THE BUSINESS OF SAFETY: Are You Relevant?

An Interview with Andrew J. Razeghi, keynote speaker at ASSE's "The Business of Safety" Symposium

Professional Safety *recently interviewed Andrew Razeghi, principal with Strategos, a strategy and innovation consulting firm. Razeghi is the keynote speaker at ASSE's "The Business of Safety" Symposium, slated to run March 7-8, 2002, in Dallas. Razeghi's presentation—"Are You Relevant?"—is designed to stimulate thinking on the topics of change, innovation and growth strategy to help you—the safety professional—uncover what you can do to further the goals of your organization.*

PS: Based on your experience, in what ways has the business world changed in the past decade? What are the most important areas business professionals need to address? What about companies?

AR: Thank you for opening the interview with a softball question! Perhaps an easier question to answer would be what has not changed in the past decade? While it is important to recognize the ways in which the business world has changed, it is equally important to understand why these changes have occurred. In order to do so, I'd encourage business professionals to interpret the changes of the past decade against the larger socioeconomic and geopolitical backdrop. In a nutshell, there is no such thing as "the business world." We compete as businesses in the world. Competitive strategy and innovation are simply tools to help business professionals navigate the harsh realities of change—change in what we produce, whom we serve and how we serve them. In brief, change in strategy.

Think back to 1992. Yugoslavia was dissolved as a nation-state with Czechoslovakia following suit; Bush "the elder" and Yeltsin declared a formal end to the Cold War; the U.S. lifted trade sanctions against China; 178 nations met in Rio to initiate global efforts to save the environment; NAFTA was signed, sealed and delivered; the Democrats took Congress; Clinton, the White House; unemployment stood at 6.8 percent; CDs surpassed cassette tapes as the preferred medium for recorded music; Los Angeles was ablaze in the most serious social uprising in America in the 20th century; a text-based web browser was made available to the public; and Nat King Cole won a Grammy for his posthumous duet with daughter Natalie Cole, "Unforgettable."

Flash forward to 2001. We have since traded the Cold War for a Cave War; a U.S. spy plane incident in China has re-installed instability in Sino-American relations; the 178 nations that met in Rio finally reached consensus a decade later on the Kyoto Protocol regarding environmental standards; Napster rendered the CD a '90s innovation; 34 million Americans are tuned in to "Survivor"; President Bush signed the largest tax-cut in more than 20 years; and al-Qaeda, Osama and Sept. 11 have become painful reminders of instability. All the while, *Gladiator* won five Oscars, and U2 won a Grammy for best new song, "Beautiful Day."

Surrealistically, we've gone from Unforgettable to a Beautiful Day in a decade called the '90s. This is the incredibly ironic backdrop against which businesses have had to compete over the past ten years. Unquestionably, the proliferation of the Internet and the frontal assault of terrorism on American soil will forever be remembered as defining moments in world history and have forever changed the meaning of relevance.

Now the question becomes what are the most important areas business professionals and companies need to address? In light of the seismic changes of the past decade, business professionals must seek to compete on two levels. Namely, they must seek to renew their core business activities while fostering growth and innovation. The greatest challenge to business executives is learning how to pay homage to the past while creating the future. As a client of mine said to me recently regarding their growth challenges, "We are living in a nursing home and birthing ward at the same time. The integrity of our growth initiatives are being diluted by our responsibilities to the core business, while our core business is suffering from single-digit growth due to the lack of innovation in products, services and strategy."

Within each of these two areas, core business and new ventures, business professionals and companies must begin to seek answers to questions such as, What are we really selling? What are our customers really buying? What are our core competencies and how can we use them to compete for new markets? Whom do we serve and how can we serve them differently? How can we go to market differently, faster, better, cheaper? What conventions, beliefs and orthodoxies can we challenge in our industry? How can we take advantage of emerging and latent trends? What will we be doing a decade from now and what will be required to compete? Of course, these are not easy questions to answer and require new methods and conversations in order to identify and define.

PS: The title of your keynote presentation is "Are You Relevant?" Can this question be applied to individuals as well as businesses and industry? If so, why?

