Safety Leadership and Engagement: Why It’s Important and How to Do It

Dr. Wes Scott, P.E.
Safety Leadership & Engagement;

Why it’s Important and How to do it

Dr. W. E. Scott
Program Goals

- Identify the four essential characteristics of safety excellence.
- Recognize management’s role in leading and implementing a safety management system.
- Establish a business case for a safety management system.
- Employ proactive, activity-based tools to involve employees.
- Establish measurements that align with organizational priorities and support continuous improvement of the safety management system.
- Implement the Journey to Safety Excellence
Activity – Time Spent on Safety & Health Daily:

<table>
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<th>5 minutes</th>
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<tr>
<td>1-3 hours</td>
<td>3+ hours</td>
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Costs of Injuries (2012)

• $730.7 billion in U.S.
  – $2,400 per person

• Paid…
  – Directly out of pocket, and
  – Higher prices for goods and services, and
  – Higher taxes
Workplace Injuries

4,547 fatal work injuries in 2012
3,783 unintentional
764 homicide and suicide
Total nearly stable from 2011
U-I up 1% from 2010
Workplace Deaths by Event, 2012

- Highway: 21%
- NonHwy Veh: 6%
- Pedestrian: 6%
- Homicide: 11%
- Falls-LL: 11%
- Struck By: 9%
- All Other: 36%
Nonfatal Occupational Injuries and Illnesses

Private Sector:
• 3.1 million total OSHA-recordable cases...
• 0.9 million cases with days away from work...
• 106.4 million workers

State and Local Governments:
• 0.8 million total OSHA-recordable cases...
• 0.3 million cases with days away from work...
• 18.4 million workers
## Essential Characteristics of Safety Excellence

<table>
<thead>
<tr>
<th>Management Leadership &amp; Commitment</th>
<th>Measuring Safety Performance</th>
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<tbody>
<tr>
<td>Meaningful Employee Engagement</td>
<td>JSE/Continuous Improvement</td>
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</table>
Is safety a key business value?

- Operational excellence
- Human performance
- Public relations
- Community vitality
- Environmental sustainability
Holistic Approach to Safety

Top Down
Board
Managers
Employees
Bottom Up
Delivering a Stronger Safety Culture

Driving Excellence

Goal: Zero injuries
Best practices
Beyond compliance
Best-in-class performance
Sustainable safety culture with continuous improvement
Motivators for Safety & Health Performance

- Finance
- Humanist
- Regulatory
- Public Relations
- Employee/Labor Relations
Safety is Good Business

Continuous Improvement to Zero

Everyone is empowered
Audit to sustainable standards and continued improvement
Enhancement of reporting
Implementation of Near-Miss philosophy
Benefits of Managing Safety & Health Efforts

- Improved employee relations
- Improved productivity & reduced costs
- Improved quality
- Enhanced public image

December 2-3, 2014
• $37,000 can be saved for each prevented lost-time injury or illness
• $1,390,000 can be saved for each avoided occupational fatality
• 5% Margin = Increase Revenue $740,000 or $27,800,000

December 2-3, 2014
The Economic Burden on Profits

- Cost of injuries: $500
- Profit margin: 1%

Costs

\[
\text{Profit Margin} = \text{Sales}
\]

- Sales necessary to regain lost profits: $50,000
Direct & Indirect Costs

**Insured Costs**
- Medical
- Compensation insurance
- Legal fees

**Uninsured and Hidden Costs**
- Uninsured medical costs covered by company
- Employee morale
- Time lost from work by the injured employee
- Employee’s loss in earning power
- Economic loss to the injured person’s family
- Lost time by fellow workers
- Loss of efficiency due to interrupted schedule
- Cost of breaking in a new worker
- Failure to fulfill customer commitments
- Overhead costs while work is disrupted
- Reduced company competitiveness
- Time lost defending lawsuits
- Extra cost of overtime work
- Cost of wages paid to supervisors for time spent on investigations
- Wage cost caused by decreased output of injured worker after return to work
- Miscellaneous costs
Bottom line impact

- **$37,000 saved** for each prevented lost-time injury or illness
- **$1,390,000 saved** for each avoided occupational fatality
- Every $1 invested in safety can have a $3 - $6 return on investment
Bottom line impact (cont.)

