

Safety and the Bottom Line: A Public Entity Perspective

2009 Governors Occupational Safety
and Health Conference

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This program began at the request of the GOSH Program Committee. They wanted to offer similar topics but targeted to public and private sector.

But they didn't think that public entities have a bottom line!

Of course they do. Depends on how you define a "bottom line."

For purpose of this program let's just agree: When you talk about the "Bottom Line" it's always all about the money\$\$\$\$, but..

The Bottom Line

The purpose of the organization

- **Business = Profits**
- **Not-for Profits= Service**
- **Government= Public Order and Safety**

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I define a “bottom line” as the reason an organization has been created or continues to exist.

Most private business has been started or continued in order to make money = ***“PROFITS!” to build wealth...***

Not-for-profits provide a service.

And we have created government to bring order to our society. Within the idea of order, we have the general safety of citizens. So, in fact, the whole purpose of the public sector is safety, so safety in a way is the bottom line.

Why, then, does it seem so hard to get attention, funding, resources for safety?

Discussion note: talk about what we mean by safety...it is employee safety and health

Public Order comes to mind first...

- Police
- Fire
- Water Resources
- Environmental Services
- Planning/Building Codes
- Transportation
- law enforcement
- fire suppression
- clean, potable water
- waste removal
- permitting
- traffic management

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Most people think first about the “Product” or “Service” any organization – public or private - provides.

Unless it is something

- Unexpected and out of the ordinary
- Is risky, harmful or
- Involves them personally

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They only think of “safety” when something out of the ordinary occurs.

So most organizations can discuss “safety” conceptually and anecdotally. Most people will agree it is important. Both private and public sector frame safety as either a legal/compliance obligation or in terms of failures: claims and lawsuits, losses and costs...that’s what they measure against their bottom line.

Discussion note: Use the example of the role of the Cabin Crew on an air plane. Even though it is a private business, most people think of the cabin crew as service providers, not safety managers, until something goes wrong with the flight...use the example of USAir Flight 1549 January 16, 2009.

Start discussion to compare and contrast private and public

Run public sector like a business?

Business

- can go “out of business”
- move to another state or off shore
- keep decisions and information “**private**”
- make **risk-based** business decisions to influence profits
- laws generally prohibit
- Customers can go **somewhere else**

Government

- rarely goes “out of business”
- cannot move its jurisdiction
- in Oregon, **Public Record laws** require access to meetings and documents
- make **risk-adjusted** business decision to influence services
- laws enable
- Customers are stuck

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The big question many still ask, why can't public sector run like a business...in your hand out is a longer list but here are some pretty typical differences between private and public sector....and remember we are being measured against a different bottom line ... we have been created for different purposes...

Discussion Note: talk about the difference between “risk based” business decisions and “risk adjusted” business decisions.

