# *Running* With Scissors

## 10 Reasons To Invest In Safety In Slow Times

KEVIN BURNS

# Running With Scissors

## 10 Reasons To Invest
## In **Safety** In Slow Times

By: Kevin Burns
Management Consultant,
Speaker and Author of The Perfect
Safety Meeting.

**Running With Scissors – 10 Reasons To Invest In Safety In Slow Times**

Format: Electronic book



Books may be purchased in quantity and/or special sales by contacting the publisher, ZeroSpeak Corporation, at Suite 150, 14-312 5th Ave W, Cochrane, Alberta, Canada T4C 2E3; 403-770-2928, or by email at kevin@kevburns.com.

Published by: ZeroSpeak Corporation, Cochrane AB Canada
Interior Design by: Paul Trieu, Kayak
Cover Design by: Danielle Camorlinga
Editing by: Trish Burns
Burns, Kevin, 1960

Running With Scissors – 10 Reasons To Invest In Safety In Slow Times
Bibliothèque et Archives Canada / Library and Archives Canada

ISBN: 978-0-9732327-7-6
10 9 8 7 6 5 4 3 2 1

1. Economics, finance, business and management
2. Health and safety issues

First Edition
Printed in Canada

# Table of Contents

Running With Scissors – 10 Reasons To Invest In Safety In Slow Times

# Introduction

Safety suffers from an identity crisis. Senior management view safety as legislation and a legal requirement. They see it as a cost of doing business or that which gets in the way when there is a production crunch on. It is also viewed as a program that is aimed squarely at boots – those who wear steel-toes to work. Safety is an add-on – the enforcement part of a compliance program. For some, safety has become a set of rules that constrict the company's operations. It is an expense just waiting for an excuse to cut.

Unfortunately, safety managers have done a terrible disservice to safety. They focus on metrics: Lost Time Injuries/Incidents (LTI), Total Recordable Injury Frequency (TRIF) rates, Near-Misses, First-aids, Leading and Lagging Indicators etc. Attend almost any safety meeting and see these numbers take up the lion's share of the discussion during the meeting. Well, that and production numbers – which seem to operate in opposition with safety. The tug-of-war between production (revenue) and safety (expense) causes senior managers to find ways to cut expenses. This is especially true when business slows down.

Most safety managers have been certified in safety. From this group, only a fraction have received basic or rudimentary management skills. And yet, they are safety managers. Safety management is made up of two parts: safety and management. One needs exceptional management skills to be successful safety communicators.

From the outset, it would seem that the safety manager's primary responsibility is compliance. Safety managers must ensure that the company is in compliance with legislation and regulations. In addition, they are also responsible for reducing costs and worker insurance premiums. The job is to cut workplace injuries and incidents. That reduces costs. In no way do executives expect that the safety manager will be responsible for revenue generation. It's not in the job description.

Safety is not considered as a way to generate revenue. It is seen only as a way to spend it. That's why safety is one of the first programs to feel the swift slice of the scissors in a downturn. In slow times, to stay lean, companies will cut, cut and cut some more – slicing away at the perceived fat. Safety, in the eyes of executives, is fat.

The term, *Running With Scissors,* references this point.

But, no company has ever cut their way to greatness.
No company has ever increased revenues by cutting safety.
No company has ever had a continuous return on investment by cutting the contribution to an investment.

You may have heard of vague, online references of amounts of three to six dollars as projected returns on investment in safety – for each dollar spent. They are, however, mostly in expenditures and costs saved or recouped. Unfortunately, the path to those reduced losses is muddled and it weakens the argument. Most safety managers lack familiarity and expertise in arguing safety at a business model level. So safety is not argued as an economics case. It is presented as an enforcement initiative. But there are no fines issued internally that can generate revenue to the company. Since there is no way to create revenue from the safety program directly, safety becomes viewed as an expenditure.

Meanwhile, to enforce compliance, employees are exposed to gruesome injury photos and graphic videos. Employees, at times, are forced to listen a worker's story of how they lost a limb or how they became disfigured. It's the shock-and-awe program of getting mere compliance from employees. *"Fail to follow protocols,"* you hear them say, *"and you too could lose a body part."*

What-if's and maybe's don't sell safety well. The reason is because so few workers ever suffer a workplace injury. Add up your own numbers. Most of your people stay safe. Most of your people will not be able to relate to something that only happens to a small percentage of workers. It's how workers develop the mindset of, *"That will never happen to me."*

And they will, in all likelihood, be absolutely right. Most workers will not suffer a debilitating or crippling injury. There are too many safeguards in place. There are too many checks and balances, inspections, reviews, audits and right-mindsets in place. Most workers will not ever have a serious injury.
So stop making safety all about injury.

Safety is not just an injury-prevention program. Safety is a production stoppage-reduction program and a philosophy to ensure that companies care about their most important asset, their people. Safety is designed to ensure that people stay safe and production is not interrupted. It's the classic win-win.
It keeps cash-flow going: both for the employee and for the company.

Without production, there is no need for safety. Without safety, there is no steady production. Each depends on the other.
But safety managers want to talk only about safety. Operations managers want to talk only about production. But they are not separate from each other.

Like a financial plan that gets you to retirement, safety is that vehicle that gets employees to their golden years. Without safety, what is the point of investing in a retirement plan? Without cash-flow, there is no way to contribute to retirement. You need both. You can't just do safety without contributing to your retirement. You may live to age sixty-five but there would be nothing waiting for you when you retire. One depends on the other.

Safety is the same for companies. Without it, injury and incidents will bankrupt a company. Staff will turn over, attrition will be high and costs will be astronomical. Reputations will be soiled. Employer-of-choice status will be lost. Scrutiny from government inspectors will slow down production to a painful pace. Safety, and even more so safe production, keeps the company liquid. Safety ensures cash-flow – for both employees and the company.

Cutting safety is like rolling the dice with revenue-generation. By cutting costs when business slows, you are turning your backs on safe production. One depends on the other.