AR: Absolutely. Consider this: In 1930, more than 70 percent of an organization's assets were considered tangible (e.g., equipment, buildings, land), while 30 percent were considered intangible (e.g., brand value, intellectual property, patents). Today, these statistics have reversed. Simply put, in the past seven decades we've witnessed a transference of value from physical assets to human assets. As Emerson wrote, "every new relation is a new word." The new word in this case—human capital. Just as organizations must seek to answer the questions above, so too must individuals. Ask yourself, in the future, what skills will be required (i.e., basic requirements)? What skills will be desired (i.e., unique and high-demand)? What skills will be retired?

PS: Do you think this question should be addressed by those in certain fields more than others? If so, which areas are in most need of reassessment?

AR: Theoretically, I suppose you could assign relevancy "weights" to a variety of industries, business functions, and individual skills; however, practically no one is immune to irrelevancy.

PS: One concern for many safety professionals is demonstrating the effectiveness of their safety management system—"selling" safety to management. How will your presentation help safety professionals in their efforts?

AR: This is a fantastic question. How does one sell the invisible and the unpredictable? Furthermore, I'm certain safety professionals are in constant debate in determining how far to go to ensure the effectiveness of their safety management systems. In other words, when is enough safety adequate?

I had the pleasure of sitting on a panel recently with a senior vice president of an insurance company adversely affected by the events of Sept. 11 when discussing a similar question. This particular company had an extremely intricate, well-designed and well-executed disaster recovery plan that literally saved the company, as they had offices in the World Trade Center. While the plan was primarily focused on infrastructure safety, it also took into account the human element. Now, he was rather fortunate, in that top management was committed to the development of a comprehensive safety management system years before the events of Sept. 11.

However, for those of us who don't have this level of attention from senior management, we resort to a number of approaches—the easiest of course, good old scare tactics. Like selling insurance, the benefits of a healthy diet, or environmental and social responsibility pro-

Andrew Razeghi, principal with Strategos, will give the keynote presentation at ASSE's "The Business of Safety" Symposium, slated to run March 7-8 in Dallas. For registration information, contact ASSE's Customer Service Dept. at (847) 699-2929, or visit www.asse.org.

Andrew J. Razeghi *is principal with Strategos, a leading innovation consulting firm. He works with clients in the identification and exploitation of latent and undiscovered core competencies in the creation of sustainable, profitable growth and corporate strategic renewal. He has advised clients in diverse industries including aerospace, automotive, consumer electronics, food, healthcare, media/entertainment, pharmaceuticals, retail, technology and telecommunications on topics of growth strategy, innovation and organization learning.*

Razeghi is a Thought Leader with The Financial Times Knowledge Dialogue Network *(www.knowledgedialogue.com) and contributing author to* Kellogg on Integrated Marketing *and* Why Not? *He has authored several articles on strategy and innovation including "In Search of Competitive Relevance: The Greatest Advantage," "Marketing Strategy: The Bottom Line," "Service Innovation: Creating a Culture that Cares," and "Keep On Truckin': Lessons from The Grateful Dead."*

Razeghi holds an M.B.A. in Financial Derivatives from Loyola University Chicago graduating with honors; a Certificate in Cultural Marketing from Richmond College Kensington (London); and a B.A. in International Business from Bradley University. Razeghi is a guest lecturer at The Kellogg Graduate School of Management, Loyola University Chicago Graduate School of Business, The University of Vermont Family Firm Institute, and Carthage College Executive M.B.A. program. He is a member of the American Management Assn.

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grams, this approach often doesn't go far enough in building a compelling story to fund new programs.

Safety professionals must develop a sound business case for their programs beyond OSHA, beyond scare tactics and beyond a line-item expense. I would encourage safety professionals to begin to think about their business not as a cost-center, but rather as a profit-center. Think of the implications of safety on the relative brand value of an organization. Why has no airline branded itself as the "safe airline"? Perhaps because safety was considered a regulatory issue, one not to concern passengers with. Think of the relevance of a branded "safe airline" today, or safety in food, air quality, equipment integrity, security checks, etc. Think beyond safety as being mandated, to safety being branded. Begin to ask yourself how you can take existing programs and services and reposition them for new applications, new markets and even new customers outside of the internal customer of the organization. I look forward to sharing ideas on how safety professionals can begin to make this shift in thinking during the symposium in Dallas.

