

# **SUBMISSION ONE**

## **DEVELOPING A SAFETY SYSTEM**

### **TOPIC ONE**

#### **DETAILS OF THE RISK MANAGEMENT METHODOLOGY UTILIZED TO IDENTIFY AND QUANTIFY THE NEED FOR THE TECHNIQUE OR PROCESS.**

A review and evaluation of the following Risk Management Controls, Risk Finance, and Contractual Risk Transfer methods were used to identify the necessary changes that could be adapted to the current management and safety systems.

##### Contractual Risk Transfer Methods

Evaluation of all contracts and subcontracts, tracking systems, contract language, record keeping, record retention, legal actions related to contracts, law firms, most current related issues, any outstanding legal fees, or claims that may be pending.

Reviewed total direct and indirect estimated costs of contract related legal expenses, including the settlement of claims, attorney fees, travel expenses, payroll expense per year each year for the last five years.

Performed analysis-determining trends and costs related to current contractual risk transfer systems. Identify the need to change current systems to eliminate or control future contractual exposure.

Identify what percentage of the costs is directly related to a breakdown in the safety system.

Meet with management to discuss customer relationships and the effect changes in contracts and subcontracts would have on the current client base.

Develop strategies to change and implement new safety systems, contract reviews, acceptable contractual language, and record keeping practices.

Establish monitoring and auditing controls to protect the company, and reduce expenditures.

##### Risk Financing

A review of all costs related to Health Insurance, Commercial Insurance, and employee benefits was used to evaluate total related expenses.

The next step was to determine how much the total direct accident costs were in relationship to total costs.

The corporate financial officer then projected yearly direct and indirect costs related to workers compensation, general liability, auto, equipment, umbrella, and builders risk accidents.

The expenses were compared to total payroll and gross revenues.

Insurance costs were compared to other similar companies, industry standards, and national averages.

Meetings with insurance brokers, agents, insurance companies, and industry consultants were held to determine the best risk financing alternatives.

It was determined that the company safety systems must improve to drive the costs down, regardless of the risk financing method.

The CEO and President realized that, in a soft or hard insurance market, the best risk financing alternative is having a safety system that develops a productive safety culture starting with the top management of the organization committed to the process.

The broker reviewed several alternatives including large deductibles, incurred retro plans, and offshore captives.

An insurance program was designed with the company assuming a large portion of the risk

A charge back system was implemented to track the cost of insurance and accidents by division, project, and supervisor. Information is distributed monthly to all management.

### Risk Management Controls

An evaluation of the safety systems and management systems was performed.

The total accident rates, Experienced Modification Rate and insurance costs were much higher than the industry averages.

The next step was to observe the craftsmen and the supervisors in the work areas.

All the employees and supervisors agreed that safety was the most important part of their job. But, the company showed all signs of a production-based culture. Everyone thought safety was important, but somebody else's job.

I then reviewed all safety training and education records, hiring processes, assignment of responsibilities, record keeping, and commitment to the safety program of all levels of management.

It was determined that Senior Management, supervisors, and employees needed to look at their own personal values, and adopt an accountability based program that would generate a profitable safe place to be employed.

Senior Management was committed to changing the safety culture by implementing recommended changes to the safety and management systems. It was also understood that the commitment started at the top, and must be maintained all the way to the foremen and journeymen on the projects.

## **TOPIC TWO**

### **DETAILS OF THE DESIGN OF THE TECHNIQUE OR PROCESS**

Details of the Design of the technique are listed below:

#### Senior Management Commitment and Leadership

1. *Policy Statement* Goals and activities established, issued, and communicated to all employees.
2. Program revised annually.
3. Commitment of resources.
4. Participation in safety meetings, inspections, agenda items in meetings.
5. Safety procedures, systems incorporated into all operations.
6. Management sets examples in adhering to safety rules and procedures.

7. Reward what you want repeated.
8. Use *Positive Recognition*
9. Management Values

#### Assignment of Responsibility

1. *Safety Professional*: Knowledgeable, accountable.
2. *Managers*: Understand responsibilities, values, commitment, and leadership.
3. *Safety Committees*: Establish guidelines, monitor safety and health responsibilities.
4. *Supervisors, Team Leaders*: Accountable for safety and health responsibilities.
5. *Employees*: Understand their values are important to the system, follow safety guidelines and procedures.

#### Safe Working Conditions

1. Safety inspections, including supervisors.
2. Safety Committee reviews.
3. Job safety analyses.
4. Action taken to address hazards.
5. PPE/Preventive controls in place.
6. Safety Task Assignments.
7. Technical references available.
8. Disciplinary action procedure.

#### Training and Education

1. Hazard communication training for supervisors and employees.

2. Supervisors training in accident reduction techniques.
3. Supervisors training in OSHA guidelines.
4. Supervisors training in job safety analyses, safety task assignments, accident investigations.
5. Employees receive new hire orientation, hazard communication, weekly safety topic meetings, and specific and ongoing safety task assignments.
6. Emergency procedures/evacuation training.