No company can ever be successful without looking out for the safety and well-being of their employees. Safety is not a compliance program. It is not an add-on. And it is certainly not just a legal requirement. Safety is a corporate value - a way of respecting and caring for the people that keep the company running.

No company can ever sustain long-term success by *Running With Scissors*. In the following pages, you will find *10 Reasons To Invest In Safety In Slow Times*.

1

# Cost-cutting

# ① Cost-cutting

Safety is an investment program. Every company will spend money on safety – either voluntarily or against their will. But they will spend. The question is: will they get a return on their investment or, will they as many do already, take a loss?

Here's how investment in safety unfolds. With a serious incident in which there is injury or a fatality, it will cost the company both in the short-term and long-term. The short-term costs include stopping work to investigate – which is a loss of production. Then, there's hospitalization or benefits payouts. Add damaged equipment and the cost of putting it back together the way it was prior to the incident. Those are some of the short-term costs.

Then there are the long-term costs, the biggest of which are increased worker insurance premiums. But the unseen costs include damage to the corporate reputation and employee turn-over. Add severances, replacing skilled workers, and a loss of clients. Savvy clients won't associate with vendors or suppliers with sketchy safety performance.

There is no doubt, the company will pay. The question is: will you get a return on investment for what you pay? Millions of dollars can get spent as the result of one or two serious incidents. There is no way to get a return on that money. It is lost – gone. Smart companies, though, ask how they can get a return on investing that money instead of just spending it.

Viewing safety as an investment program can change the company financial performance. You are going to spend the money whether you want to or not. The question is: are you going to get a return on your investment or are you going to take the loss and get nothing in return?

The following pages deal with 10 solid reasons why companies should be investing in their safety program. There is no way to sustain a lucky streak without injury or incident. You're going to end up spending the money anyway. You might as well get in front of the expenditure and put a program in place that gets you a positive return on investment.

In a down economy, when revenues are drying up, you want fixed costs to reduce. No company wants costs to increase or to even stay the same during tough times. Attempting to maintain the status quo is difficult. Cutting the safety budget puts a company into a place of hoping that nothing happens that negatively impacts costs. But you can't run a profitable business on hope. You need a plan to get a return on investment. You want the same return that you get from paying employees to derive revenue through safe production.

The white paper, *The Dilemma of Training & Development in Times of Economic Recession* by Kris Mailepors, MBA published in the New Hampshire Association for Talent Development reads, "*Training programs can increase employee morale. Employee productivity and morale increase because employees* *see that their employer is investing in them and striving for a better work environment. Flannery, et al (2005) say this can be an effective counterattack to the common low morale of employees during a recession; when they worry most about job security. Employees gain intrinsic job satisfaction when their employers invest in their development (Hertzberg, et al 1959). The effect of engaging employees in training and development can therefore be seen as having a two-fold benefit: they learn important skills to be able to perform their job at a higher level, but they also become more engaged and committed to the firm. That raised level of commitment can mean an immediate impact on job performance and immediate increases in measurable productivity."*

Reducing the investment in safety is rolling the dice. Increasing the investment in safety in a down economy could actually reap huge rewards for years to come. For example, a medium-sized enterprise could save millions of dollars for years to come by dropping their TRIF (Total Recordable Injury Frequency) Rate a full point; from a 2.3 to 1.3. For every year a company maintains that 1.3, they squeeze more profit from the same production – by driving down costs – hard costs. This short-term investment in safety increases the long-term health of the bottom-line.

Safe production generates more profitable revenue. Safety alone does not. But you cannot have safe production without safety. You cannot sustain profits without safety. Production, without interruption, requires an investment in safety. Then, you'll show a positive return on investment. Unsafe production costs money. Safe production makes money.

Start thinking of safety as a way of investing to get a return.

2

Leadership

# ② Leadership

Leadership has nothing to do with management or supervisory positions. Leadership is an attitude, a mindset and a way of carrying yourself. There is a swagger that comes with the confidence to know that you make good decisions. It's not cockiness – it is a sense of purpose from knowing you will do the right thing. Rookie workers don't have that swagger. They are still learning systems and processes. There are still niggling doubts. There is the absence of confidence in their ability.

Experienced employees have an *"I got this"* attitude. They carry it with them when it comes to their workplace, their responsibilities and each other's safety. Senior managers take comfort when they know that their good employees are in control of what they are doing. There is pride that comes from knowing that they are dependable, reliable and high-performing. You can build a solid team from a core group like this.

It is from this core group that companies are able to ramp-up easily when expansion is required. Companies depend on their core group to lead the newbies and re-hires in safe production. The confidence of the core group of influencers builds leadership capacity in other employees. Leadership naturally comes from making good decisions, right decisions for the benefit of many.

Every sports team has a core group of skilled, leadership players that others look to for their cues. Your workplace operates the same way. The core group are the ones you will protect when the economy slows. There is too much experience and leadership to let that core group go. You protect them for fear of losing them. You don't want them to be snapped up by a competitor. Not only is the experience lost, but so is the team leadership.

That's why companies tend to hold onto their core group. The core group aligns with the corporate values and mission. They are the key influencers and perceived leaders among their peers. No company will risk losing their solid core to be poached by competitors. They will keep their core group of employees. They, instead, will shed what they consider to be their non-essential employees.

Yet, when the economy slows, companies will cut the safety program that keeps these core employees happy and healthy. That is a message that is not lost on this core group.

