



On October 17, 2018, Rodney E. Slater, partner and former US Secretary of Transportation, delivered keynote remarks at a Fiat Chrysler Automobiles (FCA)-sponsored Safety Recall Best Practices Summit. Representatives from all of the major automakers, manufacturers of recreational vehicles (RV) and all-terrain vehicles (ATV), and the National Highway Traffic Administration (NHTSA) attended the Summit.

In 2015, NHTSA appointed Secretary Slater as Independent Monitor for FCA US, as part of an enforcement settlement for violations of the National Traffic and Motor Vehicle Safety Act of 1966 (the "Safety Act").

In his remarks, Secretary Slater focused on the key elements of a successful corporate safety culture and highlighted ways to effectively work with federal administrators in meeting their expectations beyond compliance. The following is a transcript of Secretary Slater's remarks, which has been edited for clarity.

## Introduction

Good morning. Thank you for the opportunity to speak with you today. And, thank you to FCA for hosting and leading this Safety Recall Best Practices Summit, which is now the fourth safety recall summit of the automotive industry and NHTSA.

It is indeed an honor to be here with you and with Deputy Administrator [Heidi] King this morning.

I am particularly pleased to be invited to speak on a topic of which I have long been committed to advancing: a strong safety culture within the automotive industry.

To be clear, I am talking today about vehicle safety. Vehicle safety is not occupational safety or workplace safety. It should not be conflated with the concept of quality, a notion that is very familiar to you in automotive manufacturing. Vehicle safety is the safety of your customers and all who use our nation's roadways.

A strong safety culture can take many forms and reside in many places: corporations, government agencies, and even entire industries.

My understanding of the importance of a strong safety culture began more than 20 years ago, while at the Department of Transportation. Following a number of aviation crashes due to mechanical concerns, the President [Clinton] challenged us at the Department of Transportation – and all aviation industry stakeholders – to reduce the accident rate in US commercial aviation by 80% in 10 years. We set in motion a series of actions, which, 20 years later, marked 2017 as the safest year in the history of commercial passenger flight – with zero passenger fatalities. Chief among these improvements were:

- (1) The adoption of Safety Management Systems (SMS) – a formal program to create a culture of compliance at all levels of the aviation industry
- (2) Confidential data reporting and sharing to proactively identify and mitigate risks
- (3) Enhanced cooperation between the Federal Aviation Administration (FAA) and the aviation industry

Since that time, many other industries have embraced these tools for a strong safety culture, including corporate and government stakeholders in healthcare, oil and gas, food and pharmaceuticals, and child safety products.

I see an important shift taking place in the automotive industry as well, as automakers have begun to prioritize vehicle safety over competing corporate priorities through a safety-first culture.

In 2016, the automotive industry joined with NHTSA in a historic – and voluntary – commitment to make automatic emergency braking (AEB) a standard feature on virtually all new light duty cars and trucks by 2022. Research suggests that this AEB commitment by the industry has the potential to prevent tens of thousands of crashes. By working with NHTSA, automakers will bring this life-saving technology to our highway years sooner than if the agency proceeded alone via rulemaking.

In this and many other areas, NHTSA is working collaboratively with automakers to shift from a reactive enforcement model to a proactive approach to compliance and vehicle safety.

This approach shows the Department of Transportation's confidence in manufacturers' ability and willingness to meet all their federal vehicle safety obligations, to effectively "self-regulate." Accordingly, it imposes significant obligations on automakers to act responsibly. It is, therefore, absolutely critical that manufacturers have in place robust vehicle safety compliance programs such that the Department of Transportation can reasonably expect you to design and build safe vehicles. Clearly, that is what your customers expect.

## Safety-first Culture – An Overview

### A. Strong Corporate Safety Culture

#### What does a robust safety culture look like for an automaker?

Safety culture is a common set of beliefs, assumptions and behaviors that actively influence how participants think and act with regard to safety issues. It is defined by the everyday actions, norms, and priorities of an organization.

As the Transportation Research Board explains, safety culture is characterized by managers and people on the front lines making the right choice every time, even when environmental conditions are difficult, when time constraints are tight, and when no one is looking.

Every company already has a safety culture, just as everyone has a personality. The question is whether that culture is a strong safety-first culture: one that prioritizes customer safety above other competing interests.

Across various industries, research demonstrates that certain trends and elements are consistent across organizations with strong safety-first cultures. These elements are:

- An overt commitment to safety by top management and leadership
- Broad personal accountability for safety throughout all ranks of the organization
- Consistent communications on safety matters up and down the organization
- An attitude of inquiry that encourages raising and addressing safety issues
- Diligent risk identification and prompt management of risks

To be sure, the norms of any corporate culture are enduring, pervasive, and self-reinforcing. Building and shaping a strong safety culture thus requires intentional, sustained effort over time.

### B. Mindset

#### Why do some organizations and even entire industries have strong safety cultures, while others do not? Why can some organizations seemingly improve their safety culture quickly, while others are less nimble?

While “strategy” offers a formal logic for structuring a company’s goals and ways to advance them, “mindset” is among the strongest factors that shape a corporate culture.

Think about how mindset and culture are linked. Mindset – the individual disposition and set of beliefs held by each of us – is the building block of any culture. The culture of an organization is expressed through the cumulative and shared beliefs, values, and norms of each member of the group.

Professor Carol Dweck’s seminal research and her book, [Mindset](#), are insightful on this point. Professor Dweck discusses two types of mindsets: the growth mindset and the fixed mindset.

