

5 Steps To Achieving Operational Excellence & Profitability Through Safety

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Thank You For Your Commitment To Safety



*“Winning is not a sometime thing, it is an all-time thing.”
~ Vince Lombardi*

So Is Safety!

Safety Tip Of The Day #1

*Never take a sleeping pill and
a laxative at the same time.*

Safety Tip Of The Day #2

*If you don't know where you are going, you might wind up
someplace else.*

~ Yogi Berra

This Company Ended Up At The Wrong Place



...And Another Wrong Place



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Everyone Makes Mistakes

“The greatest mistake is to imagine that we never err.”

~ Thomas Carlyle

Safety And Health In The 21st Century

Having great safety and health is vital ...

- 1) it is morally the right thing.
- 2) it allows your employees to go home each night safely to their family and loved ones.
- 3) it keeps you from having to do the worst job any person would possibly have to do.
- 4) it is the law.
- 5) it is essential for a company to be profitable and competitive in today's marketplace.



Why You Need An Effective Safety Program

Why Be Concerned?

- Continued aggressive enforcement – including more inspectors, higher penalties and unfriendly press releases – and more employers placed in the Severe Violators Enforcement Program
- Increased focus on whistleblowers with push to find more “cause” determinations
- On-line whistleblower complaint applications
- More emphasis on workers rights, including worker summits
- Interpretative letter on third-party representation

Why Be Concerned?

- Local, state and national governments look at safety records – bar on submitting bids
- Private sector companies also looking at contractors, vendors and system safety record – may lose clients
- Poor safety results in more injuries, which reduce company's profitability – could lose jobs

OSHA's 10 Largest Proposed Penalties Of All Time

1. BP Products, North America (10/29/09) – **\$81.34 million**
2. BP Products, North America (9/21/05) – **\$21.36 million**
3. O&G Industries *et. al.* (8/3/10) – **\$16.6 million**
4. IMC Fertilizer/Angus Chemical (10/31/91) – **\$11.55 million**
5. Imperial Sugar (7/25/08) – **\$8.78 million**
6. Samsung Guam, Inc. (9/21/95) – **\$8.26 million**
7. CITGO Petroleum (8/29/91) – **\$8.16 million**
8. Dayton Tire (4/18/94) – **\$7.49 million**
9. USX (U.S. Steel Corp.) (10/26/89 & 11/2/89) – **\$7.28 million**
10. Phillips 66/Fish Engineering (4/19/90) – **\$6.4 million**

First, Broaden Your View - It's Not Just Safety, It's Risk

On April 14, 2013, a massive explosion of ammonium nitrate at a fertilizer storage and distribution facility fatality injured 15 and caused hundreds of injuries.

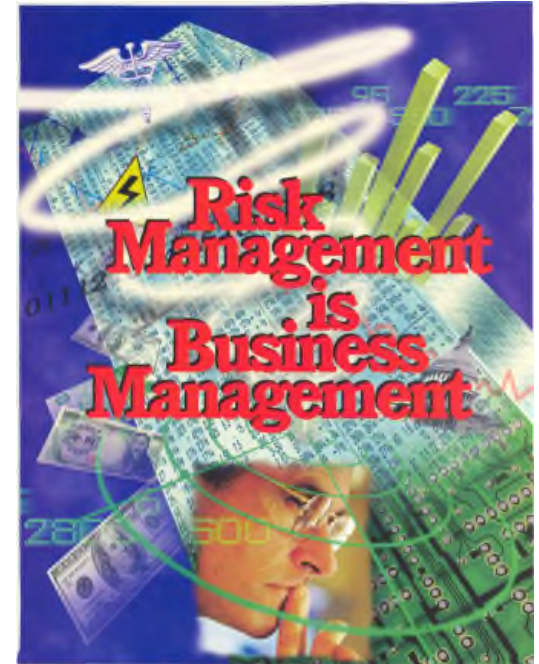
Nearly destroyed the town of West, Texas.