From the Harvard Business Review article, *Roaring Out Of Recession* by Ranjay Gulati, Nitin Nohria, and Franz Wohlgezogen: *"Confronted by a recession, many CEOs swing into crisis mode, believing that their sole responsibility is to prevent the company from getting badly hurt or going under. They quickly implement policies that will reduce operating costs, shrink discretionary expenditures, eliminate frills, rationalize business portfolios, lower head count, and preserve cash. They also postpone making fresh investments in R&D, developing new businesses, or buying assets such as plants* *and machinery. As a rule, prevention-focused leaders cut back on almost every item of cost and investment and reduce expenditures significantly more than their competitors."*

The article continues, *"Companies that master the delicate balance between cutting costs to survive today and investing to grow tomorrow do well after a recession. Within this group, a subset that deploys a specific combination of defensive and offensive moves has the highest probability–37%–of breaking away from the pack. These companies reduce costs selectively by focusing more on operational efficiency than their rivals do, even as they invest relatively comprehensively in the future by spending on marketing, R&D, and new assets. Their multipronged strategy is the best antidote to a recession."*

Operational efficiency comes from experienced, confident, safe and right-attitude employees. A smart company will protect their core go-to group of high-performers. This is the company's leadership core. It is a mixture of experience, professionalism, mastery and the right attitudes. This group can be counted on to deliver excellent performance results to the company while also keeping risk low. They are smart, experienced and work as a solid team. That is the ultimate basis for a strong safety-focused organization.

It is from this core of highly-skilled employees that a company can build a safety leadership and mentorship program. It will pay a return on investment. You can then use this group as the springboard to improve safe production – which builds your return on investment. Operational efficiency squeezes more profit from the same production. If you are willing to invest in keeping this core group working during a slowdown, then you should also be willing to invest in protecting this core group from harm.

The core group of employees can turn a mediocre safety culture into one that exceeds minimums at every opportunity. This shifts the expectations of incoming employees and they quickly get with the safety program. Down the road, less enforcement is required because the core group has set the example and culture of how we do things around here.

An economic slowdown is the perfect time to move your good core group of people up into positions of influence, leadership and mentorship. Transform them from basic employees who meet basic safety compliance rules. Instead, build a strong and solid team of safety leaders who are able to lend support and leadership skills when you ramp up again. This is your money-maker group of employees. Don't do anything that makes them second-guess their decision to work here. Protect them, keep them safe and empower them to keep others safe. Invest in their safety to achieve safe production – which always provides a solid return.

3

Engagement

# ③ Engagement

A lack of engagement leads to incident. Any person with their mind not on the work is at risk of incident or injury. To maximize the return from safety, get your people engaged and thinking about their own safety while they do their work.

When times are slow, engagement in the work becomes even more important. During slow times, companies can increase the engagement of their core group of employees. It is a perfect time to marry engagement, production and safety. There is no better motivator for staying engaged than high production. That leads to recognition, which leads to personal pride, which leads to engaging in ways to protect that pride.

Ultimately, there is only one choice that an engaged worker needs to make in every moment of the workday: safely or unsafely? That is the choice facing every employee. Will they do the job safely or unsafely? Engaged workers consciously choose to do the work safely. Disengaged workers don't make a conscious choice but allow fate and chance to dictate their choices. If you can raise the level of on-the-job engagement, you improve safety.

When employees improve engagement in the safety program, employee ownership of the program increases. Employees shift from talking about *the* company and instead, they begin to refer to it as *OUR* company. Employees prefer to have a voice in their own safety program. No one prefers to have safety rules thrust upon them. When people engage, ownership of the safety program soars. Buy-in to safety becomes solid. Employee turnover rates drop and production improves. All to the benefit of profitability.

According to the Workers' Compensation Board of Nova Scotia, *"Research conducted over the past decade shows that engaged employees are safer, more productive, make better use of corporate assets, are more likely to stay (retention) and are more supportive of organizational change. They also have lower rates of absence and they work harder to deliver strategic objectives. An August 2009 Gallup study by Harter, Schmidt, Kilham and Agrawal established a relationship between employee engagement and organizational outcomes. The study found that companies where employees were highly engaged were on average 12 percent more profitable and 18 percent more productive. The employees were 25 percent more likely to stay, and almost 50 percent less likely to suffer workplace incidents or injuries."*

When production stops, costs escalate quickly. When production stops, revenue stops, costs increase and profits disappear. But, when workers are engaged in their work, it is easy to marry production and safety. Production becomes safe production. Safe production doesn't have to stop for a safety incident investigation, an injury or a first-aid. Time is money. You get better profit from production when you're not stopping.

Engaged employees take ownership of their safe work. They take pride in what they do. And they do what is necessary to protect that pride. That's where safety becomes an employee's driving value.

Companies need the engagement of employees to build safe production. It results in better performance at a much lower cost. When times are slow, the company should concentrate on streamlining processes and safety protocols. This will reap better results of profit in production. And companies are able to scale up this process when the economy ramps back up.

Then, when new employees are added, it is easier to assimilate the new employees into the culture. When former employees are hired back, they see and recognize the new changes right away. When employee participation and engagement in safety has been well established, production profits increase.

④

Turnover

# ④ Turnover

The second-fastest way of increasing costs is from staff turnover. The first-fastest way to increase costs is to stop production due to an incident. But let's focus on the second-fastest way to run up costs and the implications that come from reduced investment in safety.

Staff turnover, simply from a productivity perspective, is a killer to the bottom-line. When experienced staff churn-rates hit your workplace, productivity drops immediately. Safety ends up being compromised. That is a direct hit to the bottom-line.

There are two ways employees stay with a company when times are tough. The first is when the company chooses to hang onto their core group of good employees. The second is when the employees are forced to stay with the company purely out of necessity. When work slows down, options and other jobs may be limited for employees. A downturn will limit the mobility and the options of employees to find employment elsewhere. However, this is exactly the time when you need to show your employees how much you value them.

You must demonstrate your commitment to your current employees valuable contribution. You must do whatever is necessary to protect them and to improve their working conditions. This will pay huge dividends later on when the industry recovers or the economy improves.

Turnover rates are low when times are tough. Turnover rates increase dramatically when other jobs are easy to come by. It does not mean you can take advantage of them without consequence later on. During a downturn, you must concentrate on improving the ways that you protect employee safety.

*In The Economics of Health, Safety and Well-being – Assessing the economic value of developing an healthy work environment*, a publication based on the joint project between the Finnish Ministry of Social Affairs and Health and ILO-SafeWork programme, it was noted that safety as a turnover prevention tool is critical.