- 95% of American business executives believe that workplace safety has a positive impact on a company’s financial performance.
- Investors increase their returns by picking stocks with strong safety performance.
Safety is a value that governs everything we do – Accept **no compromises**.

**Leaders/Managers are accountable** to drive safety throughout the company.

Regulatory agencies create rules that meet a minimum standard. **Bottom line** – your safety comes down to **every employee raising the standard and taking ownership of safety in the workplace**.
From Compliance to Commitment

- So, why don’t employees just follow the rules?
- Why is commitment beyond rule compliance so important?
- What can we do to strengthen our safety commitment and behaviors as we build that culture?
- What is in it for us to further develop commitment to safety?
- How can I as a leader create an environment where it is easy to follow rules?

Culture of Commitment: Leadership at all levels
- Safety is a core value
- Remove System barriers
From Compliance to Commitment

• Compliance
  • Rules-based
  • Do things to get something or particularly to avoid punishment
  • Step outside of rules and procedures when I think it is expedient and I will not be injured.
  • Safety is one priority of many

• Commitment
  • Risk-based
  • Do safe behaviors because I recognize rising exposure and because I am committed to everyone’s safety
  • Exhibit Safe Behaviors when no one is watching
  • Safety is a core value that drives safe behaviors
Unwritten Ground rules
Share actions of Group or sub-group
Core values demonstrated by the company
Sometime culture makes the rules and not the requirements or compliance
Sustainable improvement through a systematic approach
The change process from single actions to a safety culture
Safety Management Is Everyone’s Responsibility

- Organization CEOs
- Managers
- Supervisors/Front-Line Leaders
- Safety & Health Staff
- Employees
Seven Steps for Executive Action

- Communicate a vision
- Integrate safety, health, & environment into business
- Define roles & responsibilities
- Require accountability from all employees
- Allocate resources
- Conduct assessments
- Take proactive measures
Meaningful Employee Engagement
Safety leadership and employee engagement

What it looks like:

– Walk the talk
– Investment support
– Partnership
– 100% Engagement

Benefits:
- Morale
- Productivity
- Costs
Meaningful Employee Engagement Requires...

• Visible management commitment
• Individual development and capability
• Individual Engagement and influence
• Constant and varied communication
• Recognition, reinforcement, and reward
• Appropriate employee Engagement tools
U.S. engagement scores

29% Engaged
51% Not engaged

20% Actively not engaged
Source: Gallup Consulting
Barriers to Employee Engagement

- Lack of trust
- A climate of fear
- Lack of demonstrated commitment from top leadership
- Not allowing enough time to change
- No transition plan
- Failure to communicate what’s happening
Measuring engagement: Employee perception

<table>
<thead>
<tr>
<th>National Safety Council</th>
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**MARKING INSTRUCTIONS**
- Use a No. 2 pencil or a blue or black ink pen only.
- Do not use pens with ink that soaks through the paper.

**THE SAFETY BAROMETER**

Your opinions about workplace safety are important to your company!

Your answers will be kept strictly confidential, you need not sign this form. Your completed form will be placed along with all others and mailed directly to the National Safety Council where the results will be tabulated and returned to your company.

Indicate your level of agreement with each of the following statements by marking in one circle in each row. When responding, consider only the conditions at the company where you are now working.

<table>
<thead>
<tr>
<th>Statement</th>
<th>Strongly Agree</th>
<th>Agree</th>
<th>No Opinion</th>
<th>Disagree</th>
<th>Strongly Disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. It is common for employees to take part in identifying and eliminating worksite hazards</td>
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<tr>
<td>2. There is frequent contact and communication between workers and management</td>
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<td>3. Safety takes a back seat to production</td>
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<tr>
<td>4. Employees often get involved in developing or revising worksite safety and health practices</td>
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<tr>
<td>5. My supervisor maintains a high standard of job safety performance</td>
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<tr>
<td>6. Detailed inspections of the plant and facilities are made at regular, frequent intervals</td>
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</table>
Safety Performance Measurements
A process of assessing an organization’s activities & procedures, then assigning a numerical value.

What is Measurement?
The goal is not to analyze accidents after they happen, but to identify hazards and at-risk behaviors before they lead to safety incidents.

