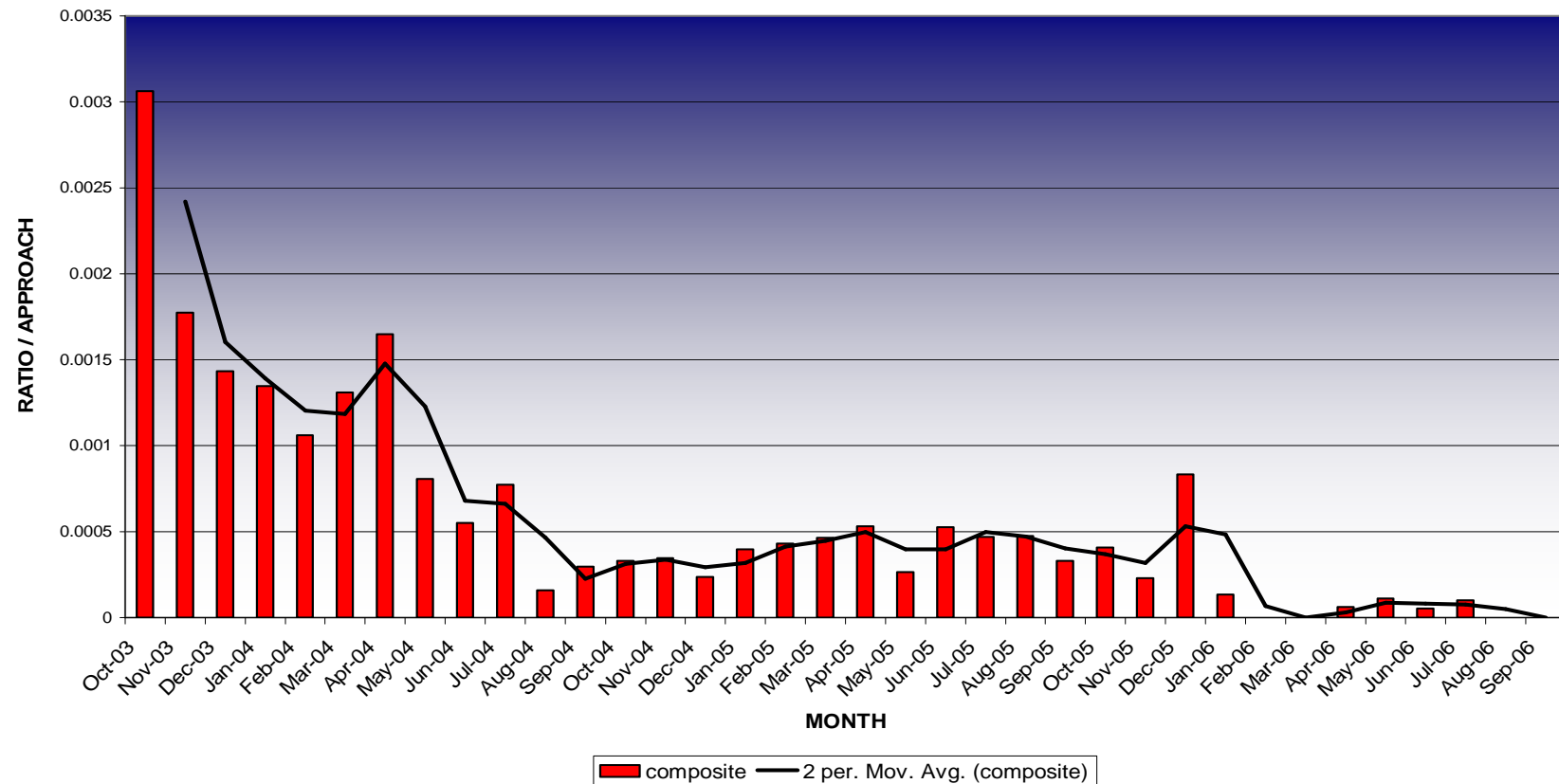
## RISK IDENTIFICATION

Phase 1 6/3 study Oct 03-Jan 04

Phase 2 5254 Implementation Apr 05

Phase 3 FRMS Implementation

## HIGH RISK EVENT TREND



# People efficiencies

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- ✈ Encourages greater staff engagement
- ✈ Promotes job satisfaction
- ✈ Better working environment
- ✈ Reduced staff attrition rates



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# Operational efficiencies

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- ✈ Crew utilisation through FRMS
- ✈ Fuel optimisation profiles
- ✈ Engineering reliability
- ✈ Ground handling (damage)



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# The acid test

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Acid test ratio:

$$= \frac{(\text{Cash} + \text{Accounts Receivable} + \text{Short-term Investments})}{\text{Current Liabilities}}$$

Rule No 4: Manage risk. Make profit

Visibility ← Reports ← Confidence

Safety Culture

# Conclusion

It is axiomatic that an efficient safety system,  
underpinned by an embedded safety culture,  
can help to drive shareholder value