According to the publication, *"Due to high cost of recruiting and training new employees, companies increasingly are working to keep their current employees on board. The quality of the working conditions have become a means of attracting employees, especially in sectors facing a shortage of skilled workers. Staff turnover is one measure of the workplace atmosphere. On average the cost of replacing a manager is three times the cost of replacing a non-manager. It has been estimated that the cost of replacing an (non-management) employee ranges from 29 to 46 percent of the person's annual salary (Bernthal-Wellins 2000)."*

People will stay in jobs where they feel safe. Employees want to know that their employer cares about them and is willing to invest to protect them. When you protect your people with an investment in safety, your actions result in cutting costs of turnover. A reduction in turnover saves money. A reduction in advertising, recruiting, marketing, interviews and training new employees reduces costs. That maximizes profits.

The reason you want to reduce turnover is this: new employees may take up to 18 months to be up to the same level of productivity. When experienced employees leave, so does experienced productivity. It is not replaced overnight. By reducing your churn-rate, you don't have to wait months for production to ramp up.

Companies that think they have the upper hand during slow times are wrong. People's memories are long. An employee who is disillusioned with his workplace is just waiting for the moment that the economy improves. When it does, he will jump ship. You will have lost that employee long before he ever quit.

Take away the investment in safety during an economic slowdown, when the economy ramps back up you will see an exodus. Everyone will be looking for good people. You will turnover your good employees who feel that they deserve to be treated better. You will have lost valuable, experienced team players. You will be forced to invest heavily into recruiting and re-training of new bodies. That's money you thought you saved by cutting back safety investment. That will impact productivity and profit.

And here's one other thing to consider. When good employees exodus a company, the reputation of the company, as an employer of choice, disappears. When your good people create an exodus, it ripples through the marketplace. People get the impression that your company is not a good place to work. You may spend years combating that message. Productivity will suffer. You may be forced to accept lower-skilled workers to replace the exodus of skilled, quality employees.

When you invest in safety, you reduce turnover. That cuts costs – both immediate and future costs. You maintain high profit margins and a healthier bottom-line.

5

# Recruiting

# ⑤ Recruiting

Simply put, the best place to work is always the safest place to work. Never is the best place to work an unsafe place. Safety is the perfect recruitment and retention tool. Your commitment to safety can vault you over your competitors in the search for good, skilled people. Good people are attracted to the best places to work. The best places to work are those that care for and look after their employees.

> According to Business Management Daily, *"Safety-conscious companies look beyond the bottom line. In addition to reducing costs and boosting morale, safety can be promoted as a recruiting tool to applicants. Too many employers look at on-the-job injuries as a cost of doing business. Not smart. By taking a tougher stance on workplace safety, organizations can cut their workers' comp, disability and absence costs. Plus, safe companies can use their exemplary safety records as another feather in their cap in recruiting."*

You can become an employer of choice or an employer of last resort. If you are an employer of choice, recruiting and selection of good people is easy. An employer of last resort will choose from whatever is left. Good employees will purposely choose workplaces with an exceptional safety record. They will apply to those places whose values line up with their own. Your safety investment proves to employees that your company is committed to their protection. When you have good people, you want to protect them.

Employers of last resort have a more difficult time of it. They will receive applications for employment only when every other option has been exhausted. These job-seekers rationalize it as a temporary job – until something else opens up. As an employer of last resort, you will not have their hearts or their minds. That means you are not going to have their engagement or their loyalty either. You may be able to recruit them because employment options are limited. But you will not keep them for long.

Companies that cut safety budgets, diminish their commitment to protecting their workers. As a result, they will feel the pinch at the Human Resources level. HR will require more money for marketing and recruitment to be able to attract quality employees. It will require a more proactive approach. When the list of available talent is short, HR has to go outside to bring people to your door. That's a hard cost immediately. Worse yet, is when HR concedes that there are just no quality people in the market. Then, they begin to lower the bar on the kinds of employees they are willing to accept.

There are always quality people in the market – but they may be choosing to work for someone else. Job-seekers will seek out the best employers first. Companies that struggle with safety will get the pick of the leftovers. People have long memories. Once a company gets branded as having apathy toward safety, they will not get first pick of the best employees. Without a solid investment in safety, you will develop the reputation as an employer of last resort. Your recruiting efforts will be hindered by that reputation.

Once the economic slowdown begins to dissipate, companies can begin to start scaling up again. But so will their competitors. They'll be ramping up at the same time. They will all be competing for the same bodies. The company that has invested in safety, will attract better applicants. A commitment to protecting their good workers, will attract better workers.

It's expensive to find good quality employees if there isn't a long line of applicants waiting. When there is a long list of applicants, quality applicants, it means you have built a solid reputation as an employer of choice.

Invest in safety to maximize your return on your recruiting efforts.

6

# Reputation

# ⑥ Reputation

You have the choice in how you build your corporate reputation. Every company does. When business is good, when the economy is strong, it's easy to build a good reputation. It might be a perceived reputation but in a strong economy, it's easy to look good. It's when the economy slows down, that's when the real face of the organization is shown. That's where the organizations underbelly is exposed. This is where the real reputation is fostered.

Cutting safety operating and training budgets exposes a perceived lack of commitment to safety. You may claim to believe strongly in safety. But, your actions to slash safety budgets may be perceived as contrary, even hypocritical. It may appear, especially to employees, that when times are tough, there is little commitment to safety. Damage to the corporate brand is the result.

There are two places that a company can hurt their reputation on safety: externally and internally. External reputation is what the general public sees. Internal reputation is what you build with your employees. A black mark on either can harm future efforts to build safety culture.