Business of Government

- Missions
- Funding
- Business Processes
- Management Systems

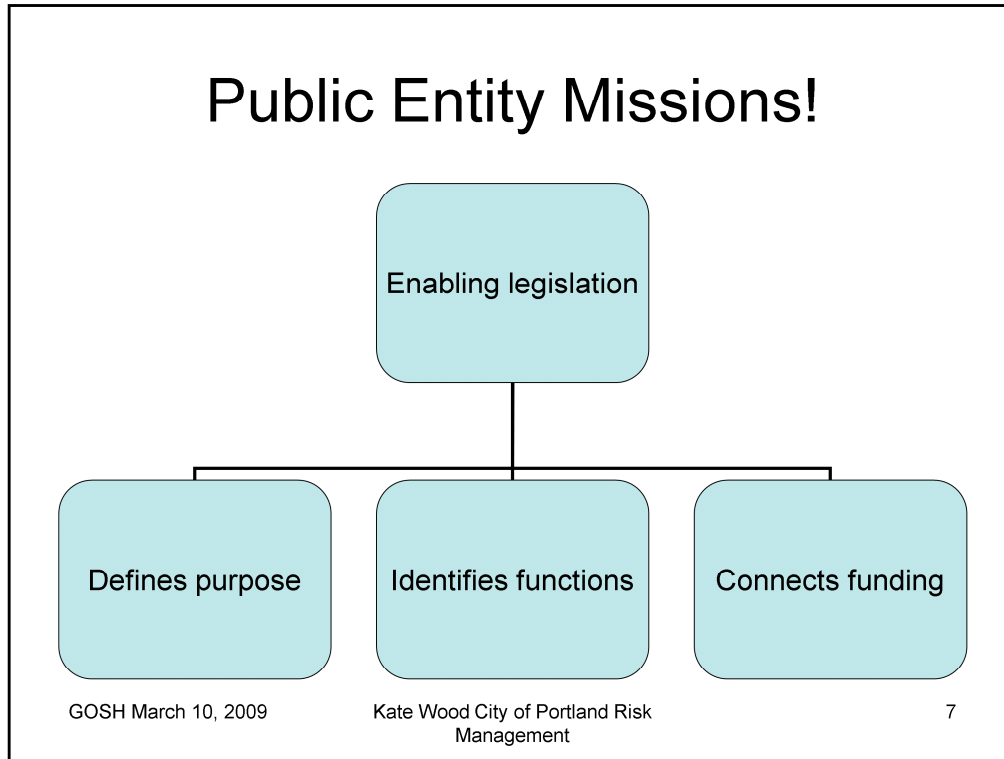
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But public sector sure can be run like a business, the Business of Government.

Discussion: talk about what the business of government is, how it is similar to private business and what we can learn from well run private businesses. But recall the differences from the previous slide...



For each governmental entity, its purpose for being is publically documented. This will tell you what line of government business a particular entity may be in...

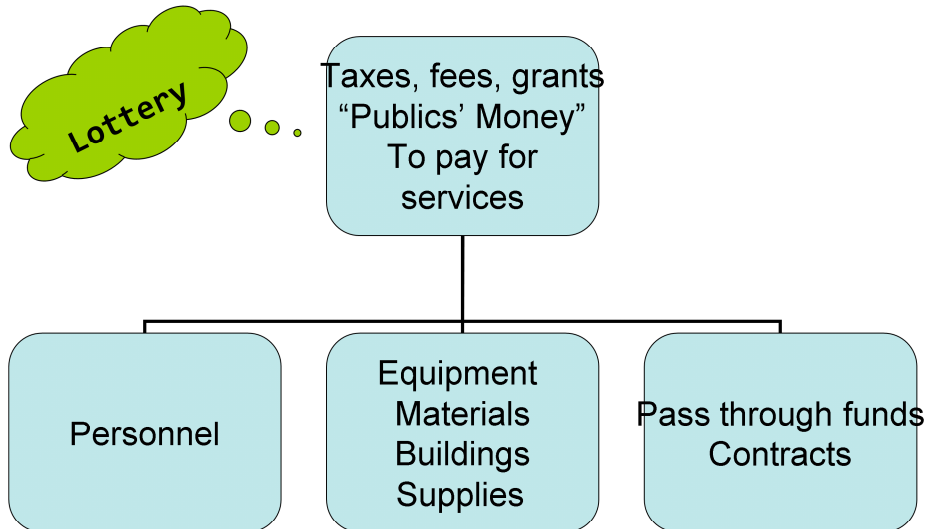
Look for enabling legislation, statute, rule, charter, code or ordinance. It will tell you the purpose (bottom line), identify essential functions and direct you to its funding sources...

Knowing this will help you find out where or how safety may fit into the organization's structure or functions and give you a clue about its safety culture...

For the most part you'll likely need to infer where employee safety fits. It is seldom explicit. Remember you have to be able to present safety in terms of the bottom line (mission or purpose) of each public entity.

