

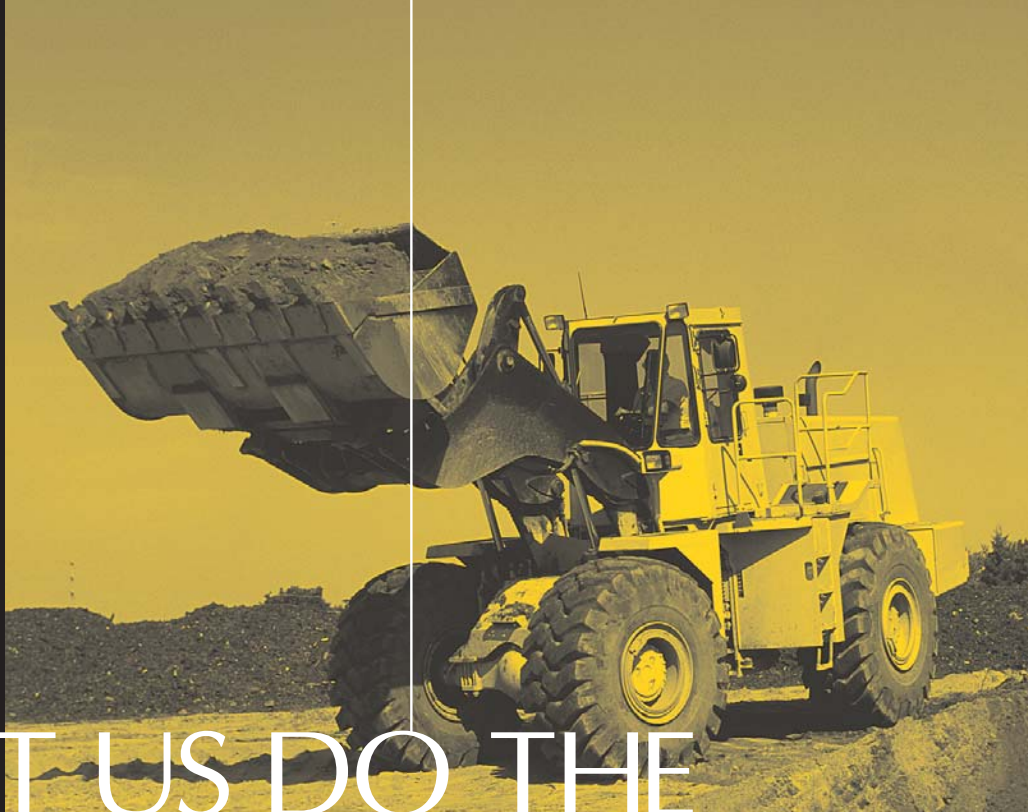
## ***TEN STEPS TO FEWER LOSSES***

Presented by

**Peter G. Furst**  
**Director of Contracting**  
**Liberty Mutual Group**

Loss control is the core element of a solid construction risk management program. Since everything from the public, to employees, to property under construction must be protected, safety impacts every aspect of a construction project, and every element of a contractor's insurance program. As a result, risk managers must be involved in defining a safety program that will achieve the program's goal of minimizing the company's overall cost of risk. In this session, a safety expert outlines 10 key components for making your projects safe, which translates into fewer losses, lower insurance costs, improved worker morale, better corporate image, higher profitability, and a host of other positive results for the construction company. Loss control crosses all lines of construction risk management; therefore, this session is relevant to all construction risk and insurance professionals.

***Wednesday, October 31, 1:30-3:00 p.m. and 3:30-5:00 p.m.***



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**Peter G. Furst**  
**Director of Contracting**  
**Liberty Mutual Group**

Mr. Furst is presenting Workshop J, "Ten Steps to Fewer Losses," on Wednesday. Since 1995, he has been the technical director of Contracting Services for Liberty Mutual's National Technical Center in Pleasanton, California. He is responsible for the Pacific, Western, and Northwestern regions (13 states); as well as the Pacific Rim countries served by the company's International Division.

As technical director, he provides specialist support for field customer service efforts in the Contracting Service areas. Mr. Furst works directly with field loss prevention consultants and contracting customers to support the quality and quantity of service provided. Previously, he was an architect and designer with various Southern California firms, and served in operations for 20 years at Turner Construction Company, with additional responsibility as safety director for the Turner Construction Western Group.

He holds a bachelor of science degree in construction engineering, a bachelor of architecture degree, and a master's degree in business administration from California Polytechnic State University in San Luis Obispo. He is a registered architect and holds the Certified Safety Professional, Registered Environmental Assessor, and Associate in Risk Management professional designations. Mr. Furst is affiliated with several industry-related organizations and received the California AGC's Safety Professional of the Year award in 1992. He teaches University of California at Berkeley extension construction management courses, and has teaching experience spanning the past 20 years. A frequent speaker, Mr. Furst has made recent presentations at the RIMS Conference; Governor's Occupational Safety & Health Conferences in Alaska, Alabama, and Oregon; and several other events.

