Managing Risk – Finding the Optimum Level of Safety

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Abstract

Most industrial facilities in the developed world are balancing the need to provide a safe workplace, while maximizing profits to maintain viability. Insufficient spending in safety increases the chance of a major accident, which could possibly put a company out of business. On the other hand, excessive spending on safety would have a diminishing return on the safety investment, resulting in reduced profits, possibly also driving the company out of business. The proper selection of a numerical risk standard is key to optimizing the balance between safety and expenditures. This paper suggests an approach for establishing an effective onsite numerical risk standard. Once the risk standard is established, the LOPA methodology can be designed to specifically address that standard. This approach is intended to ensure that companies can minimize their process safety costs while ensuring that they meet their corporate responsibilities to provide a safe workplace.