Development of leading indicators
New definition of “near-miss”
Higher safety improvement rate
Employee self-reporting
Performance measurement

• **What it looks like:**
  – Identifying safety indicators – leading and lagging
  – Capturing and comparing incident rates
  – Employee perception surveys
Performance measurement

- Requires data on activities and outcomes to continuously improve
- Enables companies to:
  - Establish baselines
  - Measure improvements
  - Understand relationships
- Smart use of emerging technology
Hierarchy of Safety Measures

**Reactive Measures:**
After-the-fact measures, such as the top five levels of this chart.

**Proactive Measures:**
As shown in the bottom three levels, provide information about the quality, effectiveness or efficiency of activities, actions, or processes.

- **Safety Management System**
  - 9 elements of a safety management system

- **Proactive Safety Performance Activities**
  - Measures both quantity & quality of those proactive activities that focus on finding and fixing hazards

- **Facility-Department Measures**
  - Measures of both quantity and quality of proactive prevention activities and results measures

- **Business Unit-Division Measures**
  - System-Process Oriented
  - Measures of safety management system quality and effectiveness and result measures

- **Corporate/Business Unit Measures**
  - Results-Oriented
  - Apply after-the-fact measures, such as those on the left, to upper management

**Near Miss**

**Property Damage**

**First Aid Case**

**OSHA Recordable**

**LWDC**

**Fatality**

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December 2-3, 2014
Communicating Safety Measurement Results

Share Results with **EVERYONE** in the organization!
The Journey to Safety Excellence
Continuous Improvement
Journey to Safety Excellence

- The Journey to Safety Excellence is a **cycle of improvement** that aims for a continual **reduction of risk** and has as its goal **zero harm**.
- It is a **data-centered process** that **empowers organizations** to fully integrate safety into the business to help **achieve operational excellence**.
The Four Pillars

- Leadership and Engagement (Culture)
- Safety Management Systems
- Risk Reduction
- Performance Measurement
Why it matters

- Workers can earn a living free from workplace-related injury, illness, or death
- Organizations maintain healthy, competent workforces
A Safety Management System is...

An organized and structured means of ensuring that an organization (or a defined part of it) is capable of achieving and maintaining high standards of safety performance.
Safety management systems:

What it looks like:

– Performance
– Gaps
– Goals
– Plans
– Learn Lessons

Benefits:

- Management accountability
- Competitive advantage
- Injuries and deaths
9 Elements of a Safety Management System

Administrative and Management
- Management leadership and commitment
- Organizational communications and system documentation
- Assessments, audits, evaluations, and continuous improvement

Operational and Technical
- Hazard recognition, evaluation, and control
- Facility design and engineering
- Operational safety and health programs

Cultural Behavioral
- Employee involvement
- Motivation, behavior, and attitude
- Training and orientation

December 2-3, 2014
Research: Safety management

- Reduce injuries by 15-35% = $9-23 billion savings
- Injury/illness programs lowered injury/illness rates between 9-60%
Research: Safety management (cont.)

- Safety management systems impact
  1. Company image/reputation, productivity and capacity to innovate
  2. Injury rates
  3. Financial performance (sales, profits, financial profitability)
Measuring safety management systems

- Assess effectiveness
- Discover root causes of deficiencies
- Include multiple points of measurement
- Build competence
SMS standards and guidelines

- NSC Journey to Safety Excellence – 9 Elements
- OSHA VPP
- ANSI Z10 (American)
- OHSAS 18001 (International)
- CSA Z1000 (Canada)
- ISO 9000 (International, Quality Management System)
- ISO 14000 (International, Environmental Management System)
- ISO/CD 45001 (under development – expected 10/2016)
Management and leadership

• Management – What we do
  – Measure through SMS Assessments

• Leadership – How we do it
  – Measure through Employee Perception Surveys
NSC Assessment

- Self-assessment
- 69-questions
- Percentile ranking against a database of 500 companies
Continuous Improvement Process Model

- Management Leadership and Commitment
- Assess and Establish Baseline
- Review and Adjust
- Operational & Technical Elements
- Implement Strategies and Tactics
- Cultural & Behavioral Elements
- Plan and Set Goals, Strategies, and Tactics
## Activity – Time Spent Daily on Safety & Health

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Questions