

# BANKING ON SAFETY

Visionary leaders are beginning to realise that an investment in safety culture is a sound business strategy, says Hamish Brown. And the first step in a strategic health and safety programme, he says, is to measure what sort of culture already exists.

**AN EFFECTIVE HEALTH AND** safety culture doesn't just benefit an organisation's employees, it has a positive impact on productivity and business results. Visionary leaders are beginning to realise that an investment in safety culture is a sound business strategy.

Twenty five years ago, Paul O'Neill, CEO of Alcoa, realised that as emotional fuel for high performance, and a rallying cry for collaboration, nothing was more potent than safety. During his time as CEO and chairman, sales increased five-fold to \$23 billion, profit increased 5.7 times, and market capitalisation 10 times.

The connection between safety as business social responsibility and business fiscal health is starting to be recognised as a sound business strategy. Leaders who 'get it' understand the price of a commitment to safety, but more importantly, know as an investment it pays real dividends in business and human capital. They actually understand that people are their most important asset.

## Genuine concern

These leaders and visionaries have a genuine concern for their employees, and know improved health and safety outcomes contribute to:

- Improved market image and customer trust;
- Lower costs;
- Better employee relations and trust;
- Increased productivity and reliability;

- Improved business capability. The idea that health and safety performance is a critical leading indicator of the overall competence and quality of an enterprise is not too hard to understand.

There is little doubt employees working in an environment where their safety and wellbeing is paramount are more likely to feel valued, be concerned about quality, be highly productive, and make customers happy.

There is also little doubt employees who work in an environment where health and safety is all about compliance and 'lip service' will treat their job, their employer, and their business in the same manner.

## Not a career path

In New Zealand's past, health and safety was often delegated to "someone who needs a bit more responsibility" but was not an up-and-coming 'star'. It's unfortunate that being responsible for health and safety was not seen as a career path to the executive team, and no doubt this has contributed to our ghastly death and serious harm statistics.

This is likely to change very quickly over the next two to three years as board members grasp the need for their own involvement and leadership.

Perhaps health and safety responsibilities should be delegated to the company's smartest financial person. They could then provide a credible analysis of the return on investment (ROI) of any increased expenditure in health and safety programmes.

Even a simple analysis could compare programme costs with an actual or potential injury. They'd quickly determine there are two types of costs: direct (investigation costs; production downtime; legal, court costs and fines; management time, etc), and indirect costs (loss of goodwill; business interruption; loss of employee and client respect; reduced quality of potential employees etc).

The demise of Pike River Coal Ltd could provide some clues about the financial risk of getting health and safety wrong.

The fact that each week in New Zealand more than one person will be killed, nine employees suffer serious non-fatal injuries, and 650 employees will make work-related ACC claims should also provide support for any health and safety business case.

For HR managers and strategically minded health and safety managers, it is important to remember that increasing the significance of health and safety carries the same financial responsibility as every other part of the business.

Simply hoping that taking the moral high ground will sway a pragmatic executive team, or board of directors, is lazy and ineffective. They may agree to spend more money, but a valuable opportunity to shift their thinking from 'cost' to 'investment' will have been lost, and the argument for increased resources will not be welcomed back with any great enthusiasm in future.

The business case for increased expenditure on a health and safety programme should be prepared with the same diligence as, for example, a new product or service development, and the crunch point should be that any expenditure they approve will positively affect the business's bottom line.

## Getting to the heart of the business issue

Providing more safety gear, inspections, audits, processes, and more regulations is important, but they don't get to the heart of the business issue. Health and safety is not just the absence of danger, it is a state of mind.

The first investment step in a strategic health and safety programme is to measure what sort of culture already exists. It will be a product of the beliefs, attitudes and assumptions held by senior management, and consequently right through the business.

No other part of the business process is guessed at, so measuring health and safety culture is simply good practice. Done well it will save resources, identify risks, reduce workplace incidents, and begin a process that increases employee engagement, and has a positive impact on productivity and sustainable business results. **et**

