The API Group Safety and Risk Management Professionals are the recipients of the 2010 Gary E. Bird Horizon Award sponsored by Marsh. The award recognized the group for their Striving Towards Excellence and Professionalism in Safety, or STEPS Program. The STEPS Program is a compilation of industry best practices that focuses on loss prevention and incident reduction through measurable objectives. The initial intent of the program was to provide the company's subsidiaries with a program focused on incident reduction and mitigation of losses. Since the inception of this program, the EMR has been reduced from .75 to .60 (a reduction of 20 percent). Every OSHA record-keeping statistic has had significant reductions as well. Most notably, the OSHA Frequency Rate has gone from 1.6 to .4 (a 75 percent reduction), and the OSHA Total Recordable Incident Rate has been reduced from 5.9 to 3.1 (a 47 percent reduction). The total number of losses has significantly reduced as well, from 602 losses in 2005 to 399 losses in 2009 (a 34 percent reduction). It is exceptional to note that all of this improvement occurred as the risk base increased from 9 million hours worked to just under 14 million hours worked (a 56 percent exposure base increase). To learn more about the Gary E. Bird Horizon Award and how to submit a nomination for 2011, click here.

Striving Towards Excellence and Professionalism in Safety – “STEPS Program”

Topic 1 — Details of the risk management methodology utilized to identify and quantify the need for the technique, process, or program

In 2003, the corporation established a Risk Management Business Plan that incorporated goals and objectives for safety and loss prevention performance metrics. This plan was also incorporated into the entire organization’s comprehensive business plan. Specifically, we targeted reductions for the following performance categories: EMR, OSHA Total Recordable Incident Rate (TRIR), OSHA Frequency Rate (FR), claim cost / hour worked, and an overall reduction in total losses within our primary casualty insurance program. These goals were supported favorably by our executive leadership within the company.

In 2005, members of our Board of Directors were approached by our executive leadership indicating they liked the idea behind setting goals for the performance metrics above-mentioned. However, the executive leadership did not feel they had enough of a roadmap to help them meet these goals. At the end of the annual Board Meeting, the Director of Risk Management was approached by our CEO to build such a roadmap in the form of a loss prevention vehicle that would get us to the next level and help our operating entities meet and / or exceed the goals and objectives established by our organization. The Director of Risk Management accepted this challenge and told our CEO that he wanted to enlist our entire group of Safety / Risk Management Professionals throughout the corporation to create the product requested.

Later that year, our safety / risk management professionals convened for three days to face this challenge head-on and build the requested roadmap for loss prevention.
excellence. After a long brain-storming session, one of our safety professionals came up with the moniker for our initiative. The STEPS Program was determined to be the name that best represented our mission. We then set out on determining best practices we could employ within the organization to improve our performance and meet or exceed our goals and objectives. We settled on the following area of focus and created an audit that could be used to measure each category:

1. Management Commitment
2. Training / Education and Safety Awareness
3. Utilization of Best Practices
4. Enforcement of Company Rules, Policies, and Procedures
5. Contractual Risk
6. Visibility
7. Communication of Company Performance Metrics Unique to Safety and Loss Prevention
Topic 2 — Details of the design of the technique, process, or program

As previously mentioned, the design and content of this initiative was a collaborative effort by our company’s safety / risk management professionals. At the time, our organization had approximately 20 full-time safety / risk management professionals, nearly half of which possessed a bachelor’s or master’s degree level of education in environmental, health, and safety. Currently this group of Professionals exceeds 30 full-time personnel.

We spent a solid three days constructing a program that would really have an impact in the organization from a loss prevention and reduction standpoint. Every idea was openly debated and challenged on its merit for possible inclusion within the program’s content. We decided that if we were really going to improve our performance, our program had to have simple, clearly stated objectives that were measureable, relatively easy to implement, and would gain ownership from our executive leadership.

We then discussed the best practices in our industry and debated how each could be measured. If the practice could not be measured it was not included in the program. These best practices were created as shown in our response to Topic #1. We then discussed our approach to roll the program out within each organization. It was decided that we would first take the product back to our CEO and gain his approval. The next step in the process was for each safety / risk management professional to take the program back to their respective organization and gain support of the initiative. The last aspect of the roll-out was to orientate all of the employees with respect to the program, its content, and intended outcomes. We have included a copy of the memo citing the rollout of the program to all the employees within the company.

Our next objective was to discuss how we would measure our performance to see if the program was meeting the original intent. In addition, our group decided that an audit would need to be developed to track our performance with respect to the industry best practices to truly have a meaningful impact in the organization, and more importantly, keep the program vibrant. We have included a copy of our STEPS Audit in this submittal for your review.

