

A person wearing a grey hoodie is holding a glowing, translucent globe of the Earth. The globe is illuminated from within, showing the continents and oceans in vibrant colors. The person's hands are visible, gently cradling the globe. The background is dark, making the glowing globe the central focus.

The Savings of Safety

Leveraging Safety Excellence for Business Excellence

Simon W. Herriott
Managing Director, Worldwide
Safety Resources
DuPont Sustainable Solutions

The Savings of Safety

- ▶ Why do we need to understand the pay-off?
- ▶ The benefits of getting started?
- ▶ The benefits for the high performance organization?
- ▶ How do we keep it going?

Driving the Safety Imperative





Hasn't the argument been won?

- **Making the Business Case for Safety and Health: OSHA's website:**

- Costs - incl. the Liberty Mutual survey (2007) estimate US industry bears \$52bn direct cost pa
- Excellent help offered – including: How to present the case

- **ASSE: The Business of Safety**

- **HSE: 18 Large Company case studies**

- **Research & Academic Studies:**

- European Agency for Safety & Health at Work: “poor OSH performance can lead to competitive disadvantage” – case studies, 2004
- Goldman Sachs JBWere finds valuation links in Workplace Health and Safety Data, Oct 2007
- Safety Science: study of 455 Spanish firms. Findings show that safety management has a positive influence on competitive performance, Sept 2007
- ASSE: Data-Based Evaluation of the relationship between Occupational Safety and Operating performance. “Results support anecdotal evidence that good safety is good business”

References: available on request



Great Companies put Safety as a Value, a Commitment, a Responsibility



While Dow makes many key investments – in new products, in assets, in hiring and in retaining people – none is more important than the investment we make in the health and safety of our employees, our communities and the Environment

Dow: Our Position, Protecting Our Communities www.dow.com



The Chemical Company

We act in a responsible manner and support the Responsible Care® initiatives. Economic considerations do not take priority over safety and health issues and environmental protection.

BASF: Safety, Health, Environmental Responsibility www.basf.com



Keeping people safe is our top priority.

Shell: <http://www.shell.com>



At Alcoa, we strive to work safely in a manner that protects and promotes the health and well-being of our employees, contractors, and the communities in which we operate because it is fundamentally the right thing to do.

www.alcoa.com/sustainability



Health and safety is fundamental to the way we do business at BlueScope Steel. Our goal is Zero Harm, and we pursue this goal vigorously.

BlueScope Steel: CSE Report 2009



The miracles of science™



Contrary Voices & Conflicting Signs of Progress

Conflicting Signs of Progress

- **2009, US Labor Dept.** Workplace fatalities fell 17%, incidence rate declined too, but by less (3.3/100,000 from 3.7)
- **2010, ILO report on “Emerging Risks”** estimates 2.3m fatal accidents & diseases worldwide in 2003, hardly changed from an earlier estimate

A. Karnani: Wall Street Journal: August 23 2010

The Case Against Corporate Social Responsibility

- Where private profits and public interests are aligned, CSR is irrelevant.....simply do everything to boost profits and end up increasing social welfare.
- Where profits and welfare are in opposition, an appeal to CSR will be ineffective, because executives are unlikely to act voluntarily in the public interest and against shareholder interest

A More Balanced View: Kevin Moss, BT Global Services (quoted at www.GE.com)

- We need to be able to articulate compelling and sound rationales of the benefit for the business as well as for the good achieved in the community.
- To remain relevant we need to be able to demonstrate this value using the same tools of quantification as the mainstream business, including return on investment.
- This is amplified most when the return on investment for the business and the benefit for the community are in conflict.
- Responsible businesses must have the courage to identify, articulate and quantify both sides of that conflict.

Source: *US Labor Dept Figures quoted in WSJ 8/20/10*
ILO 4/28/10: Emerging risks and new patterns of prevention
in a changing world of work



The miracles of science™



Our case is strengthened

If we show that the savings of safety:

