Selling Safet

By Peter M. Sandman

A U.S.-based mining industry client with a pretty good safety record recently had two unrelated fatalities in quick succession. One was a contractor, the other a new employee; both made foolish mistakes. Instead of dismissing the two deaths as "human error," the company asserted that preventing foolish mistakes (or at least keeping them from being fatal) is a management responsibility, and the CEO ordered a high-level review of the company's safety performance. As part of the process, I was asked to meet with safety managers to talk about why employees sometimes ignore safety—and what employers can do about it.

As industrial hygienists know, there are two basic approaches to employee safety: Either you engineer safety improvements or you get employees to work safer. The latter is now commonly called "behavior-based safety," and opinions differ on when it's a useful adjunct to safety engineering and when it's a dangerously premature replacement. The behavioral approach has itself gone through three incremental phases in recent decades, from training (knowing the rules and how to implement them) to attention (remembering the rules and noticing unsafe conditions) to motivation (wanting to follow the rules and prevent accidents). Even companies with successful programs of safety engineering, safety training and safety attention eventually hit a plateau. Then—and only then—it makes sense to focus also on motivation.

A key part of the task at that point is figuring out why employees sometimes ignore safety procedures, even when they are properly trained and paying attention. I have a list of 16 such reasons, and was working my way through the list with my mining client when I hit a snag.

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Business Case or Values Case?

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"Safety Is Our Top Priority"

One reason why employees ignore safety, I said, is that they think management wants them to—something that is especially likely to happen when management makes a claim about its own safety motivation that isn't credible, for example that safety is the company's number one priority.

There was silence, then pushback. But safety really is our number one priority, someone said. Well, maybe for the safety manager, I answered, but for the company as a whole the top priority has got to be profitability. Not so, many in the room replied. Our CEO and our corporate values statement make safety number one. It's a core value.

I don't doubt that many senior executives in dangerous industries feel a genuine personal commitment to employee safety. Anyone who has ever had to visit the family of an employee who was killed on the job is bound to walk away swearing Never Again. (An Australian study on the impact of a workplace fatality on senior managers was entitled "Treated Like a Leper.") I'm not denying these feelings are real. I'm not denying it does management good to express them and hear them. I'm not even denying they affect company policy. I am suggesting they're probably not all that credible to the workforce.

Claiming to care more about safety than profitability, I believe, is likely to lead to employee skepticism. Consider the following points:

1. Publicly owned corporations have a fiduciary responsibility to maximize long-term sustainable profitability. Not to do so is malfeasant. A company that really does care more about safety than profitability, in other words, is asking for a shareholder lawsuit or a hostile takeover.
2. Every complex organization has some rules and procedures that are supposed to be obeyed and others that are supposed to be paid lip-service. Canny employees at all levels can tell the difference. That's why "work to rule" and "rulebook slowdown" have entered the industrial lexicon as creative ways for organized labor to undermine productivity and subvert management's authority. Loyal employees ignore the rules they think they're supposed to ignore.
3. Safety rules have a long history of being meant to be ignored. That's changing. But it isn't nutty for an employee to guess that he or she is expected to cut corners except when a safety manager or safety inspector is nearby.
4. One of the established signals that a particular rule isn't meant to be obeyed is if it is overstated and oversold. If you tell me you care more about safety than profitability, in other words, I'm likely to conclude that you don't care about safety at all.

"Safety and Profitability are Joined at the Hip"

There is a far more persuasive case to be made for safety —a case that is grounded in profitability.

By definition, the relationship between safety and profitability is an inverted U-curve. A company that is insufficiently safe—that is, less safe than its various stakeholders want it to be—loses money in all sorts of ways: lawsuits and worker's compensation claims; regulatory penalties and increased regulatory vigilance; recruitment, retention and training costs; morale costs; employee dissension and possible union agitation; downtime; lost opportunities as contracts and permits go to safer competitors; lost productivity as some workers become hesitant; reputational costs that can affect customer loyalty and even share price.

But "excessively safe" also exists. A company that is safer than its stakeholders are prepared to reward also loses money, simply because it is overspending. The point of maximum profitability is the top of the curve—the highest level of safety that current societal arrangements reward.

Notice that the curve isn't symmetrical. The cost of insufficient safety is likely to be a lot higher than the cost of excessive safety.

