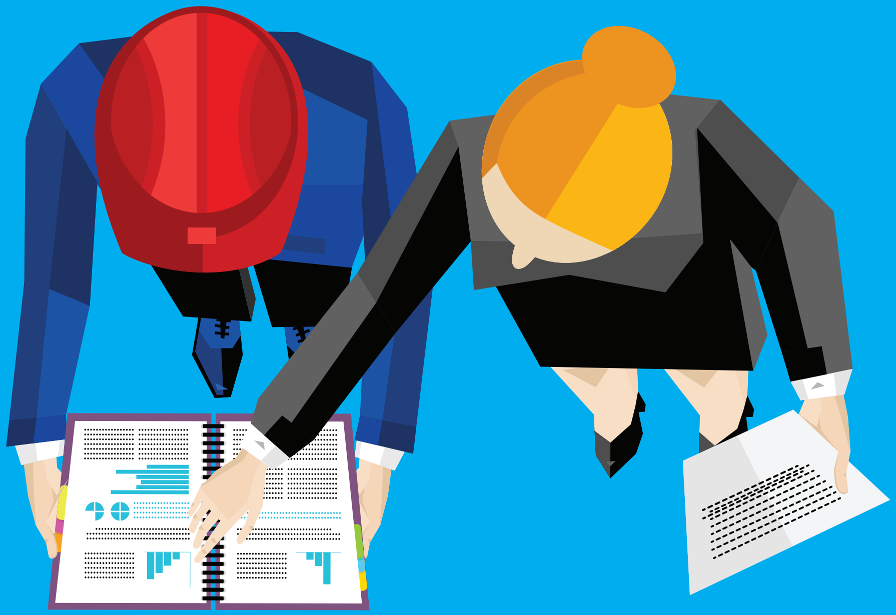
4 Steps to Get the C-Suite's Buy-In to Safety



Safety NewsAlert

4 Steps to Get the C-Suite's Buy-In to Safety

Ask a group of safety professionals what their biggest problems are and "building the business case for safety" will no doubt be among the most prevalent answers.

Safety is too often considered a cost center not integral to running the business; more of a necessary evil than something that upper management really wants to invest in or is committed to.

If that's the case, safety programs often get axed, curtailed or suspended at the first sign of economic trouble, and the inevitable conflicts between Safety and Production will always be resolved in favor of Production.

When the American Industrial Hygiene Association (AIHA), surveyed its members, it found that a subject most people needed help with was making the business case for safety and health – even though that subject matter had nothing to do with any of the usual topics or hazards that dominate industrial hygiene research.

Learn to speak the language of business

Many safety managers have learned the hard way over the years that safety professionals and businesspeople often don't even speak the same language.

Safety professionals have their own acronyms like TRR for the Total Recordable Rate, LOTO for lock-out/tag-out, MSDs for musculoskeletal disorders, PELs for permissible exposure limits, HCS for the Hazard Communications Standard and SDSs for safety data sheets.

But when safety professionals mention those terms to the business and finance people, their eyes glaze over. They have no idea what any of that has to do with them or with running the business. Safety professionals had best stay away from using that jargon if they want to establish authentic communication with their colleagues on the finance and business side.

The finance people, for their part, have their jargon, too, like ROI for return on investment, EPS for earnings per share, and NPV for net present value, and those terms are likely to go in on ear and out the other of safety professionals.

And as long as the safety professionals and the finance people keep throwing their own acronyms at each other, they'll struggle to communicate.

Brian Bethel, the Manager of Environmental, Health & Safety Strategic Planning at the Sikorsky Aircraft Corp. in Stratford, CT, made a conscious effort to start learning the language of business.

"I'm not above bribery," he told a session at a safety conference, "and I've bought a lot of coffee to hang out with the finance people to find out what makes them tick, how they talk and what they react favorably to."

Show cost savings

Once he learned the language of business and how to communicate with the finance people, he saw a dramatic turnabout in his rate of success in getting the finance people to see the importance of his proposals to improve safety in the plant.