Government tends to be very labor intensive. So that is a pretty standard approach to connecting safety to the bottom line. In direct service organizations, the public or clients (inmates, patients...) can't be safe if employees are not safe...

Public Entities Funding Sources



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The way to a bureaucrats heart is through their budget.

Public entities only have “the public’s money ”. Increasingly, transparency and accountability for spending the public’s money is being scrutinized. Public entities do not do a good job of letting the public know how they spend the money.

How does safety contribute to wisely spending the public’s money?

Business Processes

coordinated tasks and activities
that will lead to
accomplishing
a specific organizational goal.

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Every entity, private or public have business processes. Think of them as the **vertical** supports that “stand-up” the entity.

Typical Government Business Processes

- Accounting
- Administration
- Auditing
- Budgeting
- Facilities
- Financing
- Human Resources
- Information
- Legal Services
- Operations
- Planning
- Procurement
- Transportation
- Revenue

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Except for “revenue (the tax man)”, these are business processes found in every organization – private and public.

It’s what it takes to keep an organization “on its feet.”

Government “Business” Standards

- Statute: Public Procurement Requirements, ORS 279A,B,C
- Budgeting must account for fund sources
 - Designated, such as “gas tax”
 - General Fund
- Accounting and Finance: Governmental Accounting Standards Board (GASB)
 - Similar to SEC approved FASB GAAP
 - Designed to provide consistency and accountability

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Like the private sector, government business process also have standards it is expected to meet...while not the same as private sector, the standards are designed to allow the entity to achieve its purpose...for example

Generally accepted accounting principles (GAAP) are based on basic principles of consistency, relevance, reliability, and comparability. Financial Accounting Standards Board (FASB) is an organization granted the authority to establish (GAAP) by the Securities and Exchange Commission (SEC).

Governmental Accounting Standards Board (GASB) establishes and improves standards of state and local governmental accounting and financial reporting

Where does safety and health fit?

This space for your thoughts,
opinions and lively audience
participation.

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Is safety a “business process”...? Is it part of another business process? If so, which one?

This is a trick question. Most organizations will not have safety as a business process. Exception may be the OSHA agencies for whom safety is their business. Safety needs to be reflected in so many other business processes...HR: hiring, training, performance standards, evaluations,...Budgeting: equipment, materials, supplies, personnel, program costs; Auditing: compliance, reporting,...Facilities: sighting, design, maintenance...

Management Systems

Management Control Systems: defined by
Simons (1994) as "the

- **formal,**
- **information-based**
- **routines and procedures**
managers use to
- **maintain or alter patterns**
in organizational activities".

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Think of Management systems as running horizontally through an organization. They are the straps that bind the vertical business processes and allow the organization to carry its own weight...

I think safety fits best as a management system, connecting business processes and allowing the managers to drive (maintain or alter patterns) the organization forward (hopefully forward.)

One of the biggest problems we have in safety, we are not adequately "information based." We do not have adequate data to use as evidence to support our activities or demonstrate safety's value or contribution to the bottom line. Until we get better data, we will always be trying to sell managers on something they will agree is nice, but can't see as essential to the bottom line...

The other problem we have is mistaking safety programs for management systems...so far, in this presentations I have not talked at all about safety *programs*.

Management* is:

- Planning
- Organizing
- Directing
- Controlling

*Generally accepted activities

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For people who think management is just telling other people to do all the work...it actually takes a lot of work, knowledge and skill to manage well.

Managing safety requires planning, organizing, directing and controlling by managers.

Safety managers add value to the management of safety by creating the framework, building tools, technical expertise and research, consulting internally, delivering programs, managing data and information and providing feed back. In some cases programs are direct services.

Safety and Management Systems

Management systems ensure key processes account for the health and safety of its workforce.

- Safety Management
- Management of Safety

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Do not confuse Safety Management systems with the management of safety.

Remember, management systems are formal and information based routines and procedures...there are a number of existing safety management systems that you can use as a template to construct your own that aligns with the mission, purpose and bottom line of your organization...