These audits have become an influential and powerful tool throughout the organization and are essential in improving our overall performance with respect to safety, loss prevention, and risk management goals and objectives. Our executive management has been so impressed with this program; they are requesting us to conduct more of these audits within each organization each year. We were also asked to include a contractual risk assessment segment to the audit, which we added in 2009. This tool has been welcomed into our organization and is now firmly part of our culture.
As one might imagine, rolling out any new program to 6,000+ employees spread out over the United States and Canada posed a challenge. However, our safety / risk management professionals through the support of our executive leadership did a great job of developing a solid foundation.

Each safety / risk management professional was charged with the initial program rollout for their respective organizations. For our smaller companies, this was relatively easy. The larger companies with multiple locations took considerably longer. In all, it took about a year to have the program fully up and running before we even attempted to perform an audit. Every employee in the organization initially received a memo in their paycheck providing a brief description of what the program entailed. Further, we explained that in the very near future their safety / risk management professional would be providing an orientation to the program and its content. Some companies conducted orientation in a single meeting, at project locations, or one-on-one dependent upon their geographical situation.

In support of the rollout, we needed a method to keep the STEPS Program visible. We needed a constant reminder that this was not a “flavor of the month” initiative. To this end, we had our STEPS Program logo affixed to every company vehicle in the fleet. Banners were created and utilized at project locations and fixed facilities. Our safety / risk management professionals visited many of our company’s jobsites and asked employees what they knew about the STEPS Program and provide feedback on the initiative. Employees who could communicate the pertinent elements of the program or gave us vital feedback were given hard hat stickers and t-shirts featuring the STEPS logo. These items became a pretty hot ticket in short order. We actually had employees approach us to be questioned on the STEPS Program in hopes of getting a shirt or even a sticker.

It took considerable effort by our safety / risk management professionals to create this program and even more to implement something brand new. The group conducted themselves with great passion for their craft, dedication, and a commitment to improve the performance of their individual organization and ultimately our entire corporation.
Topic 4 — Details of the results of the technique, process, or program

The results of this program have been phenomenal. Since the inception of this program, our EMR has been reduced from .75 to .60 (a reduction of 20%). Every OSHA recordkeeping statistic has had significant reductions as well. Most notably, our OSHA Frequency Rate has gone from 1.6 to .4 (a 75% reduction), and our OSHA Total Recordable Incident Rate has been reduced from 5.9 to 3.1 (a 47% reduction) (See Chart 1). Our total number of losses has significantly reduced as well, from 602 losses in 2005 to 399 losses in 2009 (a 34% reduction). It is exceptional to note that all of this improvement occurred as our risk base increased from 9,000,000 hours worked to just under 14,000,000 hours worked (a 56% exposure base increase)(See Chart 2).

This empirical data clearly demonstrates the effectiveness of this program. One of our subsidiaries actually received a premium reduction credit of $50,000.00 as a result of this program. Our Director of Risk Management was a Risk Manager / Safety Professional for insurance company and never heard of an insurance company giving a premium credit due to the implementation of a loss prevention program.

This program has also found its way into the Board Room. We have established a healthy competition amongst the subsidiaries to compete for our annual award for Excellence in Loss Prevention and Risk Management, or more commonly referred to as the “X-Cup” within the corporation. Every year, we have each entity submit a written narrative explaining why they should be the recipient of this prestigious award. We provide them with the pre-established performance metric goals and objectives for the year and how the recipient will be measured. They are also asked to include the unique loss prevention and risk management techniques they employ to make them stand out from the crowd. The narratives are reviewed by the Risk Management Department and are scored based on their performance with respect to the organization’s performance goals and objectives each year, and the quality and content of the application itself. The recipients are presented with their award in front of their peers at the annual Board of Director’s Meeting. In addition, each recipient receives a catered luncheon at their facility to honor their employee’s achievement. Our CEO attends these recognition luncheons and emphasizes the importance of loss prevention, safety, and risk management in addition to congratulating their efforts.

When we started this award, we had no idea that it would become such a “Big Deal”. It has evolved to the point where the company president at each organization submits the application to be considered for this award. Our department has personally been contacted by more than one of our company presidents inquiring what they have to do win the award. Each year, the award winners are presented with the coveted X-Cup Trophy and a catered luncheon for their employees.

It is very clear the STEPS Program and the X-Cup Award have become a game-changer in our organization. When you go back to the timeline inception of program implementation, it is easy to see that every performance metric we utilize for loss prevention, safety, and risk management has improved dramatically.