

ECOMPLIANCE



# CEO'S GUIDE TO TOP QUARTILE SAFETY PERFORMANCE

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# INTRODUCTION

**Success in engaging C-level executives is rooted in asking the right questions rather than trying to have all the answers. When it comes to improving safety performance, the power of asking the right questions within your organization has never been so important.**

Safety performance is controllable, just like production targets, sales quotas, and cost containment programs are controllable (and the list goes on).

Historically, it's rarely been viewed this way. Words like "accident" represent vestiges of an era where we didn't think we could take control. That era is thankfully over. If you believe safety performance is controllable, keep on reading. Whether you are the CEO, president or business owner (we'll use these interchangeably) there is some good news:

## **1. We have some cold hard facts to help you ask the right questions, based on the big data observed across hundreds of companies.**

We've made it easier by providing you with some "big picture questions" to give you and your team the right starting point.

Every organization has its unique history, context and vision for growth which you know best.

## **2. You likely already have two strengths necessary to turn these questions into actions and lead safety performance in your niche:**

A. In building your business you've developed a strong ability to truly connect with people: with colleagues, suppliers, customers and even their families. This is a strength you'll likely need to deliberately tap into once again.

B. You've also built up a trust in facts, data and trends over words, conjecture and acceptance of the status quo. This strength will again serve you well by helping your organization push safety performance past the status quo.



This paper is meant to help you ask the right questions and tap into your core strengths as a leader, rather than simply delegating tasks.

## CEO'S GUIDE TO TOP SAFETY PERFORMANCE



1. Recognize it starts with you, the president or CEO



2. Weave safety into your corporate strategy



3. Measure safety performance

## 1. RECOGNIZE IT STARTS WITH YOU, THE PRESIDENT OR CEO

Our research on top quartile safety performers shows that the President, CEO or Owner is actively involved in shaping the safety culture and performance of their company. This is not surprising, but what was surprising is that we found zero exceptions to this.

Most CEO's know this, but we should draw a clear line between "being aware" and being "actively engaged".

### Being Aware:

Your team reports safety performance to you and you're aware of issues and opportunities. You put your name on the commitment to safety in the organization and share it on your website and public facing company document.

### Actively Engaged :

In addition to the above, you play an active role in discussing safety with the front-line workforce when on site, on the floor, etc. You're known to remove obstacles and barriers to safety performance, and the EHS team and "production" leaders have a direct reporting line to you on safety topics. Naturally, actively engaged is the starting point to top quartile safety performance (and beyond). Interestingly, we see most CEO's fall into two camps for their source of energy for this:

1. **Either they've experienced the loss or injury of a close friend, colleague or family member in the past and truly see an opportunity to avoid this in the future.**
2. **They view strong safety performance as a competitive advantage in their industry or as a tool for retaining talent and morale.**

Whatever the reason, active engagement by the CEO is critical to success.





## Common obstacles to active CEO engagement are straight-forward to overcome:

### **A Control Mindset:**

CEO's who are shy to put their name on the line, regarding the success of safety initiatives and performance, often feel they have no sense of control over safety performance (e.g. "Why did Bob not follow procedure and we have another recordable?!").

**EVEN IF IT TAKES A LEAP OF FAITH, STRONG CEO'S KNOW THAT IN THE LONG RUN, PERFORMANCE IS CONTROLLABLE IN ALL ASPECTS OF THEIR BUSINESS AND THE VIEWPOINT ON SAFETY SHOULD BE NO DIFFERENT. THIS IS THE FIRST STEP.**

### **A Direct Line:**

Safety or EHS does not have a direct line to the CEO. This makes it more likely that the hard truth is being "filtered" before it reaches the top of the organization. This makes it more difficult for the CEO to make good decisions at the right time. In nearly every top quartile safety performing company we met, safety had a direct reporting line to the President or CEO.

### **Professionalized EHS Team:**

Historically, EHS professionals were relegated to second place at the executive table and often lacked senior operational experience. This is changing as more diverse executive backgrounds provide EHS leaders with an ability to engage you, the CEO, and take safety from a "back office" mindset to a "value added" mindset. This should be embraced to take a performance-control approach to safety.