Safety Management Systems

- **ISO 9001:2000 *Quality*** Management Systems (transition to ISO 9001:2008 is now taking place)
- **OHSAS 18000 *International*** Occupational Health And Safety Management System specification
- **ANSI/AIHA Z10-2005: *American*** National Standard for Occupational Health and Safety Management Systems

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These are useful as a template for most government operations.

There are many others, i.e. Environmental Safety Systems or Process Safety Management that may be more specific to your operations....

Management of Safety

What is your organization's mission?

| | |
|-------------------|--------------|
| Mission statement | Vision |
| Values | Expectations |
| Goals | Objective |

- Is employee safety and health mentioned in any of them?

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The real, hard, day-in-and-day-out work is the management of safety. It is done by every member of your organization. The safety management system, integrated and drawing on all the essential business processes, is the tool, infrastructure, framework to keep everyone on course. It's the playbook for managers on what the organization needs to do to accomplish "safety." But the play book is not the same as the ongoing actions of managing: planning, directing, organizing and controlling.

Managers may not open that playbook unless your organization has safety included somewhere in its guiding documents (listed above). The place where every manager is expected to check in, at least periodically, to be sure they are moving the organization toward its bottom line.

If safety is listed somewhere in these guiding documents, it is more likely managers will reach for the playbook and turn to the section on Safety management to learn what they should be doing...

Management of Safety

- How are processes organized to allow management of safety?
 - Hiring, placement, performance, training, tools, equipment, facilities, quality control, compliance/audit...
- Safety programs
 - Program development, management, communication, measurement, resources, support , position in the organization

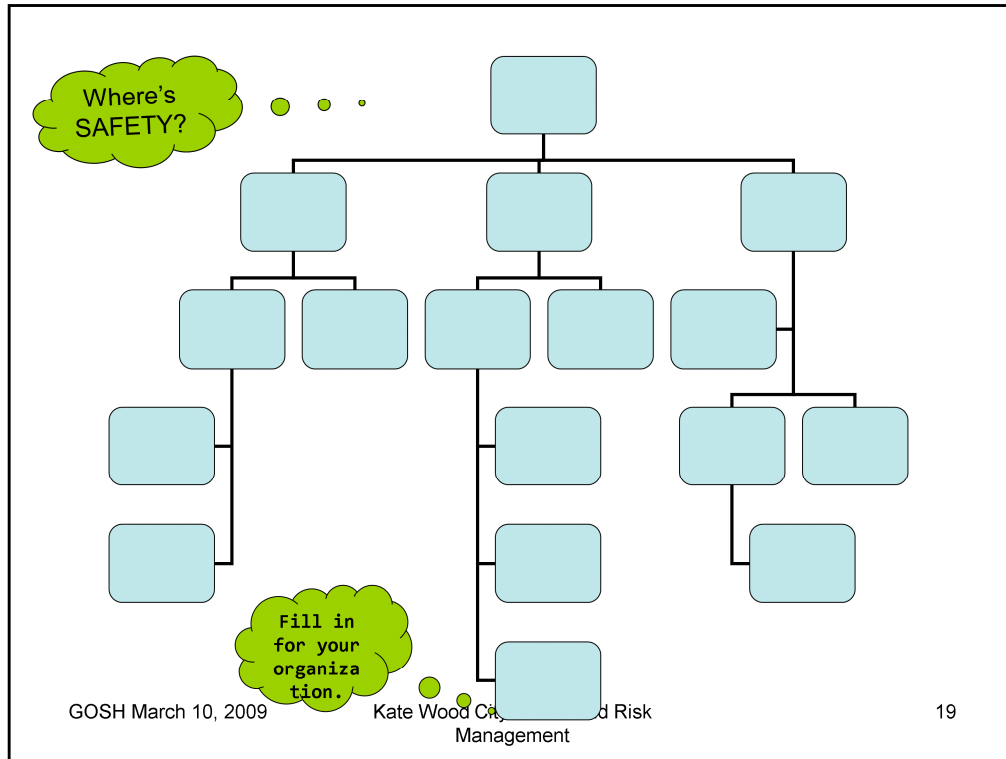
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Management of safety requires that safety is in the guiding documents, that business processes address it and that it is tied together with a management system that managers can use to maintain or alter direction...

