Driving Profitability While Protecting Your Employees' Safety and Well Being

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Introduction

The perfect storm is looming and companies will have to change how they look at their health and safety programs to ensure integration of bottom line objectives with their overall employee and workplace health, safety and well-being goals. Today, most companies' health protection programs are separated from health promotion programs. The two programs are from two drastically different organizational divisions and schools of thought and; as such, impedes their effectiveness to maximize the overall health and productivity of the workforce.

This paper will review the safety and health issues facing employers in dealing with the changing workforce and why developing a total solutions approach to safety, health and wellness will be critical to every employer's business survival. This will require us to explore how the best companies have created a culture where everyone feels responsible for identifying, reporting and reducing potential risks that greatly improve their ability to take proactive corrective action before anything bad happens.

Upshifting Safety Performance: Six Gears to Drive Improvements

There are six key areas where safety improves - or breaks down. Like gears, these areas are interrelated and there is an upward progression toward peak performance. The first two gears are pretty fundamental: worksite conditions and employee behaviors. Regulations in these areas get everyone moving toward safety by mandating certain worksite conditions, hazard management, appropriate equipment, training and so on - and most programs accelerate well beyond compliance. Still, there are limits to the quality and consistency of safety performance that can be achieved by focusing on these areas alone, just as there are limits to how fast a car can go if you keep it in first or second gear.

Almost every safety program will say it has processes (e.g., "this is our incident investigation process"), and many use the word system when talking about the program as a

whole. But these third and fourth gears only improve safety performance when we push them beyond generically correct definitions. Processes must provide   clear structure and guidance for the workforce, while also solidifying how safety professionals track and measure safety. A safety management system must define the values, goals and strategies that will align diverse processes and functions, while also providing benchmarks to gauge progress and guide corrections. Clarifying roles, responsibilities, and lines of authority, and providing reliable means for communication within processes and systems are also essential for accountability and clarity.

Continuous improvement depends on these gears - and on the quality, quantity and frequency of data that they provide. Opportunities for improvement will be limited if data comes only from traditional lagging indicators like total recordable incident rates or workers' camp claims. Such indicators are valuable, but they drive improvements too late - after the damage is done. By themselves, they can also be misleading since they describe a past state rather than what's happening in your workplace right now. The most effective safety management systems are engineered to collect and respond to leading indicators. To take a simple example, a company might create a process to perform weekly observations and track leading indicators such as number of unsafe behaviors observed, or use a scorecard to gauge a broader range of assessments. Combine that with other processes, such as conducting workforce surveys and reporting near misses, and you have a steady stream of up-to-date information that can help you spot potential problems and address them proactively before an incident occurs. Correlating leading indicators with lagging indicators over time makes them even more valuable, guiding the allocation of preventive resources to where they're needed most.

The fifth gear — safety culture — is both the sum of the first four and a powerful force that feeds back down the chain, driving and sustaining improvement in each. Top-performing companies take a proactive approach to strengthening their culture — starting with clear definitions of what "stronger" looks like, strategies to get there, and ways to measure and assess strength. New hire orientation, training, setting and enforcing high safety standards, and corporate messaging are all vital culture-building activities — but in an organization with highly evolved processes and systems, culture building permeates every activity. The pay-off can be profound. Worksite safety improves because everyone helps identify potential areas for improvement. Workers employ safe behaviors every time, not just when there's an incentive or threat of punishment. Safety processes continuously improve because of a higher level of participation, and safety management systems become more effective because different functions and departments are united behind system values and goals.

Demographic data and direct observation make one thing clear: the U.S. workforce is aging which brings us to our sixth gear. The majority of workers are now over 40, and the median age will continue to rise for years, presenting a slew of challenges. Statistically, older workers have a greater risk of injury and illness and slower recovery times — meaning more lost workdays and higher related costs. For example, the National Council on Compensation Insurance estimates that claim costs for workers in the 55-64 age group are 60% higher for indemnity claims and 40% higher for medical claims than for workers in the 20-24 age group. Similarly, a 2005 U.S. Bureau of Labor Statistics chart of median days away from work due to injury shows those workers 35 years of age and younger top out at six days away from work annually. By the 45-54 age group, the median jumps to 10 days away from work, and rises again in the next two age groups.

As discussed above, an aging workforce's increased absenteeism (or even "presenteeism," i.e., working while in some way impaired) can undermine productivity. A related issue is the "brain drain" that is happening as older workers retire. It is more critical than ever to capture institutional knowledge and incorporate it into formal training to prepare younger workers for the jobs they are inheriting. Otherwise, much of this knowledge — whether it involves safety, health, quality, or basic job skills — could literally disappear when workers leave. This highlights the value of a well - organized training management system but more importantly a new understanding and improved focus on health prevention.

Bottom line, the risks inherent in an aging workforce provide a powerful incentive to expand and improve your efforts in key areas like health and wellness, medical surveillance, safety training, job safety analysis, as well as case/claims management, return-to-work, and more. The need to understand and analyze demographic data underscores the value of tools to help manage this growing risk. Similarly, the complexity of managing an aging workforce provides further justification for uniting health prevention and promotion efforts enterprise-wide.

