Using a Risk Management Platform to Manage the Company's Safety and Health Program

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The Concept of Risk

"Risk" is the foundation and purpose for Risk Management Programs. Companies create risk the moment they are established and organized for business. Their very existence suggests that exposures to loss are manifest and if not managed or controlled, these risk exposures will result in loss. The loss may be financial, or loss of products or services, loss of customers and clients, loss of resources and to personnel and loss of public image. In many instances the risk of loss is minimal and will not impact the company to any great extent. In other instances, the risk of loss is significant and may result in severe repercussions, both short term and long term for the organization.

Take, for example, the recent Toyota safety recall that has adversely impacted that organization. The recall was the result of allegations of certain defects in their automobiles which may have resulted in accidents and, in some cases, death to drivers. The cost of this recall is enormous and its impact on Toyota's excellent image as a safe and reliable automobile may be even greater. There appears to be some evidence that Toyota knew about some of the defects before they became public knowledge and the decision was made to manage the problem without a recall. This was the "Risk" that the organization undertook merely by being in manufacturing. My point here is not to criticize Toyota for its dilemma, but to point out the consequences of risk and how harmful the consequences may be for the Company.

Risk and the Company Injury and Illness Program

For this paper, I will restrict my comments to the exposures presented by a Company's Injury and Illness Prevention Program. Safety Professionals, starting with W. H. Heinrich, have all agreed that a formal safety and health program is necessary for meaningful long term success in reducing and controlling the frequency and severity of injuries to employees on the job. There can be no question that developing a safety program has and will continue to result in injury reduction. Take, for example, E.I DuPont, an industrial chemical company, whose chemical products and   research has done so much to benefit the public. The Company and its CEO have long known that they had the risk potential for severe loss exposure rising out of their operations. For this reason they have taken measures to manage this risk and, and as a result, the Company has had one of the best safety and health records for all industry. What they have accomplished is highly respected and recognized by all Industry in America.

Employer concern about the need to reinforce loss prevention efforts produced a substantial impact in reducing injuries, and was a significant factor in the development of the safety profession in our country in the 1900s. A review of the reduction of the work related

injuries after 1910 and the reduction in workers' compensation insurance costs that occurred, exemplifies the success that was gained by many safety professionals during this time. It is a record that all safety professionals should discuss with pride.

Unfortunately, the downward trends in work injury reduction that were significant up through the 1940s, started to level off in 1950, and then started to rise. A lot has been written as to why this increase occurred, some suggesting it was related to the end of the Second World War and others suggesting that it was the result of new age industries such as plastics and electronics. Rather than get into the reasons for this increase in work injuries, it is only important to note that by the 1960's there was growing concern about the increasing number of workers being injured on the job. This occurred at a time when there was also growing anxiety regarding the damage or depletion of our Natural Resources. This concern about injury to workers, our most precious natural resource, resulted in passage of the Federal Occupational Safety and Health Act (OSHA) in 1970.

The OSHA Compliance Era

The passage of the Federal Occupational Safety and Health Act in 1970 had a tremendous impact on the safety programs of many employers, particularly those with intrinsically high hazard operations and a history of poor safety performance. OSHA Compliance Officers, state and federal, enforce the many health and safety standards applicable to affected employers. Initially, some employers feared this "Compliance" approach by OSHA because of specific requirements they viewed as cumbersome such as on-going training, regular hazard inspections, safety rule enforcement and time weighted work injury reporting.. These companies also expressed concern about the penalties that could result for failure to comply with the OSH standards. However, most of them now recognize the need to do what is necessary to provide a safe place to work and do what is reasonable to comply with OSHA.
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Safety legislation in many states, California, for example, have expanded the OSHA requirement to mandate written Injury and Illness Prevention Programs in many places of employment as well as rigid safety training for many hazards that are part of a Company's on-going operations. For example, if hazardous materials are stored, handled, used or transported by the employer, all affected employees must be provided with training for the materials and the safety precautions to assure safe handling of the materials. The specialized safety standards passed and enforced by state or federal agencies cover a wide range of operations and exposures. It is, however, the employer's responsibility to comply with the standards that apply to them and to provide records that substantiate reasonable compliance with the standards.

The recordkeeping requirements of OSHA are an important reason for the employer to maintain readily accessible, current records in known, if not common, locations. Without question, the number of safety standards required under this safety legislation has and continues to increase as new or unforeseen hazards are identified requiring additional or revised standards. The problem for too many companies is that they do not have adequate recordkeeping systems in place to assure compliance with every standard promulgated by OSHA. This leads to inconsistent compliance and poor follow through on important safety issues. These sorts of problem are one of the primary reasons for an employer to procure a Risk Management Platform.