Safety programs will only be successful, supported and useful if they are seen as discrete activities done by the manager, safety staff, vendor, consultant or business process specialist to move the organization closer to achieving its bottom line.



So where is safety in your organization?

Is it program oriented? Isolated to the “Safety Office” (or worse yet, Safety Officer?) Viewed as a “cost”? Able to be “cut” when times are tough? No evidence to support its contribution to the bottom line?

Is it a business process? Possible that there are enough risks to justify it as an essential upright support to help carry the weight of the organization...

Is it a management system, providing managers a framework for their role in managing safety, based on information to help the organization accomplish its bottom line...

Is it in the guiding documents, referred to by every member of the organization, and asked about by every executive when they are asking about the organizations bottom line?

Where is the best place to report?

When Risk Managers were asked, they said:

- Executive or Administrative Office
- Finance
- Legal
- HR

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Just as an aside, there is no single right structure. But there is a right place for safety functions in each organization.

This was a poll of Risk Managers. They ranked this reporting structure in order. Increasingly, the safety function is found in the risk management program.

Comments in the poll indicated that HR was **never** a good option from the Risk Managers point of view.

Enterprise Risk Management

- Starts in the C Suites
- Permeates through the organization
- Internal processes support its application throughout all the Business Processes
- Measured by the Management Systems

Some progressive organizations are adopting an Enterprise Safety model.

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The Program Committee asked that each presenter offer something new or something that participants can try out.

ERM has been around for a while, but it is gaining momentum in the Risk world. I am hearing that progressive organizations are now talking about “enterprise” safety....

Enterprise Safety Management

- Is it the next **HOT** Thing in Safety?



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Unfortunately, enterprise safety is so new there are no tested models...and it may not catch on...

Risk Maturity Model

A tool being used by Risk Managers to measure Enterprise Risk Management systems.

A guided inquiry about management practice and infrastructure.

It presumes existing activities and general management systems are in place.

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ERM uses a workplace diagnostic called Maturity Modeling.

Risk Maturity Modeling is being sponsored by RMIS. Its assessment tool is proprietary.

Maturity Model Assessment Tool

- Select Management responsibilities that are key to safety
- Identify actions necessary to fulfill Management responsibilities
- List and rank maturity level characteristics
- Offer possible actions that will likely lead to improved maturity
- Rank Chosen Safety Performance Indicators as a balance to self-assessment

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To my knowledge there is no Safety Maturity Model Assessment Tool currently available. But its principles can be applied to safety programs.

This is not a Test

- It's all subjective.
- It is based on your organization's current management systems and safety programs.
 - It engages your management team.
 - It allows them to identify and commit to improvements.

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It is different than an audit – which can remain a useful tool for program evaluation. The Maturity Model is less threatening, can create involvement and lets (or requires) managers to own their role and work rather than shift it off the “Safety Office.”

Maturity Model Assessment

- Working with groups line managers, have them complete the assessment using the tool.
- Best to have a Facilitator. The Safety Professional should be there only as a resource to answer managers' questions.
- Allow managers to choose what they want to work on improving.

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Some ideas on implementing.

Maturity Modeling

Assumes you have:

- Management systems;
- An expectation of quality management or continual improvement;
- Some safety programs, policies, expectations and responsibilities in place;
- Managers who are willing to be honest and work together.