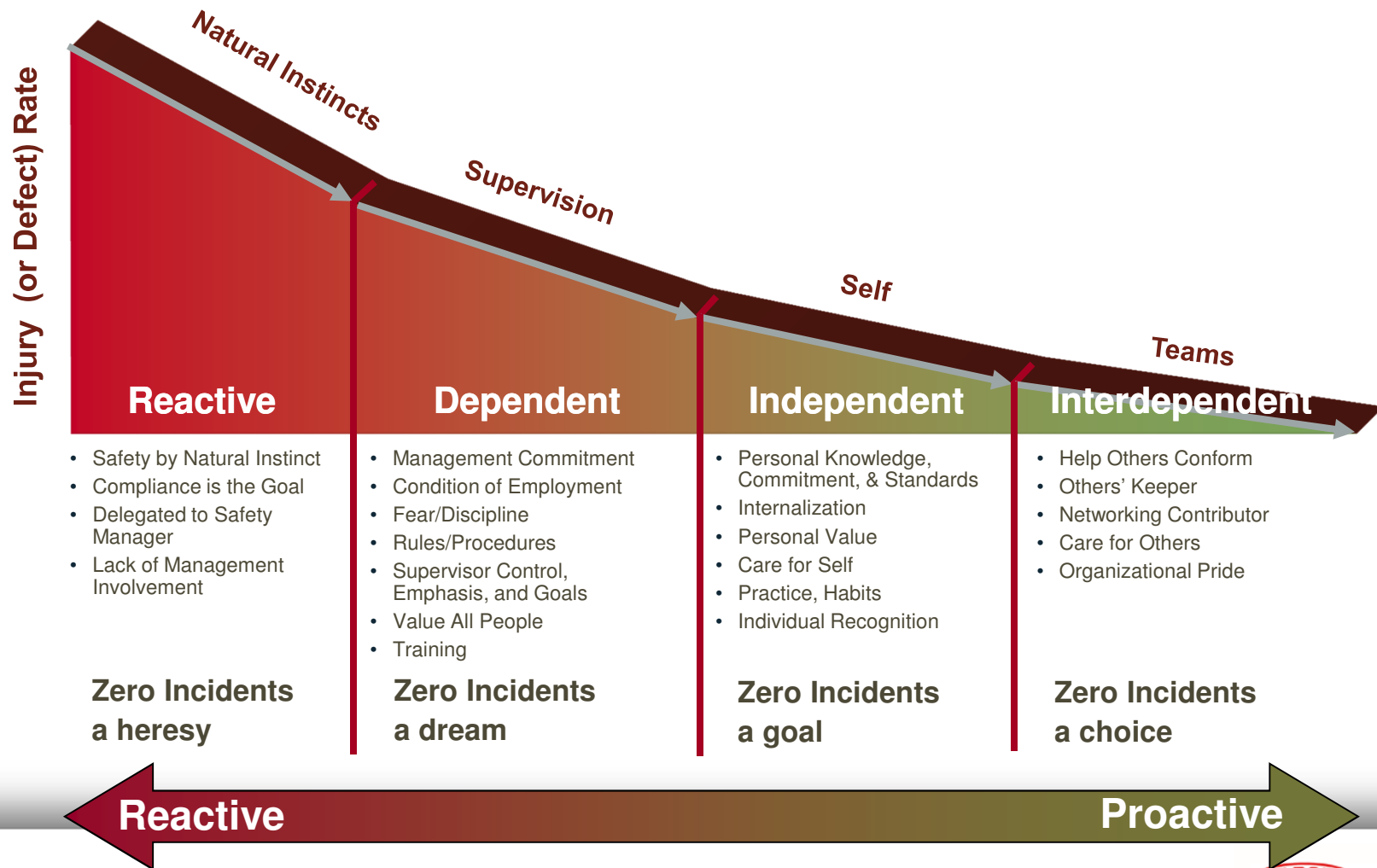
- Come not (only) from the direct costs saved,
- or even from the indirect savings related to the incident,
- But from what effective management of safety does for the effective management of the enterprise.....in other words for business excellence

The Savings of Safety

- ▶ Why do we need to understand the pay-off?
- ▶ The benefits of getting started?
- ▶ The benefits for the high performance organization?
- ▶ How do we keep it going?

How does Safety Culture Transformation occur?