Safety Programs: Follow-Through and Complacency

It is important to note that many Companies, particularly large ones, have excellent safety and health programs and these programs have produced outstanding results in reducing injuries and

illnesses over time. As a general statement, safety professionals can be justly proud of their accomplishments in reducing accidents on the job even in industries noted for high hazards and severe losses. While the OSHA standards have placed additional requirements on employers for some elements of their safety programs, employers have done and will continue to do the things that are important for continuing an effective loss prevention program.

At the same time, many unforeseen losses still occur and too many of these losses occur in companies that have or should have well administered safety programs. A review of any evening newspaper may often report on an accident, with severe injury or death of a worker arising out of his or her job. Such incidents occur even though the Company has established rigid rules to assure safety in doing the job, regular inspections of the worksite, reasonable supervision and training for those doing the work. The question then is why such events occur, and why do they continue to occur?

Perhaps the primary reason is "Complacency". This is particularly true for Companies that have good safety records over a long period of time. For such Companies the absence of incidents can breed an "it won't happen here" syndrome. As a result, supervisors and employees become over confident and don't follow important safety procedures with the vigor as they once did.

As an example, I was once employed by a large Utility Company which had an excellent safety record with no loss time injuries for a number of years. The Company was notified that it would receive an award for this achievement and everyone, employees and management, was proud of what they had done. Unfortunately, one week before the award was to be presented, two incidents occurred resulting in the deaths of three workers. Needless to say, there was a lot of finger pointing and accusations over why the incidents occurred and who was responsible. But it was clear that we had become complacent and failed to follow through on some responsibilities relating to our safety program.

As a safety consultant I have been asked on numerous occasions to investigate serious injuries, deaths and jobsites which received one or more "Serious" OSHA Citations because of physical conditions, or employee safety complaints. In many of these cases, the employer could have prevented the injury or avoided the citation simply by following through with its written safety program. Another example will illustrate my point. In this incident, the worker for a Company with a long standing contract to haul bundled scrap metal from a salvage yard sustained a very serious leg injury when he was caught in the worn surface of a moving conveyor belt. He noticed cardboard on the moving belt and jumped on the belt to remove it. While walking the belt he slipped into a hole, or worn spot and the belt continued to move him onto the dump area. His leg was caught in the metal supports which held up the incline belt.

I asked the supervisor to recall the incident. He mentioned that the conveyor belt having many worn spots was scheduled to be replaced in one week when the operation would be shut down for its scheduled maintenance. He mentioned that there was a safety procedure in force that required workers to shut down the conveyor anytime they had to perform work on it such as remove foreign debris. Safety rules prohibited anyone from walking on a moving conveyor belt. The problem was that this rule just wasn't being enforced. It was the subject of previous safety meetings, but no one could recall when the meetings occurred or if the contractor's employee was present at the meeting. Usually, contractor employees were always at safety meetings because of the time they spent at the yard. Safety inspections were supposed to be made of the work area, but the records of past inspections was poor and incomplete.

It was also noted during my inspection that the Emergency "Panic" controls for the conveyor which are required for deactivating the belt in an emergency were not working. I learned that this device was also scheduled for replacement. A loss control professional investigating this injury would easily identify the primary cause, root cause and contributing causes for the incident. Complacency was an important factor because the company, even with the clear lack of internal enforcement of its safe work procedures in the recent past, had not had any loss time injuries at the yard for more than one year. Poor supervision, the absence of safety records, failure to enforce safety standards and failure to correct unsafe conditions were obvious problems. The irony of this incident is that the company believed it had organized and implemented an excellent safety program which included follow-through and action deadlines. So how could this effective program become completely dysfunctional?

I mention this incident because it points out a common problem with many formal safety programs in small and large companies. In California, for example, Employers, unless they are in low hazard industries or have fewer than 10 employees must develop and implement a formal (written) safety program which contains specific elements. This safety order has been in effect for several years, yet a large number of Companies required to maintain such safety programs, don't have one. Also, those that developed basic programs in the past have not followed through with them to the point that they now have little or no value. Unfortunately, the failure to develop and enforce a safety program appropriate for the size and hazards of the Company continues to be one of the most cited standards in California OSHA.

Why Have a Risk Management Platform?