PS: Safety and health is about protecting people. Is there any conflict with the bottom line we hear so much about?

AR: Absolutely not. In fact, I would encourage safety professionals to overturn this conventional belief about their role in organizations. I would conjecture that the single most-effective way for safety professionals to "get the attention" of senior management would be through the identification and definition of how safety systems can not only protect the health and well-being of people, but also how they can in fact grow the bottom line. This is the single greatest source of innovation and competitive relevancy—learning how to identify new markets with existing services while creating new services from existing competencies.

PS: Safety and health is to a degree regulatory driven. How do you view the role of government?

AR: In my opinion, governments exist to set minimum standards of behavior, maintain order and ensure the continuance of political and economic systems. Beyond this, innovation is the responsibility of individuals and organizations.

PS: You have said, "Competitive relevance is systemic innovation versus functional innovation." Can you explain this concept of "competitive relevance"? In what ways might safety professionals assess their own competitive relevance? How does a company assess its competitive relevance?

AR: Competitive relevance is a fancy term I've coined to describe a simple concept (sorry, it's the consultant in me to do these sorts of things). Simply put, competitive relevance is a measure of an organization's value vis-a-vis competitive offerings and customer needs. The primary metrics used to measure competitive relevance are not only traditional metrics such as return on investment, market share and earnings, rather they go beyond these measures to include customer acquisition costs, customer and staff retention rations and brand value. Safety professionals can begin to assess their own competitive relevance by asking themselves questions: Has compliance increased or decreased? Why? What percentage of existing programs are mandated versus for-profit motives? Have we been able to increase uptake of new programs? If so, how? These, among other questions, will begin to surface areas to drive competitive relevance into safety management systems.

PS: Innovation seems to be the key to competitive relevancy. Some live by the philosophy "If it's not broken, don't fix it." What about those programs that already work? What about a company that has performed historically well?

AR: Unfortunately, while many live by the philosophy if it's not broken, don't fix it; many more die by it. In fact, if you look at the companies that make up the S&P 500 Index, no one has been able to perform in the top quartile of the index over a 10-year period. In fact, only four companies were able to sustain returns in the top quartile seven years running, with most dropping off into the lower quartiles after four short years. This suggests strict adherence to a strategy that worked in years one through five, and fell flat as customer and market demands shifted. Moreover, historical success is not a measure of sustainable relevance, it is a measure of relevance at that moment in time. Take IBM for example. In 1990, IBM commanded a 45 percent share of the computing domain. Today, it claims less than eight percent of the total domain. All the while, the value of the domain grew from $142 billion to more than $2 trillion. Companies like Microsoft, Dell, Sun, EMC, Oracle and AOL weren't on anyone's radar screen at the time. Today, these new entrants command the greatest share of wealth.

My point: Success does not beget relevance. Now, I'm not suggesting that organizations must break their current systems in order to innovate. Quite the contrary. Innovation and wealth creation are borne of a strict adherence to an organization's core competencies, not their underlying skills, processes, technologies, values or assets. Organizations should not only "not fix" competencies that are working, they should seek to promote them. I'd offer the dictum, If it's not broken, find out why it isn't and exploit the hell out of what has kept it running.

PS: Once a company decides to innovate, what's the first step to deciding what and how to innovate?

AR: Making the decision to continuously pursue innovation as a pillar of an organization's strategic plan is step one, two and three. Steps four, five and six are to create a new dialogue, analyze the business and organization with a new set of questions, and give people the opportunity to experiment. The mantra of innovation is to Think Big, Start Small, Scale Fast, Fail Fast. Repeat if desired. Unfortunately, when it comes to innovation, most organizations do the exact opposite. They don't think big enough. They invest too much too early without really knowing the market. They scale far too slowly, thereby losing advantage and market presence. And worst of all, they fail late losing millions and often billions of dollars over time (e.g., Motorola's Global Satellite Phone venture—Iridium—a $6 billion colossal failure). What and how to innovate are desired outcomes. Organizations must first learn how to make innovation as commonplace as quality standards, technology and company picnics. See ya'll in Dallas!