DuPont Bradley Curve



The miracles of science™

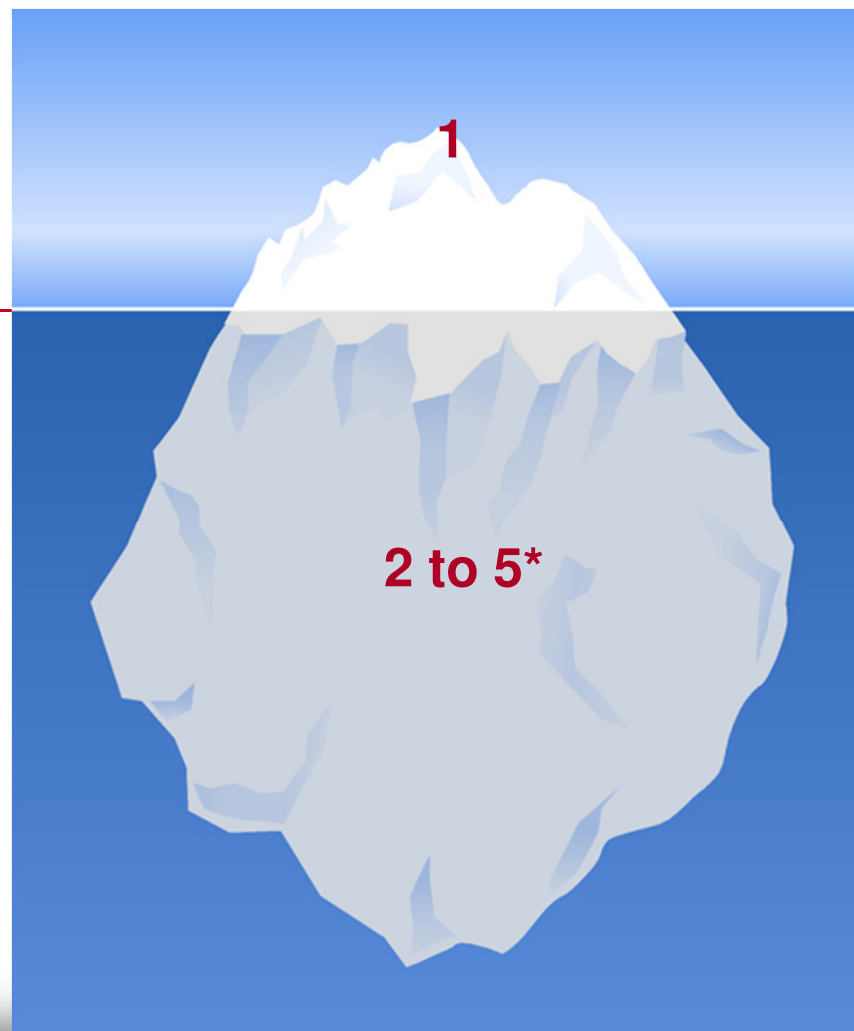
Cost Avoidance Iceberg

THE TIP OF THE ICEBERG Direct Costs of Injuries

Medical costs
Wage indemnity
Claims administration fees

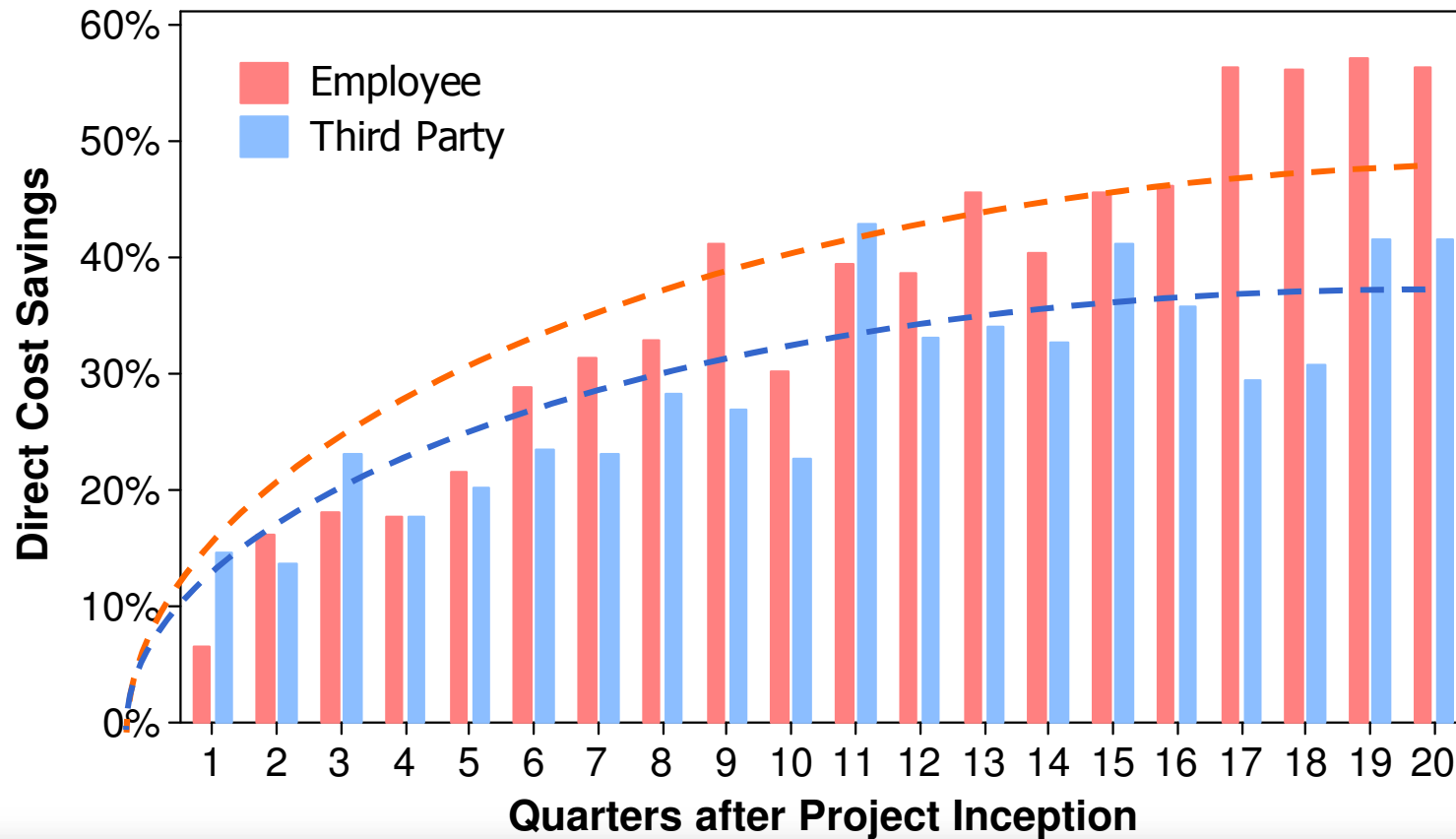
THE BULK OF THE ICEBERG Additional Costs of Injuries