## QUESTIONS FOR CEO

1. Does safety have a direct line to the CEO and a seat at the executive table?
2. Is there at least one project or initiative with an objective of improving safety performance?
3. What is the one action visible to your company that shows you're actively involved with the safety of the front-line workforce?



## 2 . WEAVE SAFETY INTO YOUR CORPORATE STRATEGY

Strong safety performance can help your organization build competitive advantage in a number of ways. Each CEO must decide for him or herself what their particular reasons are. Successful organizations we've observed find a way to stay focused, but also "hit several birds with one stone" by taking an integrated approach to setting objectives and key results (OKR's).

This is where safety usually comes in. Typically, safety was viewed as "another thing to take on". Interestingly, safety is both the means and the end to many company's growth aspirations. We've seen safety as a strategic pillar to growth in the following ways: Does 50% less injuries relative to your peers impact...

### **People Success & Retention:**

Stronger morale, culture and focus on your #1 asset.

### **Competitiveness:**

Giving you an edge over competitors.

### **Corporate Brand & Reputation:**

A stake in the ground that the company deliberately chooses safety excellence and the types of clients /owners you work with that value this.

### **Community Reputation:**

A stake in the ground in your local community that your company values the health of all of those in the community that step into your business.

### **New Business Generation:**

Accessing new clients or contracts that take safety performance and standards into account for selection.

### **Organizational Efficiency:**

Running a tight ship by reducing errors, interruptions and re-work.

### **Cost Containment:**

Reducing workplace insurance premiums and liabilities.

### **Quality of Work:**

When we do safety right we're doing many things right.

Inevitably, a CEO that successfully integrates safety into strategy, implicitly chooses a "major" and a "minor" from this list.

It's probably impossible to position the company across all of the above, but being deliberate in what they are will help with both the prioritization of safety initiatives and how they're communicated both inside and outside of the company.

### **INTERESTING FACT:**

In our research of top quartile safety performers, we found that leadership teams often communicate the additional benefits of strong safety performance differently depending on the demographics of the front-line workforce as shown below.

While these approaches may not work in every context, it's interesting to see the messaging shift to reflect the unique workforce and history of each company.

#### **Message to Experienced Baby Boomers:**

Our customers value safety performance and this provides us with more access to work/projects and higher economic security as a company.

#### **Message to those < 10 Years in Workforce:**

Skilled labor is hard to find. Our strong safety record demonstrates we care for our workers, we value front-line perspectives and we learn from each other's experience.

Our [ROI of Safety Whitepaper](#) illustrates some simple ways to put a “business filter” on safety initiatives to help with prioritization and communication across the company. When safety is an integrated part of strategy and another measure of ultimate performance, the company makes safety part of its filter of evaluating all corporate initiatives.

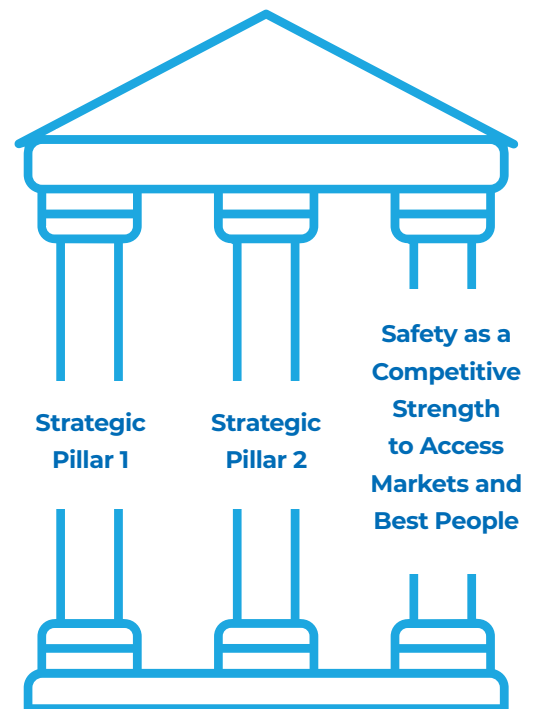
## QUESTIONS FOR CEO

1. What percentage of your client/customer base truly value safety as a top 3 item? How does this translate to the energy put into advancing safety performance across the executive team?
2. When long term planning or executive strategy sessions are held, is safety performance or how we do safety, viewed as an ally to our corporate strategy or simply another business function?
3. When communicating the other benefits of a strong safety system across our company, what should the #1 and #2 benefits that are consistently communicated be?

