

Safety requires skillful management

By **GAVIN SOUTER**

ATLANTA—An effective safety management system should have the same characteristics as a stealth bomber: quiet, penetrating, highly effective and hardly noticeable; says a safety management specialist.

To reach that level of effectiveness, the system must pervade an organization, he said.

But while this may be the ideal, in reality many companies have almost non-existent safety management systems, said Larry L. Hansen, home office manager-safety management and organizational performance in Syracuse, N.Y., for Wausau Insurance Cos.

Too often, safety management programs and systems are ignored or inefficiently instituted and consequently have little impact on loss costs, Mr. Hansen said at a session at the Risk & Insurance Management Society Inc. conference in Atlanta last week.

The worst companies have what Mr. Hansen calls SWAMP approaches: Safety Without Any Management Process.

The result is high insurance costs, excessive losses, adversarial employee relations and litigation resulting from statutory ignorance, he said.

"At these companies, accidents are accepted as a cost of doing business," Mr. Hansen said.

The typical management style at these companies is autocratic, there is little planning, and

communications with employees are curt and meant to cause fear, he said.

These companies tend to keep the same minimal safety management procedures unchanged until they suffer a significant financial crisis as a result of the poor safety management, Mr. Hansen said. Then they usually institute changes in the safety program that they hope will reduce costs, but those steps have little or no effect, he said.

The responsibility for safety management at these companies usually is allocated to one person or a department, Mr. Hansen said.

"The result is that safety is perceived as a cost," he said.

Often the company will introduce a communications program revolving around postings about correct practices, but the managers themselves pay scant attention to the postings, so employees become cynical, Mr. Hansen said.

Only when these types of companies have a radical organizational change in management personnel or philosophy is it possible to institute a successful safety management system, he said.

Then it is possible to take a new approach to safety management and change the culture of a company to instill an awareness of the financial and human costs of poor safety procedures, Mr. Hansen said.

In these changed organizations, safety is regarded as a measure of management effectiveness and accidents are not tolerated, he said.

One organization that made the change is NASTECH, a steering

column manufacturing in Bennington, Vt. NASTECH is a joint venture between a Japanese manufacturer, NSK, and Torrington Industries, said Stephen C. Welford, human resources manager at Torrington.

In 1993, NASTECH faced severe problems due to its horrendous safety record, Mr. Welford said.

The financial problems were readily apparent: The loss cost per person per hour was \$1.37, compared with 6 cents at other companies in the region, he said.

In addition to the poor safety record, employee attendance was poor; few in the area wanted to work for the company; and staff morale was poor, Mr. Welford said.

"So we had a major problem to deal with," he said.

To try to change that, Mr. Welford brought in outside safety management experts to analyze the facility. The experts' conclusion was that, as far as safety management was concerned, the facility had no accountability, no vision, no measures and no plan, he said.

So, NASTECH embarked on a plan to improve the safety record of the company through procedures that were largely evolutionary, Mr. Welford said.

"We looked at the who, what, where, when and how of addressing the safety problems," he said.

The ultimate goal of all of the changes was to instill safety management into the strategic planning of the company, Mr. Welford said.

To begin the process, the company analyzed the regulated and non-regulated policies and procedures implemented at the facility, he said.

Then it instituted training processes to help employees effectively comply with the best safety procedures, Mr. Welford said.

And to encourage employees to improve safety procedures, NASTECH greatly improved its lines of communication between managers, supervisors and workers on the factory floor, he said.

As part of the increased communications efforts, supervisors were briefed on workers comp costs and how many steering columns they needed to produce to pay for the premiums, Mr. Welford said.

"And we made sure that the supervisors connected with injured employees so they knew what was happening with the people, and the people knew that somebody cared about them," he said.

And to instill a commitment to improve safety management by the managers themselves, NASTECH made all of them sign a mission statement, gave them goals to meet in reducing workers comp losses and penalized the managers who did not meet the goals by reducing their annual pay increases, Mr. Welford said.

As a result of the changes so far, NASTECH has reduced its per-person-per-hour loss cost to 63 cents, and its workers comp premium has fallen by \$760,000, he said.

Mt. View, a long-term care facility in Niagara, N.Y., also had to rad-



ically change its safety management system, said Wayne L. Salen, now director of risk management at The Park Associates Inc., a health care company in East Aurora, N.Y. He formerly was risk manager for Niagara County, which owns Mt. View.

When Mr. Salen took on the task of changing the safety management at the facility in 1991, he estimated the annual total cost of the losses, including replacement costs, was \$1.1 million for a facility with 250 workers. And as the facility had an operating deficit of \$1.2 million, it was clear that effective safety management could have a radical effect on the facility, he said.

"Management recognized the need to change," Mr. Salen said.

The keys to turning around the safety program and the facility were an admission of failure by the management, a commitment to work with the employees and effective communication to address the problem, he said.

The effective communication helped turn the anger of the employees into enlightenment, and costs were drastically reduced, he said.

In 1991, the workers comp claims alone were \$770,000 and by 1996 they fell to \$73,571, Mr. Salen said.

Mr. Hansen coordinated the session, and Mr. Salen moderated.