



# ***LOSS CONTROL AND THE BOTTOM LINE***

**Presented by**

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**Director of Contracting**  
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The imperative today and for future decades is “do more with less.” Efficient resource utilization and value are on management’s mind. How does the risk management professional devise a safety initiative that adds value to the organization? This session will explore techniques whereby the organization’s safety program will not only help control losses and effectively manage resources but also add value to the operation of the organization. Attendees will leave the session with practical, effective tools to assess and to improve the quality of their company’s safety initiative.

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

Mr. Furst is the speaker for Workshop L, "Loss Control and the Bottom Line." Since 1995, Mr. Furst 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. He has been able to consult with numerous contracting customers, helping them manage their safety programs more efficiently, thereby substantially reducing their cost of risk.

Mr. Furst has 20 years of construction experience with a multinational general contractor. He served as estimator, project engineer, superintendent, and project manager on numerous projects varying in size from \$5 million – \$350 million, involving hundreds of craftsmen and subcontractors. He also had overall safety responsibility for projects amounting to more than \$450 million annually. Under his leadership, on average, the EMR hovered at or below 0.50. Mr. Furst has also consulted with numerous contracting firms in construction and safety management.

He is a Registered Architect, Certified Safety Professional, an Associate in Risk Management, and a Registered Environmental Assessor. Mr. Furst has a master's in business administration with emphasis in management, a bachelor of architecture, and a bachelor of science in construction. He has taught construction management and safety courses at UCLA, USC, Berkeley, Cal Poly Pomona, Cal State Long Beach, and Cal State Hayward Universities. He has lectured on construction and safety topics at conferences since 1996. Some of the organizations at whose national conferences he has spoken are IRMI, RIMS, ASSE, ACI, CSI, US, and AGC. He has also spoken numerous times at regional conferences such as the Alaska, Oregon, Alabama, and Hawaii Governor's conferences, as well as state-level conferences for the AGC, ABC, and CEA.

Mr. Furst is a past member of the San Francisco and Los Angeles chapters of the American Institute of Architects, and the National Safety Council, a member of CSI, ASSE, and AUA, He has served on the California AGC Safety, Labor Relations, Transportation, and Environmental Committees, Mr. Furst also serves as a Commissioner for the California State Board of Architectural Examiners.

# LOSS CONTROL AND THE BOTTOM LINE

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**Peter G. Furst**  
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## **Discussion Outline**

Financial implications  
Historic tools & techniques  
Behavioral applications  
The limiting factors in safety performance  
The project delivery process  
Management  
Leadership  
Bottom line impact

## **Financial Implications**

Assumed costs  
    Estimated "cost" of field safety  
    Insurance premium costs  
    Expected losses  
    Indirect costs  
Assumes outcomes  
    Project value  
    Expected profit  
Assumes insurance costs  
Bottom line implications

## **High-Performance Safety Initiatives**

Safety performance improvement has never been more important than now, but most of the available improvement tools are about 30 years old!

Or .....

Innovative tools are misapplied, because safety management is not approached holistically.

## **Safety Programs & Rules**

Procedures  
PPE  
Meetings  
Training  
Inspections  
Discipline

## **Statistical Studies of Accidents**

Unsafe conditions  
Unsafe acts

### **Behavioral Initiatives**

These studies have supported the behaviorist approach to "fixing" the worker

Though this has merit it falls short of globally solving the problem.

Critical behaviors

Observations

Feedback

Recognition

Worker oriented!

### **Hierarchy of Motivational Needs**

Physical

Mental/Emotional

### **Maintenance Factors**

Satisfiers

Dis-satisfiers

### **Project Delivery Process**

Outside factors

Market

Owner

Contract

Organizational factors

Management processes

Communication/training

Equipment/technology

Operational procedures

Project

Schedule/budget

Operational & logistical plan

Staffing

The workforce

### **Worker's Behavior Modification**

Worker

EH&S Department

Project parameters

Organizational drivers

### **Differing goals & objectives**

Worker

Supervisor

Middle manager

Top management

Stockholders

### **Stakeholder Needs Satisfaction**

Identify the confluence of needs and/or goals

### **Managing for Performance**

The expectations & needs of key stakeholders should be well defined

Trade-offs & conflicts between needs explicitly understood

Lower-order stakeholder needs should be addressed prior to addressing higher order

### **Limitations of Safety Performance:**

The achievement of high-performance safety initiatives is limited by the extent to which the processes, culture, and climate of the organization may be working at cross-purposes to the safety program.

### **Loss Stream of Safety Performance**

#### **Leadership**

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

#### **Management vs. Leadership**

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!

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!

#### **Management**

Safety management is necessary at times to motivate people but cannot sustain it.

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

Managers must continually strive to improve work processes to foster better performance

### **Hardware vs. Software**

#### **Hardware—Manager**

- Policies
- Procedures
- Programs
- Monitoring
- Performance evaluation
- Data interpretation

#### **Software—Leader**

- How people view the hardware
- Attitude/Motivation
- Modes of communication
- Cooperation
- Feedback & Coaching
- Depth of employee involvement
- Morale
- Relationships
- Levels of trust

### **Good Leadership Traits**

- Inspire trust
- Moral strength
- Exhibit integrity
- Sound judgment
- Value others
- Be generous
- Be genuine
- Interpersonal skills

## **Characteristics of Successful Leaders**

- Establishes 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

## **Good Leaders Use Positive Reinforcement**

Reinforcing safe behaviors will eventually create positive attitudes

“Catch people doing things right”

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.

## **Conclusion:**

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!

## **Nature of Safety Performance**

To Succeed in the Twenty-First Century...

High-performing safety initiatives will be those that satisfy the needs of all their stakeholders, including employees, supervisors, managers, owners, customer, and regulators

This needs satisfaction can only be achieved through the thorough integration of the safety function into operations

Until and unless this is achieved, it is not possible to consider a program as high performing.

## **Managing for Performance**

### **In Summary**

Create the vision

“Fix” other systems

Provide training

Empower employees to lead

Encourage reasonable risk taking

Provide guidance & encouragement

Celebrate successes