## ***Notes***

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# TEN STEPS TO FEWER LOSSES

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*Peter G. Furst  
Liberty Mutual Group*

## Ten Key Elements of an Effective Safety Strategy— A Holistic Approach

### I. Session Objectives

- A. Traditional safety management
- B. Results measurement standards
- C. Lackluster performance
- D. Impact of the lack of safety on the bottom line
- E. A holistic approach to safety
- F. Ten elements of an effective safety strategy
  - 1. Traditional safety tools (3)
    - a. 3 E's
    - b. Special program elements
    - c. Pre-operational safety planning
  - 2. Management techniques (3)
    - a. Accountability measures
    - b. Up-stream performance measurement tools
    - c. Teamwork and empowerment
  - 3. Innovative techniques (4)
    - a. Process improvement
    - b. Behavioral concepts
    - c. Leadership
    - d. Organizational culture factors

### II. Conclusion

# ***Notes***

# TEN STEPS TO FEWER LOSSES

## 10 Key Elements of an Effective Safety Strategy— A Holistic Approach

### Session Objectives

Basics

Traditional safety management

Elements

Effectiveness

10 Elements of an effective safety strategy

Traditional tools

Management techniques

Innovation strategies

**Safety Strategies:** (Evolution Model)

### Accidents

An unplanned event that may result in an injury or .....

An event that disrupts the smooth flow of profitable production .....

Accidents may ultimately be the result of flawed company (management) values, decisions, procedures, and practices.

## **Traditional Response**

To the lack of safety performance was/is:

Focused enforcement

Greater effort (more of the same)

More (education) training (usually misdirected)

Emphasis programs (short term effect)

Priority initiatives (Take away from other areas)

Specialized engineering techniques

Penalties/incentives

Firings

Proved to be less than effective !

## **BLS Statistics**

### **Impact on Competitiveness**

Job Bid

Material cost

Labor cost

Equipment cost

Overhead

Project staff

Consumables

Insurance costs\*

Main office surcharge

Profit

## **Accident Impacts**

Assumed Project Costs

Estimated cost of safety

General Liability Ins.

Workers Compensation Ins.

Expected losses

Indirect cost impact of accidents

## **Loss Analysis**

Project Costs

W/C Ins.

Expected losses

Indirect costs

## **Lack of Safety Impacts**

Competitiveness

Productivity

EMR (X -mod)

Insurance premium

Quality

Worker moral / turnover

Reputation

Diminishes the company's financial strength

## **Holistic Approach**

Technical Tools

Management Techniques

Innovative Strategies

## **Technical Tools**

1. Policies and procedures (Safety Program)

3 E's (Engineering, Education, Enforcement)

2. Specialized programs

Drug & Alcohol policy

Vehicle fleet program

Etc.

3. Hazard Identification & Prevention (HIP)\*

Safety pre-operational planning

JSA / JHA

SPA

## **Five High Impact Zero-Injury Techniques**

### **Pre-Project Planning**

When

At bid

Before job starts

At major phases

Special unique operations

How

Review plans, budget, procedures & site

Identify hazards & controls

All key parties participate & agree

### **SPA ( Safe Plan of Action )**

Identify the operation

Pinpoint the hazards

List the controls

### **Management Techniques**

#### 4. Accountability\*

Performance evaluation of all employees

Recognition, rewards & disincentives

#### 5. Up-stream performance measurement\*

Process (proactive)

Results (reactive)

#### 6. Process improvement (TQM)\*

Process evaluation & modification

Continuous improvement

#### 7. Teamwork\*

Climate, resources, Support, etc.

Self-directed teams

## **Management Focus**

Management is results oriented

Schedule driven

Budget controlled

Quality conscious

Concerned with customer satisfaction

So where is safety ?

## **Performance Accountability**

With Safety Performance as a part of:

Job description

Performance evaluation processes

Feedback

Coaching & counseling

Formal appraisal

Rewards, recognition & disincentives

Measure performance of all levels of management

## **Safety Performance Measurement**

Innovative measurement tool

Percent of safe behavior observed

## **Process Improvement (TQM)**

### Process Elements

Policies

Procedures

Communication

Training

Equipment

Operations

## **TQM Core Techniques**

Statistical process control

Structural problem solving

Best process implementation

Quality management

Quality planning

Continuous improvement

## **A Process Evaluation**

Identify the process components (Project delivery)

Review how components relate (How we do things)

Identify the reasons for poor performance

Take corrective action

## **Team Work**

Safety is a team effort

Teaming concepts

Structure

Facilitator

Resources

Employee empowerment

Management's active support

## **Advantages of Teams**

Quality, production, safety & customer service improves

Increased employee stewardship

Fosters spirit & culture of innovation

Increases job satisfaction

Shared leadership

Employee development through. team learning

## **Empowerment**

The workforce is enabled to fully participate in improving safety performance

Empowerment involves education, enabling, encouraging & supporting.

