

Developing, Implementing and Measuring a Safety and Health Business Plan

Jerry L. Williams, CSP

This year has been the most difficult time for safety professionals that I have seen in a long time. Companies have been merging in greater numbers than they did in the 1970s and 80s. The difference this time around is the mergers are taking on a global direction and focus. Now the scary news. By 2050 China will take over as the world's leading industrial country. Manufacturing in the US will most likely involve companies of 100 or less employees. The majority of industries at this time in the US will be service related. The mergers will require safety professionals to be flexible; we must make a difference, we must be a part of every business decision, we must measure success, and we must set company safety and health standards globally, we must set performance standards and blend cultures.

Safety departments of one company are merging with the other company and they are not all being kept. In some cases total safety departments are being removed. This slide shows a sad but often true perspective of the value of safety, in that when profits are down and companies look for areas to reduce expenses, they look at areas they consider incidental to operations. When I see this happen I cannot help but feel that our profession has failed. I do not mean the individuals who have lost their jobs; I mean the total safety and health profession.

We have won a number of very important battles for the safety profession. For the most part we are seen as the main resource for managing and handling regulatory safety, health and environmental aspects. We are also often seen as the main resource for managing and controlling worker's compensation cost. We should be proud of this accomplishment.

However are we seen as a business function within our company? Are we involved in major business decisions our companies must make? If the answer is no, we need to understand why.

Objectives

The objective of this presentation is to provide all of you with the skills and knowledge to develop your own plant, division or corporate safety and health business plans. We will provide you the skills to assist others in developing their safety and health business plan. We will show you the methods and tools needed to develop an effective safety and health business plan. And, most important, we all want to have fun.

Need for a Business Plan

Let's take a look at the purpose and need for a business plan. Nationwide, plants, divisions and corporate entities develop a business plan on an annual basis. The purpose of the business plan is to identify, but not limited to the following:

1. Projection of sales for the fiscal year.
2. Identify the changes in product lines and identify where the % of sales will occur.
3. Identify the customers and where the sales are being made, as well as projections for future growth.
4. Identify production changes that will help the plant meet the projected sales. This may include new lines, new facilities, and purchase of new companies, closedown of existing plants and the development of new processes. This would include capital cost, expected revenue, and a time-table of when the expected returns will hit the bottom line.
5. Identify the operational cost and define the cost per unit. Identify the breakdown of operational cost. Identify cost cutting measures and the effects they will have.
6. Identify problem issues and the methods of addressing those issues. Identifies why the issue is a problem, what liabilities are created and what actions will be taken to eliminate the problem and related liabilities.

There are a number of other types of information that may be provided but this is a general listing. Basically the business plan is a blueprint of how a plant will operate for the next year, and what they expect to accomplish.

I have a question for you. How many companies here mention safety within their company business plans? Usually the only mention of safety in a company's business plan relates to a catastrophic event that would have a negative impact on this fiscal year's revenues and expenses. In some cases where companies have developed excellent safety systems with positive returns will set up these systems into a profit center and sell the ideas of that system to other companies. In this case safety is not the issue, but rather a sales opportunity for a profit center.

Let's look at the driving force for any business plan's success

1. Projection of sales
2. Changes in products
3. Customers' % of change
4. Production changes
 - a. New lines
 - b. New facilities
 - c. Purchase companies
 - d. Shut down plants
 - e. Move operations
 - f. Capital cost
 - g. Expected revenues for each plant
 - h. Time-table in returns from changes

5. Operational cost/ cost per unit
6. Problem issues and solutions

We would all agree that our senior management hold the key to obtaining effective and continual results of a safety and health system for a company. But I am going to ask anyway. Do you agree or disagree with this statement? I know this sounds like preaching to the choir.

Cultures

Our companies will always use our management, procedures, policies, and business plans to meet our objectives for each company goal. We use these to get the work done, to meet our goals and to measure our results. Would you all agree? If you do them why should safety be any different?

We need to convince plant managers that the success of safety is their responsibility and each manager has the same responsibility for safety in their area.
Once we gain this we then have to teach management what safety is.

Safety professionals are responsible for ensuring that safety gets done, but they do not do it themselves.

