



# How Enhancing Safety Improves the Bottom Line

*Adopting cost-effective methods for reducing accidents links safety improvements to profitability*

**By Terry L. Mathis**

**S**ince most organizations view safety a cost center, rather than a generator of profits, calculating your return on investment isn't always simple. However, if the money you spend to improve safety results in lower costs of accidents, you know that the investment paid off. The goal of this article is not so much to review bookkeeping as it is to discuss ensuring the efficiency and effectiveness of safety-improvement efforts.

Not all attempts to improve safety make economic or strategic sense. Some simply don't work; others cost significantly more than they save. The goal of safety ought to be a business goal, not simply an altruistic venture. This means ensuring that the resources spent on safety improvement make a difference. It also means that occasionally some efforts get priority over others because of their potential effectiveness.

There are seven factors that have proven important in ensuring the effectiveness and efficiency of safety efforts. The more of these factors your organization masters, the better your chances of making your safety efforts produce the best results.

**1. Management's paradigm** – The way you think about safety

makes a difference. If you understand how accidents happen and how they can be controlled, you can systematically reduce them in the workplace. If, on the other hand, you view accidents as Voodoo and periodically sacrifice an employee to placate the god of safety, you will remain frustrated and unsuccessful. An important part of a good safety paradigm is an understanding of the nature of low-probability risks and how they randomly create accidents. Proactively

managing risks has proven more effective than reactively managing accidents. When you study the cost of accidents, both visible and hidden, and the impact of accidents on every aspect of your organization, you begin to realize that good safety is good business. Managers who realize this tend to manage safety seriously and effectively and do not stop until they achieve results. Too many managers have not reached this conclusion. They still view safety as another distraction from doing what they consider to be real business.

**2. Priority or value of safety** – Even managers who understand safety don't always give it the proper priority. When multiple priorities conflict, which one wins? If safety is your first priority, you might become the safest company to ever go broke. However, if safety is last, you will always have accidents. Rather than treating



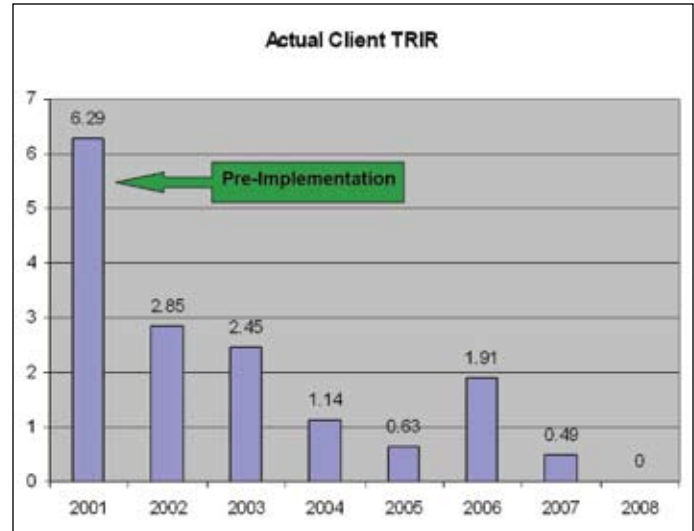
safety as a priority that can change, successful organizations make safety a value that remains a constant in business decisions. The question is not, 'Can we do this safely or not?' Rather, the question should be, 'How safely can we do this?' This question should be an element of all business decisions.

**3. Role of safety professionals** – Many safety professionals develop an adversarial relationship to their fellow managers and sometimes to the organization itself. This can be a problem created by the safety professional, or by the managers. Many industries have a history of results orientation at the expense of safety. In such industries, managers tend to ask safety professional to look the other way occasionally so they can “get the job done.” Safety professionals get fed up and are willing to “shut the job down” for safety reasons. In such cases, both sides have forgotten whom they work for and the goals of the organization. The most effective safety professionals are the ones who work closely with managers to get the jobs done as safely as possible without forgetting or compromising organizational goals and economic realities.