### A STARTING POINT TO ALIGNING EHS INITIATIVES WITH EXISTING BUSINESS PRIORITIES



### INTEGRATING SAFETY AS A SUPPORTING PILLAR OF CORPORATE STRATEGY AND GROWTH GOALS



### 3. MEASURE SAFETY PERFORMANCE

“If you can't measure it, you can't improve it”

“What gets measured gets managed... and what gets managed gets done.”

These quotes represent an executive management ethos that goes back hundreds of years, probably because more often than not, it's true! Safety is no different.

You may think you've been measuring safety performance for years, but you're probably missing out, as much has changed in the last 1-2 years. Large enterprises are particularly vulnerable to this.

Sure - TRIF, TRIR, DART rates and the list goes on, but this is not performance; this is the equivalent of driving a car looking in the rear view mirror or looking at what revenue was 6 months ago without considering the sales pipeline today.

**Let's be honest, most executives are confused by injury rates.** They seem to sporadically increase or decrease without direct causation, so it's difficult to know “did we really get better?”, “did we get lucky?”, or “did we have more manhours last quarter?”, etc.

This is part of the reason why top performers incorporate a mix of leading and lagging indicators, with greater emphasis on the leading indicators statistics.

#### We've seen different approaches to lagging indicators:

- Setting a “Road to Zero Injuries” over a longer time horizon.
- Benchmarking a TRIF rate against top quartile, better than average, etc.
- Forgetting about the TRIF goal and instead simply stating it should be lower year over year.
- Focusing on Serious Injury Frequency (SIF's) and measure serious incidents even if an injury didn't occur.
- Actively discussing the root causes of injuries, particularly SIF's and what executive actions are required.

#### More interesting, is how to incorporate leading indicators:

- Ranking the top 3 risks to your workforce and measuring on a weekly basis what percent of controls are actually completed by your team, by site, division, project, etc.
- Ranking top 5 themes from “good catch”, “safety opportunity” or “near miss” observations from front-line staff.
- Number of corrected action items completed per supervisor per month.
- Organization-wide safety participation score measured on a dashboard by site.

Simply find a way to easily track risk (and the actions required to reduce risk) at a high enough velocity to make the data meaningful over time and digestible for your executive team.

## QUESTIONS FOR CEO

1. How much of our safety performance discussions are focused on the “rear-view mirror”? Do we spend enough time truly evaluating leading indicators or where the risk is TODAY?
2. What is the velocity of safety performance evaluation and follow-through the executive team puts on the EHS team and front-line management? Is it high enough that we'll catch the next major incident before it happens? What are their obstacles?
3. Does the executive team have real-time dashboards into leading and lagging indicators by division, region, etc. just like we have forecasts for sales, production etc.? If not, why?

## CONCLUSION

**In hazardous industries, strong safety performance = growth. Plain and simple. Making safety performance an ally of corporate strategy, getting yourself involved in at least one safety action and expecting better safety performance reporting are probably some of the easiest ways your company can strengthen competitive advantage and its reputation amongst its employees, clients and community.**

There are more questions than answers and not one path to becoming a top safety performer; however, asking these questions can often frame effective executive conversations that drive the future growth and sustainability of your company.

Safety performance is controllable. As leaders let's take control, be aggressive and push risk and injury levels down faster.

Let us help you drive safety performance with our technology-led solution: Alcumus.



## ABOUT ALCUMUS

Alcumus is a leading provider of technology-led risk management solutions providing clients with advice, expertise and support to help them identify and mitigate risks, navigate compliance and keep people safe. It supports clients with a wide range of risk management services, including products across Supply Chain Management, EHS Software, and Asset Inspection Systems.

Our people are at the heart of our business, building strong relationships with our clients to understand their needs, minimize risks and navigate compliance through our in-depth knowledge of your sector, regulations and challenges.

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