Plant managers are the same. They are responsible to ensure the company goals are met, but they do not do it themselves.

Manager's View

When management views safety as incidental to operations rather than viable, we can usually see a company where management sees the safety department as the group responsible for the day-to-day operation of safety in the company and is responsible for the success of all safety processes. A company that views safety as a viable business partner will view the success of all safety process as the responsibility of their leaders, plant managers and line management. Successful managers will see that the more people involved with safety processes the greater the success of each safety process.

For safety professionals to be viewed as a business partner we must:

1. Start thinking as a business partner rather than a compliance manager
2. Learn how finance is organized
3. Learn how capital is justified and measured
4. Learn the company goals
5. Learn and identify how safety is involved with each goal
6. Focus our efforts and energies on the issues that create the greatest liabilities to the company and employees.

Creating this value of safety is a not easy and requires safety professionals to start thinking as a business partner rather than a regulatory manager. We have to understand how the company operates, how finances are organized, how capital expenses are justified and paid for. We need to

know the company goals and understand how safety is involved or can be involved. We have to learn to focus our energy and resources on the issues that create the greatest liabilities to the company. We have to learn to present our ideas in business terms rather than by using compliance statements. We have to take the first step to show management that we understand their needs and concerns. We have to show that our focus is to reduce liabilities, which will be detrimental to the company and employees.

We need to show management the consequences of their decisions or lack of decisions relating to safety. Lack of knowledge of:

1. Safe work practices
2. Safety controls
3. Safety design criterion
4. Safety measures.

Once we take the first step we can then help show management the effects of their leadership as it relates to the effectiveness of the company's safety and health processes.

Selling Management

When we look at the daily task of a line manager, we need to understand that they also have equitable responsibilities to human resource issues, production, quality, and cost management. That is a tough job. Managers need to be sold on the idea that safety is their responsibility. Managers will only buy into this idea if they can see that something is in it for them. Often safety professionals make the mistake of trying to convince line managers that safety is their responsibility. Instead we should be trying to convince the Plant manager and other senior manager. I am sure I do not have to convince you of this. For this task, we need to use business philosophies, business terms and ideas rather than compliance measures or soft terms. TQM, ISO and QS have helped our cause, by requiring companies to prove what they say they do. They also hold management accountable for their actions. If your company is not affected by ISO or QS then I am sorry for the hope.

What does management do?

One of the best strategies is to focus on performance measures of line managers. It is usually not difficult to convince senior management it is their responsibility, but do they know what it means. I found this to be true in the majority of plants and corporations I have worked for. However when I agreed with management that they had ownership of safety I would suggest, then to show how well they are doing, we should measure them and recognize them for their efforts. Management will easily accept this direction. So now we have to set up a process of measurement of safety related performance. Instead of using injury rates, we would use measures such as safety performance measures (audit results), cost of worker's compensation per employee, effectiveness of safety training (retention levels), and correlate the results to bonuses or their pay. Once accepted, line managers will become your best friends. They will want to know what they can do to improve and get results.

Safety should focus on selling senior management not line management. Senior management needs to sell line management.

When line managers are measured on their safety performance with real values, they will begin asking for ideas on how to improve.

Line managers need to know they control the issues they are measured against. If a line manager is measured against a production line that was supposed to use only five employees, but now uses 15, a line that was supposed to produce 145 units per hour, but even with 15 they are lucky to record 100 units, a line that was supposed to have a weight limit of 25 pounds, but reality is 45 pounds and pushing carts at 160 pounds of pressure, and a line that employees do not want to work on, and has the greatest number of injuries in the plant, because of the line design. How is the line manager responsible for all of this? In this case safety can become a hero or heroine by identifying the changes needed and cost justifying the changes against the liability cost. Getting approval for capital cost would be a great win and a supporter for life.

When bonuses are based on real valued safety performance, line managers will see the benefits of their decisions related to safety.

When managers state they support safety as a major issue, but also provide the resources needed to be successful. Line managers can see the importance set by senior managers.

With this method you can see that senior management will drive the safety process to success.