First, Broaden Your View - It's Not Just Safety, It's Risk

“Risk is a part of doing business and risk management is a company’s first line of defense against those risks, whatever or wherever they may be.” Ever-expanding spectrum of risks include:

- Decisions to merge, acquire or divest
- Currency devaluation
- Political instability / Terrorism
- Regulatory compliance
- Hiring/Firing policies
- Response to disasters
- Disgruntled employees
- Shareholder issues
- Transition issues



Risk Management vs. Safety



How Does Safety Actually Protect The Bottom Line?

The Realities

A good performing risk & safety program becomes a non-issue to management

A poor performing risk & safety program can cost you your business

Safety typically communicates in methods that Management does not understand

Treat Risk & Safety Management As A Business Function

- Create and track a strategic plan
- Establish & track a budget
- Measure costs / not just accident costs
- Benchmark performance
- Be ready to justify projects with a pro forma and return on investment
- Communicate results to management
- Adjust your strategic plan to address

Treat Risk & Safety Management As A Business Function

Manage....Not React

How To Properly Measure, Manage And Communicate To The Board

Not:

- OSHA Compliance
- Total Recordable Incident Rates
- Loss Workday Cases
- DART Rates
- Lagging Indicators

You do have to measure & track these.
Report them, but do not focus on them

Treat Risk & Safety Management As A Business Function

- Measure
 - Real Cost of Accidents
 - Real Cost of Risk
 - Leading Indicators (Training, Behavioral Observations, At Risk Observations, Safe Observations, Audit Results)

Report these to the board,
but benchmark them against industry performance &
company financial performance indicators

Achieving Operational Excellence And Profitability Through Safety

Elements of an effective safety and health management system

1. Strong management commitment
2. All employee involvement/engagement
3. Worksite analysis – root cause analysis
4. Hazard prevention and control
5. Training for employees, supervisors and managers

Step #1: Management/Leadership Commitment To Safety

- Safety mission, vision and values
- Demonstrated commitment to safety as core value
- Defined goals and objectives
- Consistent policies and procedures
- Improvement at all levels
- Worksite monitoring of compliance enforcement
- Safety performance metrics and accountability for mgmt.
- Company's operational definition of employee involvement in safety
- What level of accident/injury is acceptable to Company management?

Safety Culture And Character

Every facility or work site already has a safety culture – how do you rate your safety culture? Good, bad or “I don’t know?”

- Character is doing things right when no one is looking.
- What type of safety character do you have?
 - Full-time
 - Part-time
- When convenient

“Be more concerned with your character than your reputation because your character is what you really are while your reputation is merely what others think you are.”

~ John Wooden

Safety Mission, Vision & Values

Mission: To ensure a safe worksite for all employees, vendors, suppliers and guests

Vision: That all employees return home safe every day to their families and loved ones.

Values: Safety is a core value of the company.

- Make sure other company values do not conflict with safety values.
- Establish shared vision among management and employees of safety and health goals and objectives being integrated with production.

Demonstrated Commitment To Safety: Your Safety Mentality

- Personal commitment demonstrated at all levels, starting at the top – commitment must be visible
- Safety mentality - how do you respond to situations?
 - Take responsibility
 - Make excuses
- Take actions to show commitment
 - Allocate personnel and resources
 - Provide training
- Ensure mission, vision and values are not just words
- Motivate employees toward safety goals
- Reward safe actions

Defined Goals & Objectives

- Goal: zero injuries, illnesses and fatalities
- Objectives define path to achieving goal
- All management and employees have a role in the objectives
- Objectives help define the company's expectations for all employees
- Safety cannot be the absence of failure (i.e., injury) – you may just be lucky
- Communicate expectations
- Safety discipline – drive to achieve safety goals – where do you place your emphasis?

Safety Performance Metrics For All Management

- All management must have clearly-articulated safety performance metrics which connects to the company's safety goals and objectives
- Assess performance on regular basis
- Provide feedback in “real time”
- Do not ignore small problems that will grow into large problems – do it right the first time.

“If you don't have time to do it right, when will you have time to do it over?”

