

LOSS CONTROL AND THE BOTTOM LINE

Presented by

Peter G. Furst
Director of Contracting
Liberty Mutual Group

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.

Wednesday, November 13, 2002

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

Peter G. Furst
Liberty Mutual Group

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