As posted on the American Society of Safety Engineers web site, *"It has long been recognized that a Company's reputation is of significant value in generating a favorable ROI (Return On Investment). For example, a company or organization will benefit from a favorable reputation by becoming the first choice of customers, investors, suppliers, and employees. A favorable reputation with customers creates a degree of brand equity with them that enhances loyalty, encourages repeat sales, and grows revenues. Similarly, a favorable reputation with employees can help attract better employees, spur productivity, and enhance profitability."*

Perhaps safety is referenced in your mission statement or in your corporate values. But by cutting safety in a downturn, you raise the perception that you never really were committed to safety in the first place. Any future reference to the company's commitment to safety will be challenging. It will require more effort to convince employees of your commitment to safety – with no guarantee of success. And any future talk of safety as a guiding value may be met with suspicion.

According to Ireland's Health & Safety Authority, *"Apart from complying with the law, company Directors will not want to risk the reputation of their businesses by having a serious accident and the adverse publicity that would bring. Directors and officers of undertakings would also wish to avoid undue pressure from employees, trade unions and customers due to poor safety and health management. All undertakings would also wish to avoid the stigma and other consequences of a prosecution (criminal* *conviction, fines or prison). Many businesses are now placing more emphasis on their corporate 'social' responsibility to look after work colleagues who may be friends, family members or other relations. 'Peer' pressure, i.e. not wanting to lag behind in your sector, is also important."*

It's surprising how little time it takes to create a new reputation. Corporate reputations are built almost immediately in this age of connectivity. Any past commitment that the company may have had to safety is irrelevant today. What you did about safety last year and the year before doesn't matter. What matters is today. What matters is what you expect your employees to face and to deal with – after taking away some of their resources.

Employees know inherently when their employer doesn't care about their safety. They feel it. They hear it in the words that are spoken and, more importantly, in the actions that are taken. Before employees will buy-in to the safety program, they will wait for you to prove that you care about their safety.

Companies and workplaces must commit to making an investment in safety, especially in a slow economy. There must be a demonstrated commitment to protect the good people you've chosen to keep. Be demonstrative with your commitment to their safety. Because, again, employees can sense when it doesn't feel real. When that happens, or appears to happen, employees stop caring. This drops production. That costs money. And, if something terrible were to happen – like an injury or fatality – then you can kiss productivity goodbye. Profits get strangled. Cash-flow shortens.

You do not want to have the reputation that cash is more important than the health and safety of your employees – even if it is the reality. It places the company in a difficult situation. And in this day of social connectedness, every move you make internally can be made public around the world in a few hours.

The good old days of hiding behind corporate secrecy are gone. Every internal move you make can be scrutinized externally within hours or minutes. Do the right thing. Invest in safety to get a return on your investment. Protect your reputation later on by investing in the safety of your people today.

7

Fraud

# ⑦ Fraud

No company is immune to the huckster, the fraudster or the person looking for the quick payoff. When the economy slows, layoffs are inevitable. Employees faced with a slowing economy get nervous and fear for their financial livelihood. A few of questionable character give themselves this option: layoff or payoff?

Insurance claim fraud might be small in numbers but they can wreak havoc on a bottom-line far beyond a lull in economic activity. Some unscrupulous people are willing to take a chance on being injured on the job to enable them to access the big insurance pay-off. It becomes a more attractive option – especially if they know that a layoff is a certainty.

According to insurancefraud.org, *"Workers comp fraud is a large crime in America today. Tens of billions of dollars in false claims and unpaid premiums are stolen every year. Scams are forcing premiums higher, draining business profits and costing honest workers their pay and jobs. And guess what? You pay. A worker's bogus injury claim normally steals $2,000-$50,000 total."*

When a layoff is imminent, the insurance payoff can look like an easy answer and a worthwhile gamble. But it's not just on-the-job insurance fraud that companies need to worry about. There are also the transferable injuries to contend with. Workers who may have sustained an injury at home, may attempt to hide the injury from supervisors and managers. But once on the job site, they will claim the injury is work-related. That qualifies them for an insurance payoff.

Layoffs and the prospect of job-searching is never appealing, especially in a tight market. The insurance payoff becomes a more lucrative option than the long layoff. Unfortunately, it defrauds the system while impacting safety performance metrics. That creates potentially higher insurance premiums to the organization. It is especially troublesome when entering into a period of slow revenues.

Greg Smith is editor of *HVACR Business magazine*, which covers issues related to the Heating, Ventilation, Air Conditioning and Refrigeration industry. Smith says there are several things a company can do to reduce the amount of workplace insurance fraud. *"Preventing fraud starts with having a safety plan in place and enforcing that plan. When employees know there is a written process in place for reporting injuries, they are less likely to 'try and pull a fast one.' The safety plan should be enforced 100 percent of the time. You should work with your insurer or hire a professional insurance defense investigator to implement a safety-management program that can eliminate as many safety problems as possible."*

Smith continues, *"One of the easiest ways to prevent fraudulent injury claims is to provide a safe and comfortable workplace. Assure your employees that safety – and their well-being – are top priorities. Your company workplace stands a better chance of remaining injury-free if your employees feel appreciated and know you care about good working conditions and – more importantly – their health."*

By cutting your investment to safety, you expose your company to insurance fraud. While it may appear that you may be saving money short-term, you are creating an opportunity for fraudsters to pounce. A cut to the safety program can be far more costly than the small amount of money saved by cutting the safety budget. And when forced to cough-up for fraudulent claims, you will pay money into the safety program – but you will get no return.

# Scalability

# ⑧ Scalability

According to Investopedia, *"Scalability is a characteristic of a system, model or function that describes its capability to cope and perform under an increased or expanding workload. A system that scales well will be able to maintain or even increase its level of performance or efficiency when tested by larger operational demands."*

Safety is scalable. Perfect it in a small environment with a small number of employees first. Use that small core group to roll it out incrementally.

Increase safety training and awareness with a smaller group first. Then, ripple out from the center – affecting new hires and expansion as they come online at the end of an economic slowdown.

Unfortunately, safety's current model is not scalable. Safety current outside-in model requires more resources as employee numbers increase. Safety is an add-on – adding safety rules and requirements to existing departments and production.