We want our management to show commitment to safety, get involved and be held accountable for their efforts. How often have we seen a Vice President attend a seminar, then come back to the company and want to immediately the organization of the company to meet the seminar's ideas. This is not a criticism but a reality of business. It also shows the power that senior management has to make changes.

What do we want senior management to do?

We want senior management to demonstrate their commitment to safety by providing the resources needed to make safety successful. This means the people, time and budgets.

We want to see their involvement. Can you imagine a senior manager on the line with the right PPE on and thanking employees they see for following the required safe work practices. Can you imagine what that would do for line employees and line managers.

We want senior management to show accountability for safety. Can you image a senior manager returning an investigation report to a line manager because they did not feel the report was complete or accurate. They send it with a note that states return completed by tomorrow. What kind of message would this send? This represents accountability and the effects this may have on their bonuses. You may think I am talking about a dream world, but to some this is a reality.

Senior management demonstrates...

A safety business plan is a specific way for senior management to show their commitment, involvement and accountability.

Safety process is. . .

Before we get into the methods of developing a safety and health business plan, we need to review and identify the basis of a safety system. This is what we call a safety and health process. A safety and health process identifies specifically how a plant or company meets conformance

with company safety and health standards. Safety and health standard identify what issues a plant needs to address. A safety process is a 360 degree and 24-7 coverage a specific safety and health topic. A safety and health process will identify all the requirements for safety design, safe work practices, requirements for PPE, training requirements, requirements for safety controls, and all aspect that will ensure the process is effective. A process identifies how, while safety standards identify what issues need to be addressed.

We have used a specific philosophy very effective for over 20 years. We feel that for every work-related injury, near miss, property damage, environmental damage, OSHA citation, or other liabilities contributed to safety and health are created from a failure of a specific safety and health process.

Safety process diagram

This slide shows a diagram of how a safety process is developed. We start with company developed safety and health standards. These are usually developed from a blend of ANSI, ASME, NFPA, OSHA regulations Trade association practices and others to identify what the company requires. The benefit of this is to ensure the standards are written in simple English and able to be understood by most people. We then modify the standards into a question format. The reason for this is simple; most people are afraid of standards because they think they will make a mistake and get in trouble. However if you modify you standards into questions, we know everyone will answer a questions. We use teams of hourly and salary employees that are involved with this safety topic to answer the questions. The team's answers become the safe work practices for the company.

Spreadsheets

to start a safety and health business plan, we must first identify the safety issues that create the greatest liabilities to the company. To do this we use a spreadsheet that will list all injuries, near misses, first aid reports, results of employee/management surveys, OSHA issues, third party possibilities and wrongful death possibilities.

For injuries, near misses and first aid cases we list the name, date of injury, type of injury, job, task, machine/process, part, cost, and safety process involved. There is software available to do this, but we have used the spreadsheet for common use. We then sort the data by safety process and compute the total cost for each safety process. We now have the total number of cases and total dollar cost for each safety process.

We then do the same with surveys, observation results, audit results, OSHA possible citations, third party and wrongful death issues. In these cases we develop the possible cost by identifying the possible hazard, the consequences of each hazard, the loss and the cost for each. The cost for survey, observation, and audit results based on the average cost of an injury associated with the defined hazard. OSHA cost issues are defined by history of citations given for the specific issue. Third party and wrongful death cost comes from history and company attorneys.

Priorities

Now you add the totals for each safety and health process. Now you can set the priorities. Those

safety and health processes that create the greatest liabilities to the company are the safety processes that you target. The interesting fact you will find is that usually only two to three safety processes account for the majority of frequency and severity for a company. From experience with over 77 safety business plans developed, 80 to 90% of the issues involve three specific safety processes and they account for close to 90 percent of the cost or liabilities to the company.

Flow Chart

Now we have the targets. This flow chart shows how the business plans are developed:

1. We complete the analysis and identify the target safety and health processes.
2. Now we present the data to senior management to obtain support for our targets. They select a leader for each safety and health process targeted. The leader needs to be a person directly involved with that safety topic.
3. Next the leader selects a team of hourly and salary employees directly involved with the safety topic.
4. Safety provides each team with the standards and questions for the safety and health process. We also train the team on the issues involved and how they effect operations.
5. The team sets up an interim time-table to complete the revision, modification or creation of the safety process.
6. The team answers the questions and will involve other employees in providing the answers.
7. The team finalizes the answers and creates the safe work practices for the process.
8. The team or safety develops the answers into a written safety process. Safety should develop a model for the team to use and then modify that process to reflect their actual answers.
9. Finally, the team sets up a plan of implementation, a budget, and measures to identify the effectiveness of the process.
10. The team would present the process to senior management for approval or modification.