Not Evolving Fast Enough?

Below (Figure 1) is a simple depiction of a workflow that I've seen make a dramatic impact on safety performance for companies that follow it. The success of this model depends on creating a culture that supports early reporting. This may start with near misses but evolves in top organizations to include regular observations from everyone. More people observing generally equates to better performance, because companies have ongoing information to drive safety processes proactively. They can take observations that are similar and negative, employ causal analysis techniques to identify the factors contributing to these observations, and take corrective action to address system and process deficiencies — before a loss occurs. Tracking these actions through completion, they can also perform focused inspections to measure culture change.
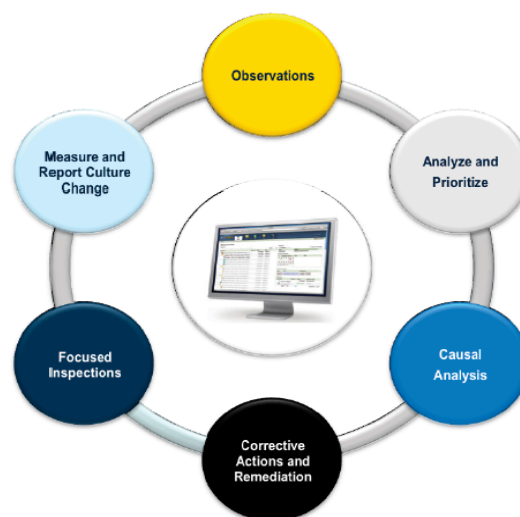

Figure 1. Depiction of a Workflow.

Companies using this model frequently achieve performance that is the envy of their peers — yet even they can hit safety performance plateaus. The obstacle preventing further improvement on a path towards zero is usually the same obstacle that prevents companies from implementing this model at all: resources.

It's not a lack of understanding or will — safety professionals grasp the "why" of applying causal analysis and other quality management principles, increasing the collection and analysis of data, and evolving processes and systems to drive continuous improvement. The question, given tight budgets and staff already stretched thin, is "how." Similarly, in the challenging economic climate, even senior executives who understand the bottom-line benefits of strong safety programs may resist investing resources to take performance up another notch.

Responding to New Challenges, Delivering Meaningful Business Benefits

The "business benefits" point is key. The expanded role of health prevention and health promotion in the corporate big picture is not a matter of idealism. As with the rise of quality management during the 20th century, health and safety management are drawing greater attention (and investment) in direct response to market forces and bottom-line business realities. Whether meeting with C-level executives or front-line leaders, we emphasize that there is a powerful business case for increased investment in an organization's most important asset: people.

Each of the challenges discussed in this article justifies (or outright demands) greater investment in workforce health prevention and promotion initiatives. But what is more uniquely pertinent, and exciting, about today's initiatives is that, like quality initiatives in the U.S. in the 1970s and 1980s, they also present extraordinary opportunities to improve business performance and gain a competitive edge.

There are plenty of mathematical models and case studies to demonstrate the ROI of quality initiatives. One example is to demonstrate how relatively small improvements in an area like rework can drive profit margins higher, effectively add value to every project, and deliver impressive cost-benefit ratios. Similar models have existed for health and safety initiatives for many years — but because they have generally been limited to the most obvious areas measured by lagging indicators (e.g., workers' comp claim costs) they are just the tip of the iceberg when it comes to the potential of health and safety programs to drive business performance.

Making the business case for health prevention and promotion initiatives at your company depends on many industry-specific and organization-specific arguments beyond what have been laid out here. From the shop floor to the C-level suite, more people are realizing that the various departments involved in workforce safety and health are not merely cost centers whose fundamental value is compliance, nor does it make sense for them to remain in separate corporate silos. The 21st century business reality is that all health and safety functions, properly managed, supported and united, can ensure a safer, healthier and more productive workplace while improving competitive position and driving overall business performance. In short, the opportunities for safety and health professionals to make a difference are expanding and present significant opportunities for the immediate future and beyond.

A Few Questions to Ask

1. How proactive is your safety and risk management? Leveraging the power of this new way of thinking can provide enormous boost to programs that already have processes in place to conduct observations, track leading indicators, and make health prevention and promotion more proactive.

2. Is your organization committed to continuous improvement? Companies that see safety as a cost center and just want to do the minimum to remain compliant are only going to experience a fraction of the benefits that a robust safety and risk management program can provide.

3. Do you want to measure everything you can? Technology can automate the collection of data, centralize storage, and simplify analysis and reporting - but robust data analytics also requires significant human involvement from generating initial data (e.g., input from observations, filling out a survey, etc.) to setting clear goals and having a strategic plan to use the data.

4. Does senior management support your safety goals? Shifting focus to a health prevention and promotion mindset takes more than focus on leading indicators. It depends on enterprise-wide buy-in, starting with management valuing and taking a sense of ownership over safety efforts.

5. Are safety leaders ready to lead the charge? Change requires leadership, and even in perfect-fit scenarios, introducing new initiatives represents significant changes and the old way of doing things may not work in this new age. Safety leaders will have to adapt to be successful in this new world.