In essence, the outside-in model makes safety appear constrictive and restrictive. It's why safety wrestles with production when the push is on. It is also for this reason that safety investment is scaled back in slow times. In fact, safety is not viewed as an investment at all – but as an unreasonable cost that can be shaved.

Because it is not viewed as an investment, extra resources to police and enforce safety standards rises with staff.

An inside-out safety model would scale up with new hires without the necessity to increase budgets. The idea of this will ruffle the feathers of safety managers who have been running an outside-in safety program. But when the core group of employees buys-in to safety, it shifts the safety culture to grow from the inside-out. Then it ripples out to the new hires as they come on-board.

When times are good, and production demands are high, it's tough to build a strong safety culture. You're busy tending to other things that are either urgent or an emergency. When a company is at maximum staff capacity and productivity, it is difficult to focus on re-building a safety culture. At full production, there are too many people, too many issues and too much activity to concentrate on safety culture. When activity slows down, you can re-focus. When the numbers of employees diminish, you can re-focus in smaller groups.  When issues and emergencies subside, safety can easily move to the front of the priority line. There is more time and attention for re-training and re-thinking the corporate safety philosophy.

Starting with a smaller core group, you can create a solid group of safety evangelists. Create a strong team of those who buy-in to safety as a lifestyle choice or as a personal value. When safety becomes a personal value, it goes home with the employee. People who buy-in are more willing to school new employees. 'How we do things around here' takes on a new look. Besides, it takes no extra investment to get more people to buy-in. But you cannot cut safety funding when work slows down. You will not improve safety performance. Keep the core group focused and engaged in safety. Ensure that whether the numbers of employees are shrinking or increasing, there is no loss of attention to safety.

According to OSHA.gov web site, *"Any process that brings all levels within the organization together to work on a common goal that everyone holds in high value will strengthen the organizational culture. Worker safety and health is a unique area that can do this. It is one of the few initiatives that offer significant benefits for the front-line work force. As a result, buy-in can be achieved enabling the organization to effectively implement change. Obtaining front line buy-in for improving worker safety and health is much easier than it is to get buy-in for improving quality or increasing profitability. When the needed process improvements, are implemented all three areas typically improve and a culture is developed that supports continuous improvement in all areas."*

It is easier to get buy-in to improving safety than on improving quality or profitability. That's because there is no pay-off to employees for improving product quality or profitability. But there is definitely a pay-off for the employee by improving corporate safety. There is an immediate pay-off when working conditions improve.

It's so much easier to concentrate on rolling out a new attitude and new focus on safety with fewer people. Make safety scalable. Start with your core group of employees to build a winning safety culture. Then, as business begins to bounce back, you can begin to assimilate each of the new hires into the safety program. As you scale-up, your safety culture does too. It happens easily because you have built safety from the core out – instead of from the outside in. You are also better able to spot the barriers to safety culture as you add small numbers at a time and can address them immediately.

Investing in safety with fewer employees will pay bigger dividends when you scale up with new hires and hire-backs.

9

Scrutiny

# ⑨ Scrutiny

Every company builds a reputation – especially with government inspectors. When your staff numbers are down, it is actually easier to rebuild your reputation with government inspectors.

In construction, inspectors know which builders ensure quality and which ones take shortcuts. Building inspectors tend to look a little closer at those with a history of taking shortcuts. The builders warrant that attention through their reputation. Good builders, however, develop trust with inspectors over time. The good builders don't necessarily warrant the same scrutiny as their shortcutting counterparts.

The same could happen in reference to government safety inspectors. Inspectors know the repeat offenders. They also know the organizations who surpass the minimum code at every opportunity. According to the Occupational Safety & Health Administration of the US Department of Labor, OSHA encourages companies to do the right things and to qualify for their inspection-exemption program, SHARP.

From the OSHA web site: *"The On-site Consultation Program's Safety and Health Achievement Recognition Program (SHARP) recognizes small business employers who operate an exemplary injury and illness prevention program. Acceptance of your worksite into SHARP from OSHA is an achievement of status that singles you out among your business peers as a model for worksite safety and health. Upon receiving SHARP recognition, OSHA exempts your worksite from OSHA programmed inspections during the period that your SHARP certification is valid."*

This does not mean that companies get a free pass from inspections. Inspections can still take place in response to an injury, serious incident or a complaint from employees. Once a company is accepted into the SHARP program, it must continue to operate beyond minimum standards to maintain its inclusion in the program and its inspection exemption status.

When the economy slows down, there are fewer projects and companies to inspect. Inspectors have more time to visit problem sites more often. They have more time to spend scrutinizing every minute detail of safety compliance. But it is not just the government inspectors that are scrutinizing your safety program. There are the on-the-job inspectors: you can call them front-line employees. These should be the most feared inspectors of all.
It is your employees who make or break your company. Your employees can make or break your reputation. Your employees are the only ones exposed to your daily messaging. They know the commitment to safety and the corporate ethics that guide the company's decisions.

David Gebler, President of Skout Group, an advisory firm helping global companies manage ethics risks offers this advice on safety and ethics, *"In today's world, with a global corporation's daily actions affecting so many external stakeholders (e.g. the public), it is ethically unacceptable for a company to not have full knowledge of the risks it generates. Cutbacks in safety personnel, as well as creation of performance incentives that quash disclosure of safety issues, is questionable at best."*

Employees are scrutinizing every move the company makes – especially in an economic downturn. Employees are on the lookout for inconsistencies between what their bosses say and what they do. Their B.S. detectors are on high-alert. When word and deed don't line up, your company is just one Facebook or Twitter post away from a public relations nightmare. Then, the scrutiny of the world is on you.

You should be more afraid of innuendo and misinformation created by staff. The scrutiny of government inspectors is less ominous and easier to control. A PR backlash created by an employee or onsite contractor has long-term implications. How the company conducts itself in slow times, can create additional scrutiny – whether it is warranted or not.