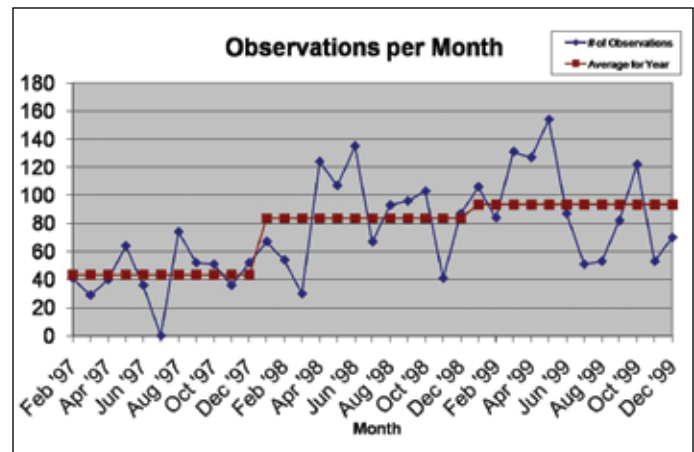
**4. Focus of safety efforts** – Most organizations want to reduce accidents, but few are working on that goal effectively and efficiently. To focus properly, you must ask transformational questions such as “What one thing, if done differently, would make the biggest difference in safety?” Almost all organizations are putting effort and/or resources into areas of safety that don't really result in significant improvements. Simply redirecting efforts, rather than increasing them, often produces great results. Leaders must develop the correct safety focus. Then they must communicate continuously to the rest of the organization to maintain direction. When it comes to safety, focus is even more difficult to maintain than to develop.

**5. Integration of safety into business** – To achieve safety excellence, safety cannot be another thing you do. It must be the way you do everything. Most organizations view safety as another set of activities and priorities to be managed against, or worked in with the rest. Truly excellent organizations focus on production and try to do it safely. They do safe production. Safety is truly integrated into business activities, not added on to them. One corporate safety manager told a story that illustrated the point well. He would say, “We used to think of production as units out the door. Then we realized if they came back as defects, we really had not produced them. So we redefined production as quality units out the door. Then we realized that getting a worker injured was the same as a quality defect. It impacts everything we do. So now we define production as safe, quality units out the door.” Organizations that think of safety as a criterion for every other effort tend to generate excellent safety results.

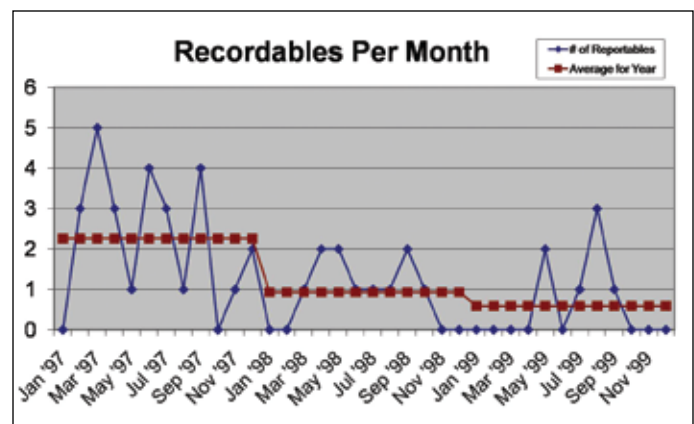
**6. Measurement** – Underlying many of the other problems with safety is the way organizations tend to measure it. Traditional safety measurements have been driven by government agencies such as the Occupational Safety and Health Administration (OSHA) and the Mine Safety Health Administration (MSHA). They prescribe a rate or ratio type of measurement that allows comparisons



This chart documents a decline in a company's total recordable incident rate (TRIR) after they'd implemented a program offered by ProAct Safety that encouraged a risk-management approach that made safety part of the business strategy.



This chart from another ProAct Safety client shows a steady increase in observations of safety-related issues over nearly two years.