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These assumptions are essential. If your organization is not at this point, you need to cover the basics first...safety in the organizations guiding documents, a safety management system in place and integration with established business processes...the stuff we discussed earlier

State of Oregon Safety and Wellness Leadership Initiative

- Started in 2005
- Developed by Risk Management
- Sponsored by key Department Heads
- Based on 1987 Statewide Safety Initiative

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This is a project I worked on in my last years with the State. We developed a Safety Maturity Model Assessment Tool and had begun to test it. It is the only such model of which I am aware. I'm not sure the State has finished testing and evaluating it.

Management Responsibilities

- Management Leadership And Accountability
- Individual Involvement And Accountability
- Safety and Wellness Programs
- Learning processes: Training and Communications

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We selected Management Responsibilities using the ANSI Z 10 Safety Management System standard and Dan Petersen's Safety Management Criteria for Success. The 1987 Safety Initiative had used Petersen's work as a framework and so the management responsibilities were designed to reflect them. Manager had seen, heard and read about these criteria for a number of years and so they were familiar. We used these for the Maturity Model.

In your handout, there are actual examples from the Assessment tool. The following slides highlight key areas.

Management Leadership And Accountability

Every Manager personally demonstrates safety and health leadership and, as a member of the management team, is responsible and accountable for creating a healthy and injury-free work environment

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Detail in the Model of what this Management Responsibility means...

Management Leadership And Accountability

Action Areas

- Lead and Sponsor
- Plan
- Accountability
- Management review of performance results
- Performance management of employees
- Overall safety performance*

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And selected Actions that management must pursue to fulfill the responsibilities...

Each Action Area was then described and ranked on a scale of 1 to 5. Number 1 was the lowest maturity ranking, 5 being best of class...

Each ranking was described so the managers could assess where they felt their organization was in terms of maturity on each action area.

Individual Involvement And Accountability

Everyone is involved in creating and maintaining a safe and healthy workplace. Employees hold themselves accountable for their safety, health and wellness. They identify and address risk to themselves and coworkers. Employees take action to create safety and health in their workplace.

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Another example

Individual Involvement And Accountability

Action Areas:

- Develop values-driven culture
- Involve and engage employees

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With Actions

Safety and Wellness Programs

- Programs address risks and needs of the particular workplace. Programs support and are supported by operational procedures and policies.

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Another

Safety and Wellness Programs

Action Areas:

- Support Wellness
- Manage workers' compensation costs
- Create safe work environments

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With actions...

Learning processes: Training and Communications

Safety and health are continuous improvement processes. Organizations communicate values, expectations and programs, adjusting and improving on a continual basis. Training is tailored to needs and supports performance expectations.

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And the last

Learning processes: Training and Communications

Action Areas:

- Communicate; Information Flow
- Train and Develop

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With actions.

Overall safety performance*

- Management Responsibility: Management Leadership And Accountability
 - Action Area: Use safety performance data. Consider the safety results in your agency based on safety performance indicators data.

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This was a hard number standard. We used the performance measure used since 1987 as part of the Statewide Safety Initiative. It was the Number of Time Loss WC Claims/ 100 FTE.

Like the other Action Areas, it was ranked from 1 to 5. The Statewide average was used as a ranking of 3 with incremental ranges above and below.

The Safety Manager for each department reported that agency's actual TL claim rate and it was fit into the correct category.

While all the other rankings were subjective this was a hard, actual number. The management groups tended to rank their organization highly on all the other categories. This actual number was usually lower. It lead to interesting discussions about why they were having so many losses if they thought their management of safety was so good.

The point of the exercise was to promote that discussion, management engagement and creation of an improvement in plan in areas they selected as work they were willing to do. The plan was to repeat the whole exercise in 12 to 18 months to measure improvement. In the interim the Safety Manager would work with them on action plans and improvements.

Is summary

- Public entities bottom line is the delivery of services for public order and safety.
- Public entities have business processes similar to private sector
- Employee safety is a management system
- Public entities have some safety programs
- Maturity modeling is an opportunity to engage managers

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Thank you for your attention and time. I hope this program helped you think in a new way about old problems and challenges.