Bethel wanted to replace the chrome-based paint on the wings of the helicopters made at the plant with a non-toxic substance that wasn't controlled by regulations. But by then he had learned enough not to start quoting the OSHA hexavalent chromium standard to his businesspeople – that would have made their eyes glaze over again.

Instead, Bethel was able to do his calculations and show that that it would cost $42,000 to replace the chrome-based paint with a non-regulated substance. But the company would save $96,781 in direct, indirect and hidden costs.

The indirect costs were substantial. Once workers are exposed to a harmful substance such as chrome, a medical monitoring program has to be started – and that isn't cheap, whether you do it in-house or not.

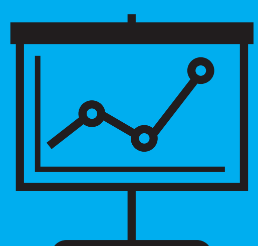
Also included in the indirect costs was the price of people on the clock but sitting around waiting to be tested for hexavalent chromium exposures – and not just at their hourly wage, but at the fully loaded labor costs, including benefits, which usually meant another 30%.

The payback period for the investment to switch to the non-regulated substance was only 4.3 months, so Bethel said he got that piece of paper approving the project signed by the finance department in no time flat.

As a matter of fact, the CFO asked him what he was going to do next – he was extremely eager to collaborate with Bethel on another win/win project like that.

Instead of being a perennial pain-in-the-neck quoting OSHA regulations, Bethel had overnight become the CFO's best friend.

Think in terms of 'risk management'



Some safety professionals who have become successful at mastering the language of business and putting every proposed safety improvement in terms of a payback in dollars-and-cents admitted to having a bit of a crisis of conscience.

They had become so successful at making the business case for safety that they wondered if they had "sold out" and gone over to the "dark" side of business.

Could they now think only in terms of dollars and cents? Were they now forsaking their main duty, which was to keep employees safe and healthy, regardless of the cost, and the potential financial benefits?

Should they not get back to their core function of identifying safety and health hazards one by one, and eliminating or mitigating them as much as possible, and prioritize those tasks in order of the greatest hazards – instead of by the biggest payoff just to please the finance people?

After all, safety and health professionals have this higher calling and they work for the noble cause of safety and health, not for the Finance department. (In Europe, this responsibility is already enshrined in the law, making safety professionals partly responsible to the community at large as well.)

To be sure, safety professionals cannot overlook obvious safety and health hazards in their workplaces just because they can't immediately formulate a way to make or save money on the elimination or mitigation of the hazard.

Compliance with all safety regulations and policies remains the No. 1 duty of all safety professionals – after all, that's what the job is all about.

But even for the safety tasks that just have to be done, it should be possible to express the need to get it done in financial terms, with the help of risk management strategies.

Maybe the company can't make any money on the elimination of the hazard, but risk avoidance is also a legitimate business strategy that the finance people – especially those involved in insurance – will understand.

Consider direct and indirect costs

If a safety hazard persists, eventually an injury will happen and an OSHA inspector will show up at the door, either of his or her own accord, or because OSHA received a complaint. What do the fines run these days for those kinds of violations? $12,934 per serious violation, and $132,598 per willful citation.

And an injury will be expensive, in direct medical costs, as well as through an increase for a period of several years in workers' compensation insurance premiums, and likely legal costs for defending a lawsuit by an ambulance-chasing lawyer trying to prove that the injury was due to company negligence, so the client can get a bigger payday over and above a workers' comp payout.

The cost of those dire scenarios should probably be discounted because it's not an absolute certainty that someone will get hurt. But even at a discounted rate, it's still likely to be a good business decision to spend the money necessary to fix the hazard – and avoid or mitigate the risk.

Access our helpful tools, articles
and other Safety essentials at

www.SafetyNewsAlert.com

370 Technology Drive
Malvern, PA 19355
800-220-5000

Safety | NewsAlert