#### Recordkeeping

1. Emergency procedures\_/evacuation program
2. Records maintained/reviewed.
3. Accident investigations including facts, root cause, corrective actions, disciplinary action, photographs.
4. OSHA/MSHA injury logs.
5. Near-miss evaluations.
6. Drug testing.

#### Employee Involvement

1. Supervisor accountable for goals and activities. Incentives based on accountability and system performance.
2. Open communications.
3. Management commitment.
4. Participation.
5. Rewards/incentives.
6. What gets measured is what gets done.

### **TOPIC THREE**

## **DETAILS OF THE IMPLEMENTATION OF THE TECHNIQUE OR PROCESS**

### Senior Management Commitment and Leadership

The President, CEO and Vice Presidents of each department committed to installing a safety system that would create the safety culture our company needed and our customers expected.

An accountability program that would include Safety Goals and Activities was established and revised annually. Tracked by company, department, project, project manager, and each level of project supervisor; all would be held accountable.

The company President committed resources for training, equipment, safety supplies, bonus incentives, and expenses. The budget would be whatever each division needed to get the program established. All costs would be charged to corporate overhead, therefore providing safety services at zero cost to each department's internal overhead. What better incentive to convince managers and supervisors to take advantage of the new corporate safety philosophy.

All management would attend required safety training classes, including the President of the company.

If an employee was injured, each department head and the President would be notified immediately.

The president of the company would call employees who suffered serious injuries. All supervision would visit injured employees if out of work due to accidents.

The president of the company, department heads and supervisors would all review and follow up on deficiencies noted from project safety audits.

Supervisors who did not comply with the program were asked to meet with the company president and senior management to discuss corrective actions, and their future commitment to the program.

### Assignment of Responsibility

The corporate safety professional and department vice presidents would report to the president of the company. They would be accountable for creating and implementing the design of the safety system process.

A safety committee of all levels of management and employees was created to review accidents and perform project safety audits. Large projects would have an independent safety committee meeting weekly.

Managers and supervisors would be held accountable for the goals and activities outlined in the program. They are responsible for each project and the message sent to each employee, and are trained that safe production will happen if that is the message sent.

Knowledgeable safety professionals placed at projects with twenty-five or more employees would be used to train, qualify, test, inspect and monitor the program.

Employees must follow the safety guidelines and procedures. They must understand that their values and safe production are the key to creating a safety culture.

### Safe Working Conditions

A new corporate Safety and Hazard Communication manual, along with an employee handbook, were created to train all supervisors and employees.

Safety committee, safety professional, supervisors and employees performed project safety audits.

The company tool room and equipment division revised their procedures addressing the safety requirements of all tools and equipment.

All estimates and contracts were reviewed to better analyze the safety criteria, and schedule of each job. This would affect the safety requirements and cost of the projects.

Job safety analysis and safety task assignments were implemented to identify the safety needs for each individual task. Supervisors would plan the safety requirements into each task, then document the training of the employees before each task.

Disciplinary action, including termination, of supervisors or employees who failed to follow the outlined safety criteria.

### Training and Education

All levels of supervision received training in the contents and guidelines of the corporate Safety Manual.

Each supervisor attends START training (Supervisor Training In Accident Reduction Techniques), Hazard Communication, Accident Investigations, Emergency Procedures, Evacuation Training, Job Hazard Analyses and OSHA Construction Outreach Training.

All employees attend a comprehensive new hire orientation, weekly or daily safety meetings, and daily Safety Task Assignments.

Additional task-specific or testing is required for equipment operators, confined space entry, line breaking, trenching, scaffold erection or use, lock out - tag out, and permit required areas.

Project-specific training is conducted on emergency and evacuation procedures.

### Recordkeeping

All employee training, disciplinary action, safety audits and drug testing records will be kept on computer disk and hard copies for ten years.

OSHA and MSHA logs and accident/near miss reports are kept at the corporate office for a minimum of ten years.

All project safety meetings, daily safety task assignments, and training records are sent to the corporate office at the end of each project.

OSHA 300 Logs are kept at each project and the corporate office, and posted from February 1 – April 30.

All accident/near miss investigations are reviewed by the corporate safety director.

Copies of all emergency and evacuation plans are available at each project and the corporate office.

### Employee Involvement

Management, supervision, and employees are all expected to participate and commit to the corporate safety system -- open communication and employee involvement, with incentives based on accountability and system performance.

## **TOPIC FOUR**

### **DETAILS OF THE RESULT OF THE TECHNIQUE OR PROCESS**

- Increased gross receipts from 20 million dollars per year to a current average of 50 – 60 million per year.

- The corporate experience modification has reduced from 1.69 in 1992 to a low of .61 in 2000. The average the last three years is .67.
- OSHA lost time incident rate was 3.5 per two hundred thousand man-hours. The average the last three years is .61 per two hundred thousand man-hours.
- OSHA recordable incident rate was 8.33 per two hundred thousand man-hours. Average for the last three years is 2.21.
- Total cost for workers compensation claims and insurance was averaging six to seven percent of payroll. Current average is three percent.