During a downturn in business, any company can go from a model of basic safety compliance and transform to a solid culture of safety. When you do this, you can also build your reputation in the eyes of safety inspectors. More importantly, you can rebuild trust from your employees and your customers. It is more manageable to transform your safety culture with a smaller staff. It is also easier to give employees a voice in the ethical decision-making process of your company. They are paying attention. And like the government inspectors, employees are scrutinizing your commitment to safety.

An economic slowdown is a great time to invest in safety.

10

Polish

# ⑩ Polish

Motivational Speaker, Larry Winget, once said, *"When you stand on-stage, most people won't care what you have to say. In fact, most of them won't even believe what you have to say. But they will be checking you out to see if YOU believe what you have to say."*

If you're going to stand in front of a group of employees and talk about safety, you had better do it with polish and professionalism. You had better believe it and be prepared to make it evident that you do. You represent not only the company, but the whole philosophy of safety as a lifestyle choice.

For most employees, their only exposure to safety (outside of the cop with a radar gun at the side of the highway) is the safety meeting. Safety may not be a thing that enters their minds outside of the safety meeting – oh, and of course, the rules you make them follow. Rules don't create a buy-in to safety. Rules and procedures don't create an emotional bond – something that people can own.

Imagine if you sold other lifestyle choices the same way you did the safety plan. Imagine being shown photos of homeless people to motivate you to buy financial investments. Imagine being shown photos of fat people in order to sell you a 10-year gym membership. But that's exactly how safety is sold. Employees are shown photos of bloody accidents and expected to buy-in to the safety program. That's not a polished presentation. That's proof that someone doesn't know what they're doing. It's insulting to good people who already care about their own safety. Scare tactics are used when mutual respect doesn't exist. Scare tactics don't work long-term anyway. The best they get is short-term compliance.

No, to get safety buy-in requires an effective presentation – not one built on fear.

There is a difference between presentation skills and effective presentation skills. Safety meeting presentation skills are fairly rudimentary. It doesn't take much talent or preparation to read a list of numbers or show PowerPoint slides. Most safety meetings are made up of charts, graphs or the entire text of the speech separated by bullet-points. That takes no more than a little nerve and not more than a few minutes of preparation. Such are safety meetings. Employees think safety meetings are boring. And they should. Presenters do a minimum of preparation and they talk about stats, rules and procedures. Boring.

Effective presentation skills go beyond charts and stats and gruesome photos. Effective presentations do more than present to people. Effective presentation skills make people feel something. When you can make them feel something, you tap into people at the emotional level.

Every major financial purchase is made emotionally. Then, logic, stats, figures and charts are used to justify that purchase. Think about the house or the car you fell in love with right before you bought it. Then you used the stats, figures and benefits to justify your purchase. Safety needs to be sold the same way too.

Salespeople don't make you do anything you don't want to do. No one is ever sold something against their will. They may have been too afraid to say no but that was due to a lack of confidence – not that anyone was forced to buy. Safety, like any other personal value, needs to be sold better. There needs to be a better pitch – one that focuses on eliminating the barriers – the reasons for not buying-in.

Safety is not boring. Safety meetings are not boring. Presenters are boring. Anything boring is simply not engaging. A lack of engagement means a lack of audience attention. Lack of attention leads to a lack of understanding. Lack of understanding leads to apathy and apathy leads to incident.

For safety managers and supervisors, it's actually a benefit when the work slows down. More attention can be paid to effective presentation skills: skills that create an action or outcome. The safety manager or supervisor's job is not to enforce safety rules. It's to get employee buy-in to the safety program. Quoting stats and rules from the front of the room does not create buy-in to safety. 14 bullet-points per slide don't create buy-in to safety. Presentations skills allow a safety person to present something. Effective presentation skills ensure that employees feel something. Only when people feel something will they take action on their own.

Every company should be using work slowdowns to hone their pitch. Perfect your argument for why people should buy-in to the safety program.

There should be more safety meetings, more focus and attention on the nuances of the safety messaging. It should become a fine science with polished presentation skills. If you want to attract professionals to your company, you had better look professional. No more stumbling over the safety messaging. No more elementary efforts. No more "good enough."

Practice, present and polish. That's what every single company should be doing when the work slows down. So that when the work ramps up again, the pitch for safety buy-in has been perfected. The messaging has been perfected. The safety meetings and subject matter have been perfected.

Buy-in to safety is extremely important. When buy-in has been achieved, employees will no longer need to be policed. The need for enforcement and punishment diminishes. Employees buy-in to safety through human interaction and conversation.

Quoting chapter and verse from the rule book or the safety manual is not inspiring nor particularly motivating. Conversations with people who care about your contribution are inspiring. With practice, polish and perfecting the message, you will be able to clarify the core message. That will establish clear win-win concepts in safety for employees in future. Invest in your safety presentations during slow times. Maximize your return on investment in safety. Minimize the number of times you have to convince employees to buy-in to the safety program.
Polish your message.

# Epilogue

We are at a precipice in safety. We are straddling the chasm between where safety has been and where it needs to go.

At no time in history have there been better processes and procedures in safety than what we have today. At no time in history has there been more acceptance of safety. And at no time in history have there been more certified safety professionals than there are today. So, why are we still hurting people?

Why do companies cut safety budgets when the work slows down? Why does the investment in protecting the people who keep the doors open drop at the first sign of trouble or difficulty?

Safety has taken a seat at the boardroom table alongside marketing, finance and operations. Corporate decisions are being made with safety in mind – and as a foundation of how the company does business. But safety still has a long way to go before it gets perfected.

We have to be better. We have to care more. We have to make it apparent that our commitment to our people is at the very top of our priorities. Our investment in safety has to remain steadfast regardless of what the economy is doing. Safety is not an expense. It is an investment. In the same way that our people are not an expense – they are in investment – an investment that bring a return.

Slashing safety investment will not yield a return. It will expose the company to potentially devastating cost implications – both short-term and long-term.