Notice also that the shape of the curve keeps changing. As stakeholders become more preoccupied with safety, precautions that used to be too expensive become cost-effective. Of course change sometimes happens in the other direction too; in the United States, for example, reduced regulatory pressure has temporarily weakened the business case for safety. But the overall trend is toward a safer workplace—by which I mean that the overall trend is to demand safer workplaces, reward the companies that provide them and punish the companies that don't. One of the hottest safety developments around the world is the evolution of corporate manslaughter statutes, the increasing criminalization of unsafe working conditions. Nothing could better symbolize the growing conviction that employee safety is an enforceable corporate obligation.

Most importantly, notice that very, very few companies have progressed beyond the top of this inverted U-curve. It's all too easy to come up with examples of safety improvements that will quickly pay for themselves but have nonetheless not been implemented. Some corporate safety people can list dozens.

So when a company wants to ratchet up its safety system another notch or two, it doesn't have to claim to care more about safety than profitability. Until it sails past the top of the U-curve, it can accurately and credibly tell its workforce that safety and profitability are joined at the hip. "Some day," it can add, "we may achieve such a good safety program that further improvements would cost us more money than they save us. We would love to be facing that particular moral crisis. Right now our problem is much more straightforward.

We are still hurting people, sometimes even killing people, in ways that aren't just bad for the people, they're bad for the company too. And we mean to stop."

Why Safety Professionals Resist

The core of my argument is that the business case for safety is more credible to employees than the values case. Of course credibility matters only if employees care what management thinks in the first place. I realize that employees are often focused on other aspects of the safety decision—whether the respirator itches; whether their coworkers will think they're chicken; whether they're bored; whether they need the overtime even though they're tired; whether they're 22 and indestructible. Some employees, moreover, are hostile to management and thus no less likely to take chances after learning that management really doesn't want them to. But many employees are really looking for cues about which precautions to obey and which to shrug off as company PR, not company policy. By isolating safety from profitability, many companies are sending the wrong cues.

Why do some safety professionals resist making the business case for safety? For one thing, profitability is rarely the safety rationale that means the most to safety professionals. If making money (for yourself or your company) were your paramount value, you wouldn't have become an industrial hygienist in the first place.

Moreover, the business case for safety seems so fragile, so contingent. After all, saying you want to improve safety in order to save the company money means you wouldn't especially want to improve safety if it didn't save the company money, right? Well, not really. You can cross that bridge when you get to the other side of the inverted U-curve. But that's how it feels.

Safety professionals also argue that they're creating the corporate culture, not just responding to it. "Maybe safety isn't always management's top priority. But if we say it is, often enough and passionately enough—and if we talk senior managers into saying so too—little by little we can make it true." This isn't a foolish argument. In organizations as in individuals, rhetoric normally changes before behavior, and behavior normally changes before attitudes. So even if it's more aspirational than operational, "safety first" rhetoric can have some culture-building value. But "safety first" rhetoric boomerangs if it isn't credible even as aspiration; it degrades the safety culture instead of building it.

Many times safety professionals are willing to grit their teeth and make the business case ... to management. But making it to employees just feels wrong. ("Work more safely so we can make more money.") And grounding the safety rationale in reputational benefits seems especially wrong, even though reputational benefits are the biggest slice of the pie. It may be just barely tolerable to point out that severed limbs mean fines and downtime. But pointing out that severed limbs also damage the company's image seems really reprehensible.

And in fairness, some employees may react that way too. Employees who envision a company that cares about their safety for its own sake may take offense at the idea of a company that cares about their safety for the sake of profit and image. While workforce cynics and skeptics (and realists, in my view) find the business case credible and actionable, workforce idealists may find it despicable.

The solution, I think, is to make both the business case and the values case. An industrial hygienist should feel free to insist that she personally cares more about safety than profitability. A CEO should feel free to insist that he personally sees safety as an issue of fundamental values. But both should also tell employees that accidents are extremely expensive, that safety is cost-effective, that even if they didn't have a personal commitment to safety they would still have ample reason to want the company's safety record to improve. Go ahead and make common cause with the idealists. But give the cynics something to hang onto.

Why Senior Managers Resist

A few years ago I was asked to consult for a company that itself sells safety consulting services. Many safety innovations, I was told, offer a demonstrably excellent return on investment—in many cases a bigger ROI than a company's main product line. Yet my new client was having some trouble expanding its business. All too often senior managers seemed surprisingly uninterested in saving money by improving safety. Even when safety consulting services were offered on a commission basis ("we'll take a percentage of your savings; no savings, no fee"), interest was often meager. My client was making a

strong business case for safety, and many of its top prospects were resisting.