Empowerment improves employee productivity, involvement, and ownership???

Results in self directed team work

## **Innovative Strategies**

8. Behavioral safety concepts (BBS)
9. Leadership
10. Organization cultural factors

## **Loss Research**

At-risk behavior is involved in almost all accidents / incidents.

These behaviors must be inventoried, their “drivers” identified and the eliminated !

## **Behaviors**

## **Principles of Human Behavior**

Behavioral model

A = Antecedents (trigger)

B = Behavior (action)

C = Consequence (result)

## **Antecedents (Triggers)**

Occur prior to behavior

Communicate expectations

Provide instruction

Cue behavior

Weak influence

Short-term effects

Overused

### **Consequences (Results)**

Occurs after behavior

Predicts probability of behavior

Positive or negative

Powerful & long-lasting influence

Under-used

### **Feedback**

Tangible consequences

Social

Feedback

Appreciative

Constructive

High ratio of Appreciative to Constructive

Anyone

Powerful

### **Maximize Effectiveness**

Positive/Negative (P/N)

Immediate/Future (I/F)

Certain/Uncertain (C/U)

Meaningful/Trivial (M/T)

For maximum effect must be P, I, C, M

### **Workplace Application**

Maintaining safe behavior

Establishing performance standards

Defining rewards & consequences

Provide training

Audit process

Provide for feedback

Coaching & counseling

### **Leadership**

Leadership is the art of influencing others to achieve their maximum performance while accomplishing an objective

### **Management vs. Leadership**

The next level of performance can only be achieved by a paradigm shift in the way we approach the safety function - we must lead rather than manage!

Managers track outcomes - Leaders enable & reinforce ongoing processes that prevent injury

Leaders inspire people to want to do something as opposed to management who hold people accountable for doing something!

### **Hardware vs. Software**

Software — Leader

How people view the hardware

Attitude / Motivation

Modes of communication

Cooperation

Feedback & Coaching

Depth of employee involvement

Morale

Relationships

Levels of trust

Hardware — Manager

Policies

Procedures

Programs

Monitor & evaluate

Data interpretation

### **Characteristics of Successful Leaders**

Establish a vision, mission, and goal

Sets high expectations

Communicates in a way that inspires the team

Makes the team feel a part of something important and satisfying

Gives recognition whenever possible

## **Leadership Truths**

One person can make the difference between success and failure

You don't have to be the top person in the organization to be a leader

Learning from mistakes is a poor substitute for good leadership

There is an organizational framework to reinforce safe behavior

## **Good Leaders Use Positive Reinforcement**

Reinforcing safe behaviors will eventually create positive attitudes

"Catch people doing things rights"

Most people tend to repeat behaviors that result in positive consequences

Positive reinforcement is one of the best means to maintain existing good behavior

Positive consequences have greater influence and longer lasting effects than negative ones.

## **Leadership**

Leadership can overcome organizational & cultural barriers

How employees act is heavily influenced by how managers (foremen, supervisors) lead !

The more you think your group can accomplish the more they will

## **Culture Iceberg**

### **Cultural**

How things are done in a company

Formal structure, policies, & procedures

Informal way things get done

Employee's perception

Management's actions

The wants are not well communicated

There is a discrepancy between the two

## **Organizational Culture**

Safety is a shared value

Company values, attitudes, and behaviors are established to promote employee safety

A strong company culture is established with no tolerance for unsafe behavior

All executives & managers act as role-models to promote the safety culture

Executives exhibit positive safe behaviors

Peer pressure reinforce safe behavior

The pervading culture shield the employee from blame and fear

There is a trusting relationship between labor and management

Workers perceive that management responds quickly, & ethically regarding safety issues

## **Conclusion**

Self-directed safe behavior is highly desirable as minimal external accountability is required.

Self-directed workers take pride in the work, take ownership of the process and actively care about safety, quality, & production

Good leadership promotes these characteristics.

Safety management is necessary at times, to motivate people but can not sustain it.

Managers must become leaders in order to build personal responsibility in the worker and to motivate them to sustained self-directed safety behavior

Managers continually strive to improve work processes to foster better performance

### **What have we reviewed today?**

Ways to improve technical elements of the safety program

Application of practical behavioral concepts to improve safety performance

Innovative safety performance measurement tool

A number of ways to portrait the impact of poor safety performance on the business

Other potential “drivers of loss”