The above represents a sample of an action plan for a safety issue for the business plan. The start, accomplish?

Now we officially start on the safety and health business plan:

1. Safety completes the analysis
2. The company defines with safety the priorities.
3. Then we decide with the company what can we effectively complete within the fiscal year. From experience no more than three safety and health processes.
4. To help management select the leaders for each team, we would identify the departments or areas affected by the process.
5. The company needs to decide if safety and health business plans will be developed by corporate, divisions and plants or each develops their own. From experience, we suggest a different one for each plant.
6. Plants should also identify their resources. Resources depend on the structure of the company.
7. Now we have the target issues, the teams, the standards and the questions. Sounds like a start.

Steps in a plan:

1. Analysis
2. Review with safety team
3. Review with senior management
4. Set priorities
5. Selection of leaders
6. Identify resources

Resources and timetable

What are your resources?

1. If a plant what accessibility do you have to divisions, corporate or consultants?
2. Is the plant equipped to create its own safety standards? Questions? Model processes?
3. Who will be responsible for training the process team?
4. When the answers are completed who will modify the model process to reflect the team's answers?

Business plan

If we have not convinced you yet the safety and health business plan is needed to create safety as an integral part of the business operations, then lets talk. A safety and health business plan is a facility's plan that outlines the goals, objectives, methods, cost, and returns and measures necessary to continuously improve safety and health processes and outcomes to achieve desired levels of performance.

The person accountable for the success of the safety process is the highest operational person at the plant. The plan also ensures success and demonstrates that safety does not just happen, it has to be planned.

Options

Now we have a choice. We can either develop our safety and health business plan as a stand alone plan, or blend our plan into the plan business plan. We suggest developing a stand alone plan for the first year or so until it wins respect and value, and then blend it into the company business plan.

One important issue is that every safety and health business plan needs to reflect the goals and objective of the companies.

What the plan looks like

Now lets look at what a plan can look like. Here is a suggested format:

1. Identify the objectives: What do you expect to complete within the fiscal year. Example: Reduce liabilities relating to safety and health by 33 % the first year.
2. Identify the issues: This means the target safety and health processes, why it is an issue and what it is costing the company.

3. Identify the methods: For each issue, identify what actions will be taken to reduce the liabilities incurred.
4. Identify the cost: Identify the cost of the safety and health processes required to meet the objective. This is basically a budget. .
5. Identify what you expect as a return: Identify the cost saving you expect to record by fiscal year and stated by quarters.
6. Identify the Measures: How will you measure the results of this process to ensure it is effective?

Picture sold. Wouldn't that be great?

The Objectives

Objectives need to:

1. Meet or reflect company objectives.
2. Be stated in clear and concise terms
3. Be able to be accomplished within the fiscal year.
4. State the issues, why it is an issue, what it is costing the company, and identify the possible solutions

Issues

1. Identify the issues that create the greatest liabilities to the company as we showed previously
2. Identify why the issue is a problem, the cost, the frequency, the reasons for the issue.
3. Validate with other data such as surveys, observations, interviews, etc.
4. Set up priorities based on frequency and severity
5. Define what can be accomplished within the year.

Actual Plan

The following slides show an actual safety and health business plan. We are providing an overview of the liabilities developed by a company for the last two years. How would you like to spend over 800,000 dollars in two years for 490 employees or an average of 1795 dollars per employee per year? Do you consider this good or bad?

Target issues

This slides defines the targeted safety processes for this fiscal year. Three safety processes accounted for 83% of the frequency and 95% of the cost. Ergonomics, walking surfaces and material handling.

Reasons for issue

Now we define what we feel are the reasons for the safety process to be targeted. We describe the failures with information taken from the injury investigation reports as well as Job Safety Analysis completed on each job. This helps us validate the need to target this process and helps us pin point where our activities should be placed. We would provide this information for every target safety process.