Unfortunately, even well organized and formal safety programs with regularly scheduled and required safety responsibilities often have accidents that should have been anticipated and prevented. We safety engineers have often used the worn out term "Blood Priority" to describe these incidents. In essence, we prepare and implement the safety procedures, training programs, safety inspections, meetings, all of which include assigned responsibilities and accountabilities. However, the sad fact is that we can and will overlook something that we should have included in the program.

Once the program is in place we become complacent and don't follow up on safety issues that need attention. The result, a serious mishap or injury occurs. At that point we overreact to the incident and rush to clean up the mess. For many Companies the reaction may involve quick fix improvements to correct the shortcomings we perceive are causing the unsatisfactory performance, then we go back to the programs and methods that we feel should get us the results we are seeking.

Several years ago while working for Continental Group, a large and diverse packaging company, I was assigned to the Corporate Risk Management department and given the responsibility to provide on-going safety and health support to all production and distribution facilities that were part of Continental's operations. We developed a tremendous array of safety and health related programs which we believed, when implemented, would enable us to better manage and control our job-related accidents.

One of our recurring concerns was whether, or not, the programs and procedures we had implemented were effective at all levels within the organization. This concern can be manifested in all Companies and its significance grows with the size, number and complexity of operations within the organization. As with many other companies, we used "Lagging Indicators", particularly losses to measure our effectiveness. These "lagging indicators" did not often predict very well the kind of results we were likely to have in the future.

Our primary problem was related to lack of follow through or the failure to follow up on programs, actions time-lines, inspection priorities, recommendations and other actions identified and prioritized in our program. Yes, we used diary systems and assigned responsibility and accountability for those who were to activate the program elements. Yet, we still had important projects stalled and overlooked. If you don't think this is a common problem, just consider the numerous accidents that occur each day.

Consider the complexities that are created in managing a safety program covering many operating divisions with separate maintenance and inspection records held by different departments, separate workers' compensation program management, inspection programs that cover several different exposures and accountability systems that are local This complexity suggests a need for an on-going program of Risk Management.

Surely, there must be a better method for managing the many responsibilities that are now required in sophisticated safety programs. We needed assurance that we would follow through on the projects and actions that were important to our program. We also needed a program that would enable us to measure "Leading "Indicators of safety. These "Leading" Indicators include such things as perception assessments, feedback during safety meetings, calculating the number of unsafe acts during routine inspections, measuring near-miss incidence reports and similar issues that reflect the effectiveness of the program.

The emergence of the Internet and the increasing recognition of its value as a tool to develop meaningful safety programs points to the need for safety professionals to rethink and retool the information used in their loss control programs. Up until ten or so years ago, programs, program results, and their records were kept, communicated and stored on paper records created after the implementation of each program, and each training or internal enforcement event connected with them. They were kept in various locales, some centralized, some not. They were updated the way paper records are updated. With the advent of the personal computer, some were stored in the computer memory while other materials remained in the paper files. This haphazard method of use and storage create issues that become increasingly important for a Risk Manager who must oversee and monitor the loss prevention and cost control activities for many operations and locations on a current and accurate basis, and one that can provide proof of compliance when necessary.

What Is a Risk Management Platform?

The solution to managing a complex safety program in our current environment is to use the Internet to develop Internet tools to assure on-going management of the program. The platform can be a web-based tool to capture and use real-time information that is important or useful to an on-going safety program. It can be used for individual departmental operations or for companies with many locations and many different operations.

Safety Managers can and do manage their safety programs well with the systems now in place. However, many of these programs require data backup, time sensitive records and important project materials that must be obtained from a myriad of sources rather than a central location. For example, workers' compensation records are usually maintained by the Human Resources Department, and oftentimes even the safety department. Maintenance records are maintained elsewhere and must be requested by the safety department to review. The point is that many safety and health programs are managed using a multiplicity of information and/or storage sources from the Company rather than a single source. Record keeping for too many safety

programs consists of several filing cabinet loaded with file folders of materials that may or may not be complete.

The Risk Management Platform enables the user to store important data that is needed for timely follow through on important safety activities. For example, consider an operation which requires employees to mix, blend and apply chemicals that are defined as hazardous. The safety director knows that he/she must provide critical training to all affected employees and this training must be provided within a specified time. To complicate matters, the company has a current employee turnover problem which results in new hires coming on board at different dates during a training cycle. The issue is further complicated because some of the employees must wear a respirator and fit testing is required. Then, assume that OSHA mandates follow-up training on some of the chemical hazards at a future date. Then consider the myriad of other operations which require some level of formal training. A good diary system is a must and data collection for the programs, topics, dates, attendees, etc. is essential.