Safe production is revenue. Unsafe production is a gamble. Nothing runs the expenses up faster than a workplace incident. If you want to hoard your cash during an economic slowdown, then become exceptional at safety. Safe production will follow. Nothing else will protect a company's cash position better than safe production.

According to the American Society of Safety Engineers, "*Workplace injuries and illnesses are costly in financial and human terms. More than $40 billion are paid each year by employers and their insurers in worker's compensation benefits, or nearly $500 per covered employee. This figure is simply unacceptable. The data and citations … support the ASSE finding that there is a direct positive correlation between investment in SH&E and its subsequent ROI.*"

Safety is never a cost. It is an investment to reap rewards. There are plenty of good reasons to bolster your investment in safety in a slow economy – ten of them have been outlined here. You have to invest in safety if you want to remain competitive and relevant.

You can only be truly successful in safety when you stop *Running With Scissors.*

# About The Author

Kevin Burns believes that Safety Buy-in is the key to successful safety performance. People have to buy into safety for themselves. Force people to do anything and they resist. When they buy-in for themselves, they own it for life.

Kevin Burns has been working with safety audiences for twenty years. Kevin Burns is a nine-time author, a management consultant and an award-winning marketing strategist. He has built his reputation on a very simple premise: it's not *THAT* you talk to your people in safety, it's *HOW* you talk to your people.

Kevin comes from the Operations side of safety. Kevin integrates middle-management, leadership, Human Resources, engagement, recruiting/retention and marketing strategies into safety. He is an expert in what motivates people, what appeals to them, what makes them want to engage in safety and he gets their attention. After all, you can't tell them anything if they're not paying attention.

Kevin Burns breaks down workplace safety into simple language that anyone can understand. Kevin's message appeals to every person in your organization. Kevin inspires them to choose safety for themselves.

If you want someone to really drive the safety message home, consider Kevin to speak at your next safety event. He delivers engaging and entertaining keynote safety presentations for everyone. Front-line staff to senior management, he helps people see the light when it comes to buying-in to the safety program.

www.KevBurns.com

# References


1. *The Dilemma of Training & Development in Times of Economic Recession* by Kris Mailepors, MBA, Organizational Development and Training, Catholic Medical Center, NH.

   http://astdnewhampshire.memberlodge.org/Resources/Documents/Mailepors%20White%20Paper.pdf

2. *Roaring Out of Recession* by Ranjay Gulati, Nitin Nohria, Franz Wohlgezogen – Harvard Business Review.

   https://hbr.org/2010/03/roaring-out-of-recession

3. *Seven Secrets to Employee Engagement (Hint: It's NOT about the Benjamins)* by Roxanne Emmerich.

   http://www.thankgoditsmonday.com/pdf/seven_secrets_to_employee_engagement_1500.pdf

4. *Improving Safety through Employee Engagement* by Workers' Compensation Board of Nova Scotia.

   http://worksafeforlife.ca/Home/About-Us/Safety-Matters-Blog/PostId/44/improving-safety-through-employee-engagement

5. *The Economics of Health, Safety and Well-being – Assessing the economic value of developing an healthy work environment* – A publication based on the joint project between the Finnish Ministry of Social Affairs and Health and ILO-SafeWork programme in close collaboration with an international expert working group.

   http://www.ilo.org/wcmsp5/groups/public/@ed_protect/@protrav/@safework/documents/publication/wcms_110381.pdf

6. *Use safety as a recruiting tool; learn from the best* by The HR Specialist – a publication on Business Management Daily.

http://www.businessmanagementdaily.com/1014/use-safety-as-a-recruiting-tool-learn-from-the-best

7. *Addressing The Return On Investment (ROI) For Safety, Health, and Environmental (SH&E) Management Programs* ©2015 The American Society of Safety Engineers.

http://www.asse.org/bosc-article-6/

8. *Protecting Your Workplace's Reputation and Assets* by Health & Safety Authority of Ireland.

http://www.hsa.ie/eng/Topics/Work_Safely/Procecting_your_Workplace%27s_Reputation_and_Assets/#sthash.jm7i2Gpe.dpuf

9. *Workers compensation scams* by Coalition Against Insurance Fraud.

http://www.insurancefraud.org/scam-alerts-workers-compensation.htm#.VUlOnPlVikp

10. *9 Steps for Reducing Your Exposure to Employee Injury Fraud* by Greg Smith, HVACR Business magazine.

http://www.hvacrbusiness.com/2576.html

11. Investopedia.com – Search term: Scalability.

http://www.investopedia.com/terms/s/scalability.asp

12. *Creating a Safety Culture* by Occupational Safety & Health Administration.

https://www.osha.gov/SLTC/etools/safetyhealth/mod4_factsheets_culture.html

13. *On-site Consultation Program's Safety and Health Achievement Recognition Program* by Occupational Safety & Health Administration.

    https://www.osha.gov/dcsp/smallbusiness/sharp.html

14. *The Ethical Way to Balance Safety and Costs* By David Gebler on Business Ethics, Culture and Performance Blog.

    http://managementhelp.org/blogs/business-ethics/2010/06/30/the-ethical-way-to-balance-safety-and-costs/#sthash.EXxUnsg1.dpuf

15. Motivation Magazine, Larry Winget: Purposeful ACTION interview by Ty Howard.

    http://www.motivationmagazine.com/story/Larry-Winget-on-Purposeful-Action

16. *The Perfect Safety Meeting* by Kevin Burns.

    http://www.kevburns.com/perfect-safety-meeting

17. *Return on Investment (ROI) for Safety, Health, and Environmental Management Programs* by American Society of Safety Engineers (White Paper).

    http://www.asse.org/professionalaffairs/action/return-on-investment-for-safety/

Thank you!

Running With Scissors – 10 Reasons To Invest In Safety In Slow Times

**ZeroSpeak Corporation**
Suite 150, 14-312 5th Ave W
Cochrane, Alberta, Canada T4C 2E3
403-770-2928, or by email at kevin@kevburns.com

www.kevburns.com