Damaged equipment, vehicles & goods
General Liability Costs & Litigation
Lost productivity and quality
Production Interruptions, Yield Losses
Replacement Labor / Overtime
Damage to Customer Relations &
Public Image



- *UC Davis Medical School, 2004: 1:2.5*
- *Liberty Mutual Safety Index 2006: est 1: 2 to 5*
- *Construction Industry, 1990 ratio at 1: 11 to 45 www.curt.org/pdf/135.pdf*

Direct Cost Savings: Experience from 8 US Companies engaged in major safety projects – from project inception



• Data represents average cumulative reductions in absolute no of workers compensation claims at 8 companies over continuous 5 year periods between 2000 and 2010

• 3 companies dealing with public service users recorded the improvements seen in Third Pty claim rates over the same period

World Safety Congress 2011: Savings of Safety. Simon W. Herriott, Managing Director, Worldwide, Safety Resources, DuPont Sustainable Solutions

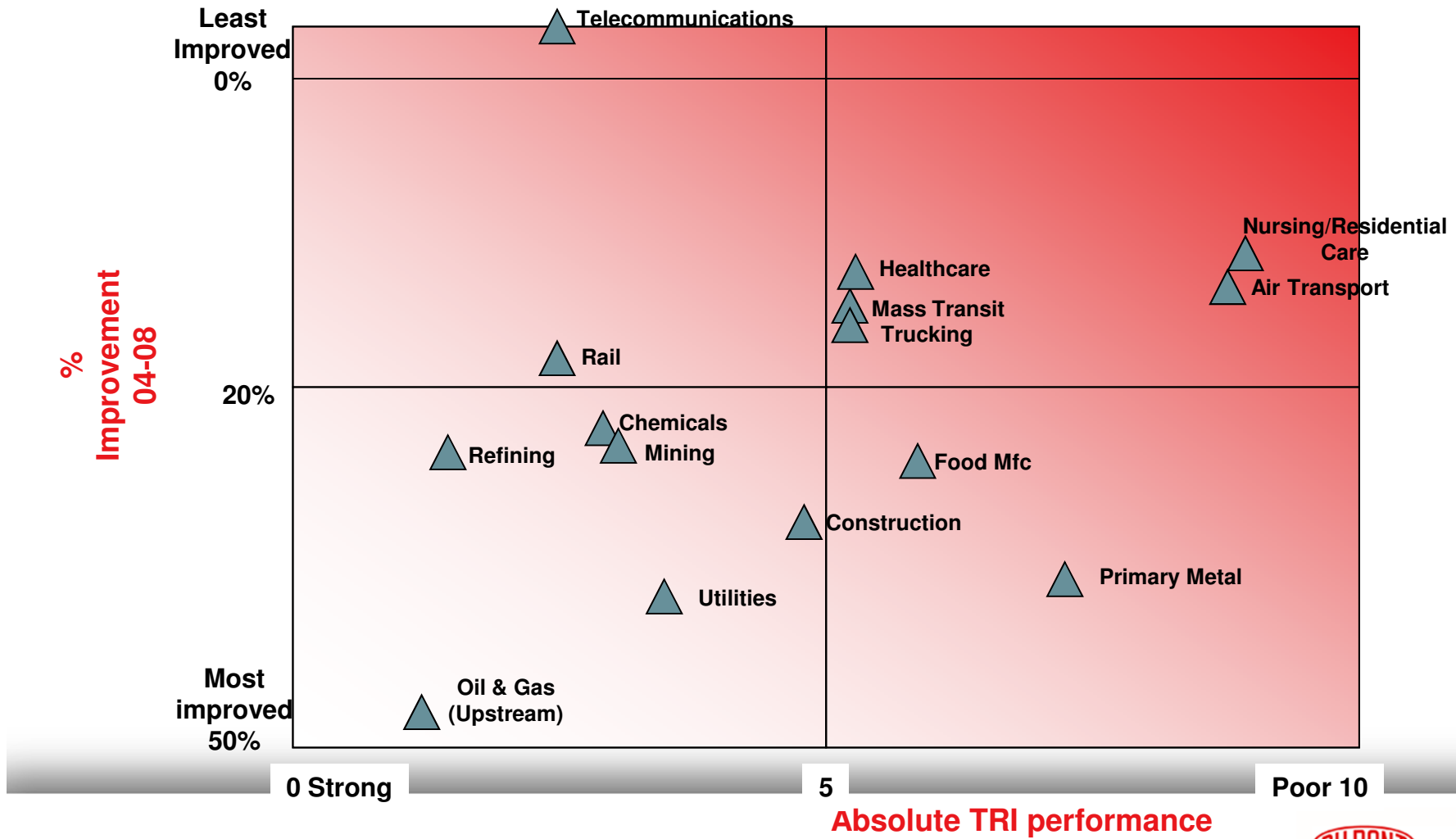
Copyright © 2011 DuPont. All rights reserved. The DuPont Oval Logo, DuPont™, and The miracles of science™ are registered trademarks or trademarks of DuPont or its affiliates