The **growth** mindset believes that abilities can be developed, that basic qualities are things that you can cultivate through effort and perseverance. People with a growth mindset genuinely believe that qualities like intelligence can be developed, and they have a desire to learn, tend to embrace challenges, persist in the face of setbacks, see effort as a path to mastery, learn from criticism, and find lessons and inspiration in the success of others. As a result, people with the growth mindset reach ever-higher levels of achievement.

The **fixed** mindset believes that abilities and resources are finite and limited, that our failures define the limits of our abilities. People with a fixed mindset believe that qualities like intelligence are static, and they tend to avoid challenges, give up easily, ignore valuable feedback, and can feel threatened by the success of others. As a result, people with the fixed mindset may achieve less than their full potential.

I share this with you because I see mindset as underpinning the successful development of a robust corporate safety culture in any automaker.

The growth mindset aligns closely with the tenets of continuous improvement and open inquiry in a strong safety culture. This same growth mindset is also found in companies where every employee feels responsible for – and empowered to address – the safety of their customers.

The good news is that Professor Dweck’s research shows that the growth mindset can be taught and learned, with powerful results.

On a very practical level, how do you bring that growth mindset and a strong safety culture to your daily work of designing and manufacturing safe vehicles? And, what are the tangible benefits in doing so?

## Building a Strong Safety-first Culture

### A. Vehicle Safety Compliance Programs

By adopting a vehicle safety compliance program, an automaker acts purposefully and deliberately to build a genuine safety culture.

Experience has taught me that after-the-fact remediation of safety issues is financially and reputationally costly – and often avoidable. The better approach is to get in front of potential safety and compliance concerns.

Simply put, the most effective approach to reducing regulatory risks is to proactively mitigate and prevent them. The way to do that is through a robust safety compliance program.

For example, an effective vehicle safety compliance program will formalize safety-related policies and procedures so that employees understand how they are accountable for vehicle safety and which tools they can use to meet those duties.

Organizations with effective vehicle safety compliance programs formalize channels for employees to elevate and report concerns and support them when doing so.

A vehicle compliance program is also the means for institutionalizing risk assessments and corrective actions to mitigate risks once identified.

Thus, implementing a vehicle safety compliance program is key to fostering the norms, values, and actions that comprise a strong corporate safety culture.

## **B. Benefits of Vehicle Safety Compliance – Alignment With NHTSA**

There are, of course, many benefits to implementing a vehicle safety compliance program. First and foremost is to help ensure the safety of all who buy your automobiles.

And with a strong corporate compliance program, you align yourselves with NHTSA in its mission to drive down injuries and fatalities on the nation's roadways. By doing so, you mitigate your regulatory risk and potential legal exposure.

Let me give you an example.

We all understand the enormous promise autonomous vehicles (AVs) hold for vehicle safety. Secretary [Elaine] Chao has recently released AV 3.0 guidance to foster the development of AV technologies across all modes of surface transportation. In that guidance, she has established a framework for collaboration between industry stakeholders and all levels of government.

Because the Department of Transportation's AV guidance is voluntary, however, NHTSA depends on manufacturers to ensure their own compliance with federal safety standards developed long before any of us contemplated many of today's advances in autonomous technologies.

For this voluntary compliance framework to succeed, automakers must have in place robust vehicle safety compliance programs to test and deploy these new technologies safely consistent with existing federal safety standards.

Secretary Chao has made clear that she is watching the auto industry, and she will step in if needed to ensure the safe testing and deployment of AVs, knowing safe performance will strengthen public confidence in these technologies.

## **C. Industry Leadership in Automotive Safety**

### **In this environment, what is the best way for the automotive industry to meet the safety obligations Secretary Chao has identified?**

As we have learned from the aviation industry, safety gains require collaboration and industry-wide commitment. To that end, I encourage the automotive industry to take a collective step forward to advance vehicle safety through establishing a vehicle safety compliance institute – where automakers, suppliers and other stakeholders can learn and advance vehicle safety compliance at this time of dynamic industry transformation.

Cooperation on safety is critical as you invest in automation and embrace consumers' demand for choices.

It takes industry leadership to tackle the challenges and opportunities these changes will surely bring.

As Secretary Chao has repeatedly stressed, the auto industry cannot advance into these new arenas unless customers genuinely believe and trust that their safety is your highest priority. Consider the gains that could be made if all the automotive talent and experience represented by all of you in this room worked as one on matters of safety.

With highway fatalities on the rise and an unprecedented number of vehicle recalls, now is the time to build momentum behind strong safety culture and vehicle safety compliance, strengthen the partnership between industry and government, and leverage your collective expertise for an ever-safer future.

## **Closing**

Let's learn from the examples set in other industries to drive down injuries and fatalities on our nation's highways. Your AEB agreement with NHTSA will reduce injuries and save lives. But, ask yourselves, what more can you do?

In 20 years, the aviation industry was able to accomplish all the President asked of us and more. I believe that you – today's automakers – can get there faster.

Embracing and implementing a strong corporate safety culture is the surest path forward, as we head into an increasingly autonomous and connected environment.

I see a bright future ahead for the automotive industry, largely because I am confident in the talents – and the mindset – of this industry to meet the challenges that lie ahead.

Professor Dweck describes two ways to think about a problem that seems a bit too difficult to solve:

As you tackle the challenges facing you now and in the years ahead, remember the two mindsets and ask yourself the following: Am I not smart enough to solve these challenges, or have I just not solved them yet?

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