~ John Wooden

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Step #2: Empowerment At All Levels

- Motivational programs to encourage employee recommendations/safety improvements
- Safety Committees and safety survey
- Engaging employees by personal involvement
- Management and employee “stop work” authority
- Management and employees involved in accident investigation
- Trust

Empowerment – Check To See:

- Are employees using safe work procedures?
- Do employees assist in developing safe work procedures?
- Do employees suggest changes to safe work procedures?
- Do employees report or correct hazards they find?
- Do employees feel safe at work? Take a safety survey.

Step #3: Work Site Monitoring & Compliance Enforcement

- Hazard identification and job analysis
- Leading v. lagging indicators
- Use of in-house v. third-party audits
- Compliance requirements communicated – time limits to report all injuries, significant incidents, first aid and/or near misses
- Discipline for safety violations – clear rules and disciplinary procedure
- Quantifiable measurements to verify safety results.

Leading Indicators – Check To See:

- How are hazards identified and remediated?
- Are near misses and first aids tracked?
 - Root cause analysis for all injuries and near misses
- Do employees use job safety analyses properly?
- Are PMs performed when due?
- Are audits conducted? How often? How many recommendations closed out?
- Safety observations/interactions
- Who is involved in accident and near miss investigations?

Leading Indicators – Check To See:

- How often are policies/procedures audited against reality?
- Do you have a management of change process?
- What do you measure?
- What gets rewarded?
- Pre-job safety meetings
- Job specific safety requirement for vendors & contractors
- Track safety performance of contractors and vendors
- Duty pre-work safety meeting/toolbox talks
- Safety suggestions

Leading Indicators – Check To See:

- Good housekeeping
- Job and site specific training
- Safety committee review, reports, and corrective action
- Discipline for safety violations
- Retraining of safety violators
- OSH plans and objectives set and achieved
- Planned risk assessments vs. completed
- Effectiveness of safety training
- PPE inspection schedule

Consistent Policies & Procedures

- Make sure that company policies and procedures do not conflict with the company's safety mission, vision and values.
- Integrate safety into all aspects of the company's general management programs and processes
- Use common language for both the safety and management policies and procedures
- Standardize measurement processes

Step #4: Training For Employees, Supervisors And Managers

- Consistent and continuous education process
- Understandable training
- Must reflect policies and procedures
- Retraining and review
- Stop telling employees not to have an accident – instead, tell them how not to have an accident
- Watch out for complacency or just silly mistakes

Check Your Training

- How often do you train?
- Who conducts training?
- Where, when and how do you train?
- What do you train your employees on?
- How do you follow up to ensure that training worked?
- Does your training discuss problems/injuries that occurred in the past?
- Develop metrics to determine your training effectiveness.



Safety Tip Of The Day #3

Yesterday's home runs do not win today's game.

~ Babe Ruth



Identify The “Fs”

“Finished files are the result of years of scientific study combined with the experience of many years.”

~ Todd Conklin



Identify The “Fs”

How many “Fs” did you see?

Identify The “Fs”

Finished files are the result of f years of f scientific f study combined with the experience of f many years.

Step #5: Keep Your Program Fresh

- Assign managers and employees to review policies and procedures
- Ask for feedback regularly
- Close the communications loop
- Keeping your workplace safe requires continuous improvement
- Cannot stop learning
- Must have strategic and operational safety plans to be successful

Safety Tip Of The Day #4

*Skydiving without a parachute is
a once in a lifetime experience.*

Keys to Success

Treat Risk & Safety As A Business Function

- Know your company's financial performance statistics
- Know how your compensation / bonus system works – what means something to operations?
- Measure performance against your company's financial statistics
- Report performance in a method that your management understands

Keys to Success

Treat Risk & Safety As A Business Function

Remember...

If it's not measured, it's not managed.



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Final Questions

“Judge a man by his questions, rather than his answers.”
~ Voltaire

Be Safe!



REMEMBER:

Bad decisions make good stories and usually the evening news.



Thank You

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