Risk or Safety Managers will often develop the data collection and diary systems needed to administer their programs, but it can be frustrating. The problem is that something may be overlooked and not completed. Should an injury occur because of this oversight, the program may be perceived as ineffective.. Thus, a web-based Platform to assist in collecting, dairying and distributing data can prove very useful to any conscientious safety manager.

Once established, the platform can grow to accomplish these things:
- Provide departments with interactive, web-based programs for improving workplace safety and managing loss control.
- Better assure employee responsibility and accountability for the program.
- Open and expand lines of communication between Management and employees
- Create a centralized safety filing cabinet for employees thereby helping to minimize legal and regulatory risk.
- Create a positive and progressive safety environment in the workplace.
- Foster a safer environment.
- Centralize and complete records of the employee's safety efforts.
- Can establish a system that creates portability of individual safety training and records.
- Capture OSHA related training and required reports related to your OSHA Compliance program.
- Enable you to manage and monitor work-related injuries in conjunction with the required workers' compensation insurance requirements.
- Provide a diary system for managing all communications that are essential to the on-going safety related activities of the organization.

How to Set Up Your Risk Management Platform

The establishment of a Risk Management Platform will require some effort by the Company to locate, install or build the software necessary to hold, communicate and distribute the uploaded data and programs that are necessary for creating the filing cabinet and supporting tools used in managing the program. The Company must also identify the data collection software used to collect and disseminate information required by those using the system. It is important that the safety manager has some familiarity with the Internet and some computer knowledge. Ideally, the programs used in the platform should be installed by your Company IT staff or programmer. You can also obtain the services of a contract programmer who can perform the initial work of setting up the platform.

When first viewed, the development of a Risk Management Platform appears complicated and overwhelming. However, a basic platform can be installed without a lot of work and can be allowed to grow to do all of the many things needed for the management of your program. Several specific actions must be taken to set up the Management Platform. This can be done as an in-house project or you can purchase a functioning Platform on the Web and install it. The following steps are necessary to establish your Risk Management Platform:

1. Conduct an audit of your Injury and Illness Prevention Program to identify, as completely as possible, the job functions, operational exposures and hazards for each job. Your goal should be to identify the specific hazards associated for each job that is part of an on-going operation. You can get help developing job descriptions from several sources, for example a state or NCCI workers' compensation manual lists job classifications and basic hazards. Or, an on-line website, www.online.onet.org lists 449 jobs that can be placed on your program. Another source, Cornerstone On Demand identifies employees and the assessments for identifying exposures to consider,

2. For each job classification applicable to your operations, you must identify the hazard, or health hazard exposures associated with that job. It is important to note here that most jobs will have numerous hazards that will be associated with the job. For example, consider the job of maintenance worker. This person has several hazards associated with the job, but may have additional exposures such as welding, machining parts, electrical work, etc. My point here is to be as complete as possible in defining the hazards. The source of job classification can provide job breakdowns or assessments that have this information. You can also obtain it from a Job Hazard Analysis completed in the past.

3. By listing the job functions and hazards of your Company you have completed one of the most important prerequisites for the Platform. You then need to input the required or important training programs and support materials needed for each job listed on the Platform based on the hazards you have identified. Training programs can be obtained from many sources or you can use the programs generated in-house.

4. Enter the appropriate data on your safety program and all elements appropriate for on-going management of the program. This should include OSHA related information including important reporting dates, follow-up action reports and records associated with the OSHA program.

5. Some Companies have loaded their workers' compensation insurance into the Platform so that they can provide on-line management of workers' compensation insurance claims.

6. There are risk management programs available that can be uploaded into your system allowing you to employ the program without the extensive work that maybe needed by building the program own your own.

Once the system has been installed you will want to test it by sending and receiving information relating to your program. You will soon discover that the platform can and does offer a more useful method for assuring that all facets of your program are effective for your needs.

The other components of the management platform should be identified and loaded into the system as part of the program to build your platform. None of these additions to the platform should be difficult to install and once installed they will be perceived as valuable to you safety management system.

The goal of creating a Risk Management Platform is to build a useful web-based tool for enabling better management of your Injury and Illness Prevention Program. It may appear to be a difficult undertaking, but you will be pleased with it once you have completed the project.

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