Responsibilities to plan

Once the target safety and health processes are identified, the cost are developed and the reasons for the target are established, we should meet with our financial leaders to ensure our reasoning is sound. Then we can now go to our senior management, plant manager, division director etc. and present our case. The reason this is important is that we must provide them an understanding of the issues, identify where we will focus our resources and obtain their support. You can easily develop your plan without this step, but then you have to move backwards and obtain their support after the plan is developed. We have found it easier to be up front with senior management if we want to obtain solid support.

When the support is gained, we ask the management team to select a leader for each safety process. The leader should be someone who is affected by the safety process and will support making the changes needed. This person would be a champion for the process and help ensure that the resources of time, people and money is available to make the safety process effective. We all know or have experienced when senior management identifies a new management style or process, the plant will change at an exciting pace. When ideas are brought from the line up, the pace is much slower until management's support pushes it.

The time we spend with the leader to design a process change is very valuable. During this time we are jointly developing the action plan for each targeted safety and health process.

The Plan Methods

Now we define the plan and state how each safety process will be revised, modified or created. The plan will identify the methods, resources, steps and actions to be taken. There are endless ways of changing or creating a safety and health process, but let me provide an effective idea.

1. The target process leader selects a group of hourly and salary employees who are affected by the safety process. Each process will have a different leader and team.
2. Safety would be responsible for developing company safety and health standards for each safety process topic.
3. Safety will then modify the standards into question format, as we talked about before.
4. Safety will train the team on the related company safety standards for the topic and train the team on the importance of each issue.
5. The team will identify the time-table for this team and set up meeting dates, times etc.
6. During each meeting the team will address specific questions. Their answers will then become the safe work practices for the company. Safety is present to ensure the answers meet the company standards and do not create new liabilities.
7. The team members will involve other employees to help ensure others will accept their answers in the company.
8. Safety will also be responsible for developing a model written process that the team could use as an example of an end result. As the questions are finalized, the model process will be modified to reflect the team's answers.
9. Once all the questions are answered then team will them have the responsibility for identifying needs. Needs such as training, equipment, PPE, and all other needs to ensure the process will be effective.

10. The team will develop measures that will be used to evaluate the effectiveness of the safety process.
11. The team then will develop a plan of implementation, stating what steps are needed in order to implement the process.
12. The team will then develop a budget for the first year and every year there after up to five years.
13. The team will also define the expected returns from the implementation of the process. What do they expect to gain?
14. The team will present their results to senior management for approval and modifications.
15. The team will implement the plan.

Sounds simple. This method takes time, but involves employees, and gains support of management. Employees will become more involved and take ownership for the success of the process.

Process Plans

In this example of a plan, the plant addressed the ergonomic issue by setting up five teams. One for ergonomic design standards, power tools, flooring and lighting, weights and mechanical assist, and one for JSA. As you can see each plant can address the issues anyway they desire.

This slide gives an example of an assignment sheet for each ergonomic process team.

Cost

We have to provide an interim budget until the team can accurately define the budget for a five-year period. The cost should address cost of equipment, material, training, development time, use of outside consultants etc.

Return

The team must identify what they expect to gain from this process. What kind of reductions in worker's compensation cost can they expect? Will the number of injuries and cost per injuries be reduced? Will the process reduce the liabilities to the company and if so how much and when? Will the process ensure conformance with company safety and health standards as well as federal regulations? Will the process increase productivity? All these questions should be addressed and answered with defined values.

Measures

We need to identify how the completed process will be measured for effectiveness. What methods will we use, how often will we measure and what do we do with the results? Using a performance evaluation we can use interviews and observations focused on defining the employees' knowledge and practices for this safety process. The more the employees know and practices, the more likely the process will be effective and provide significant results.

We would always start with a baseline of measures and then measure the results against the baseline. These slides provide an example of the issues involved.

Sample Returns

This is an example of the measures and returns expected.

The Format

This shows an idea of a sample format for each issue in a safety and health business plan. You can develop any format you desire as well as define specific information you need to have.

So are you building a community center or laying brick?