This chart, taken from the same client as the one shown directly above, indicates that as safety-related activities increased over two years, the number of actual recorded incidents dropped in direct, inverse proportion.

## Injury-Free Efficiency

of organizations with different-sized workforces. The measurement is often called a “recordable rate.” It’s basically the number of injuries (which meet criteria for reporting) divided by 200,000 hours worked. The measurement is a reasonably good one for comparing and trending results. It tells you how you are doing, but it doesn’t necessarily tell you how to do better. It is more descriptive than prescriptive. It is also a totally “lagging” indicator that has prompted reactive management of safety.

When you only measure your failure rate, it seems natural to manage safety to lower that rate. However, you only have information to improve *after* an accident (which is what you are trying to prevent). Many organizations have defined the most effective safety practices and measure the percent of compliance with these prac-



tices. This way of measuring safety “success” rather than “lack of failure” has proven very effective. It also prompts workers to focus on the practices that prevent accidents, rather than simply measuring outcomes. As they track their own progress, they begin to realize the difference between safety and luck.

**7. Continuous improvement** – Accident-free workplaces are not risk-free workplaces. Constant vigilance is a necessary part of safety excellence. Almost every organization is either getting better or worse in safety. Maintaining your current status in safety is often an illusion. Measuring the leading indicators is an integral part of continuous improvement. Even when accidents don’t happen, the leading indicators measure the level of accident potential. Managing safety at the pre-accident level and continuously improving the highest-impact safe practices is the best way to ensure that your safety efforts create the desired results.

World-class safety organizations practice all or most of these methods. They have succeeded in reducing accidents and often don’t require additional effort or resources. Using cost-effective and efficient methods for reducing accidents makes business as well as safety sense. Redirecting your current safety efforts could potentially have a significant impact on the bottom line. **TR**



*Terry L. Mathis is CEO of ProAct Safety Inc., the Woodlands, TX. He’s also a former director of training for Coca-Cola. This article draws on Mathis’ presentation at the Tech/Plant Summit. Contact him at 800/395-1347 or [info@proact-safety.com](mailto:info@proact-safety.com).*

*(Chairman’s Message continued from pg. 14)*

with you in dealing with Congress and the administration, but—as always—it’s a two-way street. Your association needs your support as well.

### Move forward together

I’m convinced we’ll see better times return faster, if we work together as operators, suppliers and the association representing this great industry. We must accept that while we’re in a new environment, we can’t stop investing in our businesses, or put off improving our operations. Taking that road won’t make your businesses more secure. Just the opposite. Instead, we must continue to innovate, even if some of us may do so a bit less aggressively than in the recent past. Most importantly, we must close ranks and think anew about the value of unity in tough times. **TR**

*Gregory P. Jeltema is chairman of TRSA’s Board of Directors. Contact him at [greg@vcl.com](mailto:greg@vcl.com).*

*(Commentary continued from pg. 16)*

in new equipment and products to improve their efficiency and productivity, while you don’t? What will happen is that competitors will be able to offset sales declines and maintain profitability, while your company struggles with those challenges. Furthermore, when the recession recedes, they will be far stronger, earn more profits and be able to achieve greater market share than you.

Some may convince themselves that their competition can’t afford to invest in capital projects or new products and services in this economic climate, but they are wrong. I have the privilege of seeing the best operators at work, and they are finding ways to stay on course. They are tapping into the resources provided by their trade associations and seeking out every opportunity—whether through tax breaks, SBA loans, etc.—to keep current.

The choice you face at this critical moment is what type of business do you see your company as in the industry: one that’s struggling to survive, or one with a plan to thrive.

### Knowledge is power

All operators who will prevail in this economic climate will certainly have one thing in common: the desire to learn. Knowledge has a way of separating the good from the great, and that’s especially true in business. Those companies that have a culture of continuing to educate their employees and leadership have a distinct advantage. The economic issues we face today are so complex that operators need help, guidance and education more than ever. Those that seek out the answers will find them, while others will stumble in the dark.

Education is a big part of the Clean Show. You might not think

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