I came up with a list of 24 reasons that might account for this resistance. Among them:

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Guilt—If I can prevent accidents, then prior accidents I failed to prevent are my fault. Better to think accidents are unpreventable.

Hostility—Our employees are paid to take risks; if they'd be careful they wouldn't get hurt; they're just too dumb to get it right.

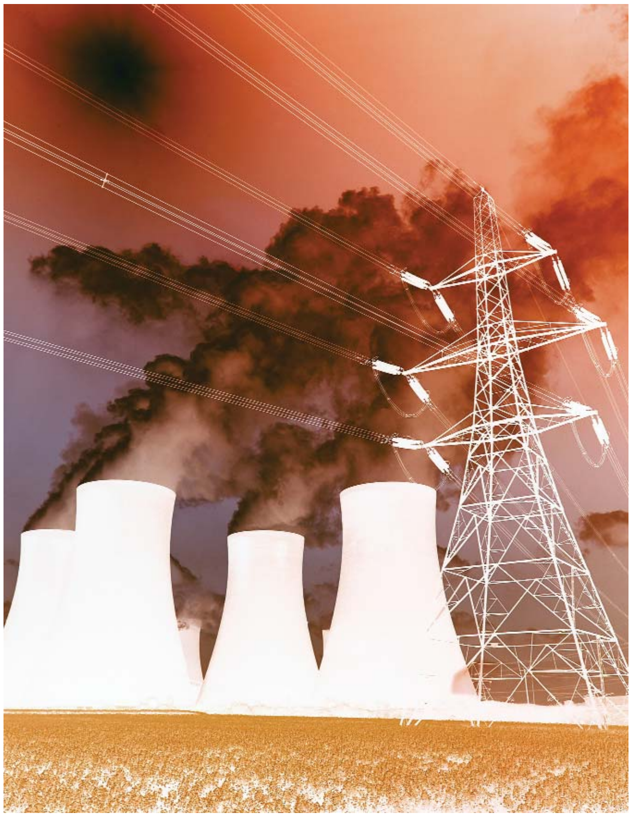
Ego—I have an MBA. I do deals; I don't wrap duct tape around handles. Safety is blue-collar, beneath me.

Competition—I run my own shop. How dare you imply you can do it better!

I'm not sure of my ground here. But it is at least thinkable that senior managers may resist making the business case for safety for the same reasons they resist hearing the business case for safety. The values case, on the other hand, assuages the guilt, denies the hostility and does an end run around ego and competition issues.

And perhaps the values case is its own reward, requiring less tangible follow-through than the business case would require. A manager who recognizes that safety improves profitability takes on a fiduciary responsibility—an obligation to the shareholder—to improve the company's safety performance. If safety is defined instead as a "core value," maybe the responsibility is simply to articulate that value, to hang it on meeting room walls and enshrine it in annual EH&S reports. Core values don't have to be implemented quite as concretely as business plans.

I'm not claiming that senior managers are being hypocritical when they say they care about safety for its own sake. I think they mean it, or at least I think they think they mean it (though I question whether their employees think they mean it). But telling yourself that you care deeply about employee safety is both self-flattering and a bit vague in its action implications. Telling yourself that you're wasting money every time you let a preventable accident happen is neither self-flattering nor vague. And telling your employees and your shareholders that you're wasting money every time you let a preventable accident happen is tantamount to promising to stop.



The Environmental Precedent

The thrust of this article is as true for environmental protection as for safety. But environmental protection has made a lot more progress. Environmentalism is more deeply embedded in Western culture than employee safety, so companies sound less hypocritical when they articulate environmental values as their own. ("Corporate social responsibility," I think, is somewhere in the middle, further along than safety and not as far along as environment.)

Even so, many companies are learning, slowly and painfully, that it is wise to supplement their values case for environmental protection with a business case.

For several decades now, Western societies have been far more attuned to corporate pollution than to employee safety. Whatever metric you want to look at—regulatory standards, media coverage, public attitudes—the results come out the same: A company is much better off injuring an employee than giving a neighbor cancer. This is really two separate comparisons. Environmental health is considered more serious than safety. And harming bystanders is considered more serious than harming employees. Taken together, these two factors often account for as much as two, even three orders of magnitude of difference.

It's worth wondering how environmental concern and safety concern affect each other. Did the growth of the environmental movement retard progress in employee safety? Is safety concern increasing now because environmental concern has peaked? Or are they growing together, nurturing each other rather than competing? I don't know.

I do know that environment is way ahead of safety not because environment is a stronger corporate value than safety, but because external pressure on environmental performance is stronger than external safety pressure. Most of us can name a handful of environmental activist groups. But there is no safety Greenpeace. Trade unions come closest, but even where the unions are strong their priorities are mixed. A safety professional I know writes: "I didn't join a union until it was compulsory but I was fundraising to save the whales as a young teenager!" Companies made huge progress in environmental protection because they had to.

And smart companies say so. Imagine two factories, both of which claim they have stopped polluting a nearby stream. Factory A says, "We stopped polluting the stream because we love fish more than profits." Factory B says, "Here's why we stopped polluting the stream. First, our lawyers told us if we didn't stop we were likely to get sued by people downstream. Second, the regulators told us if we didn't stop they would yank our permits. Third, the activists told us if we didn't stop they'd be coming to our next shareholders' meeting. Fourth and most important, our neighbors, our families and our employees told us that values were changing, that if we wanted to be the kind of company people were willing to live near and marry into and work for, we were going to have to protect the fish. So we did—not because we love fish more than profit, but because you're not allowed to make a profit anymore unless you protect the fish."

Which factory will people believe actually stopped polluting the stream? Factory B. They both stopped, for B's reasons. But when A's management lies about its reasons, it gives the impression of lying about its behavior.

Calling it lying may be a bit unfair. Most senior managers were teenagers in the Sixties, after all; A's top management may really care about the environment (even if it had to be prodded into action by plaintiffs, regulators, activists, neighbors, families and employees.) Still, it's pretty clear that the business case for environmental protection is strong, and a whole lot more credible than the values case.

I get pushback from clients on this issue too ... but less. Most major companies today ground their environmental policies both in values and in business. They still make too much of the values case for my taste. They still undermine the public's understanding of capitalism by claiming to be "responsible" in situations where I'd rather they claimed to be "responsive." They still infuriate their opponents when they proudly seize credit for environmental improvements they opposed for years, embracing the change only when it became inevitable. They still tell the public an emissions reduction is "voluntary" after telling the Board they have no real choice.

But I think the big companies are catching on that their environmental performance will be credible only if they ground it in reasons that are credible. So however earnestly they trumpet the depth and sincerity of their environmental convictions, they usually manage to point out somewhere along the way that they are reading the environmental zeitgeist, not leading it.

Now they need to do the same thing with safety.

The Rebuttal

I shared a draft of this column with two safety experts I respect. One told me I'm all wet.

The main trend in safety, he said, is the movement from regulatory compliance to corporate culture change. Behavior- based safety programs are focusing more and more not just on dangerous employee behaviors, but on organizational factors that encourage or discourage dangerous behaviors—and on engaging employees themselves in assessing and changing those organizational factors.

Former Alcoa CEO and former U.S. Treasury Secretary Paul O'Neill has become "something of a patron saint of modern safety thinking," he added. O'Neill has famously claimed that when head of Alcoa he told his accountants he would fire anyone who tried to prove the business case for safety. "Safety needs to be about a human value," O'Neill believes. "It's not a management scheme to save money."

My correspondent—not O'Neill—also told me he thinks the business case for safety is actually pretty weak; safety savings, he said, are hard to prove and usually add up to mere pocket change.

He conceded that there are substantial morale and reputational benefits to successful safety innovations like OSHA's Voluntary Protection Program in the United States. But putting a dollar sign on these benefits isn't just difficult; it's almost irrelevant. The values case is "an easier pitch, and it's in tune with the times. Selling safety as a value can make senior management look more like the leaders they fancy themselves being. It's a way of reaching, engaging employees, 'transforming' cultures—all the stuff execs are already buying in today's management books and magazines. The 'soft stuff' is the spirit of the times, and safety pros are going with the flow."

Well, okay. If it's working, go with it. But if your employees are blowing off your inspirational safety sermons, consider the possibility that they might find the business case for safety more credible, more actionable and, paradoxically, even more inspiring.

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