The miracles of science™

The Savings of Safety

- ▶ Why do we need to understand the pay-off?
- ▶ The benefits of getting started?
- ▶ The benefits for the high performance organization?
- ▶ How do we keep it going?

Whole Industries have improved dramatically over the last 5 years: where do they go for the next improvement?



US Bureau of Labor Statistics 2004-2008

World Safety Congress 2011: Savings of Safety. Simon W. Herriott, Managing Director, Worldwide, Safety Resources, DuPont Sustainable Solutions
 Copyright © 2011 DuPont. All rights reserved. The DuPont Oval Logo, DuPont™, and The miracles of science™ are registered trademarks or trademarks of DuPont or its affiliates



The miracles of science™

What happens to the drive for improvement?

A Basic Change Equation:

Dissatisfaction with the Status Quo

+

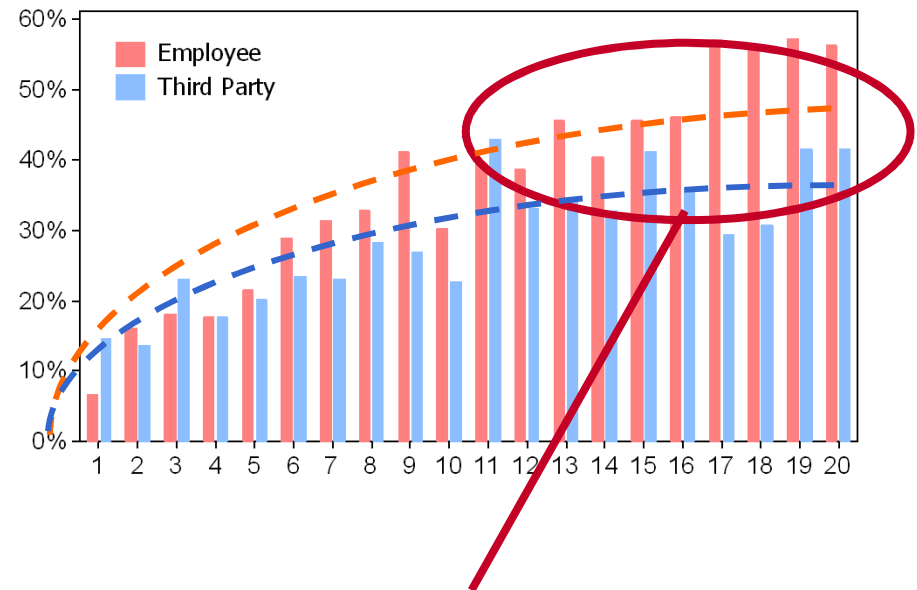
Vision of a Preferred Future

+

Actions that can be taken now to start the change journey

Must be >

Resistance to Change



What can happen to organizational motivation here?



The miracles of science™



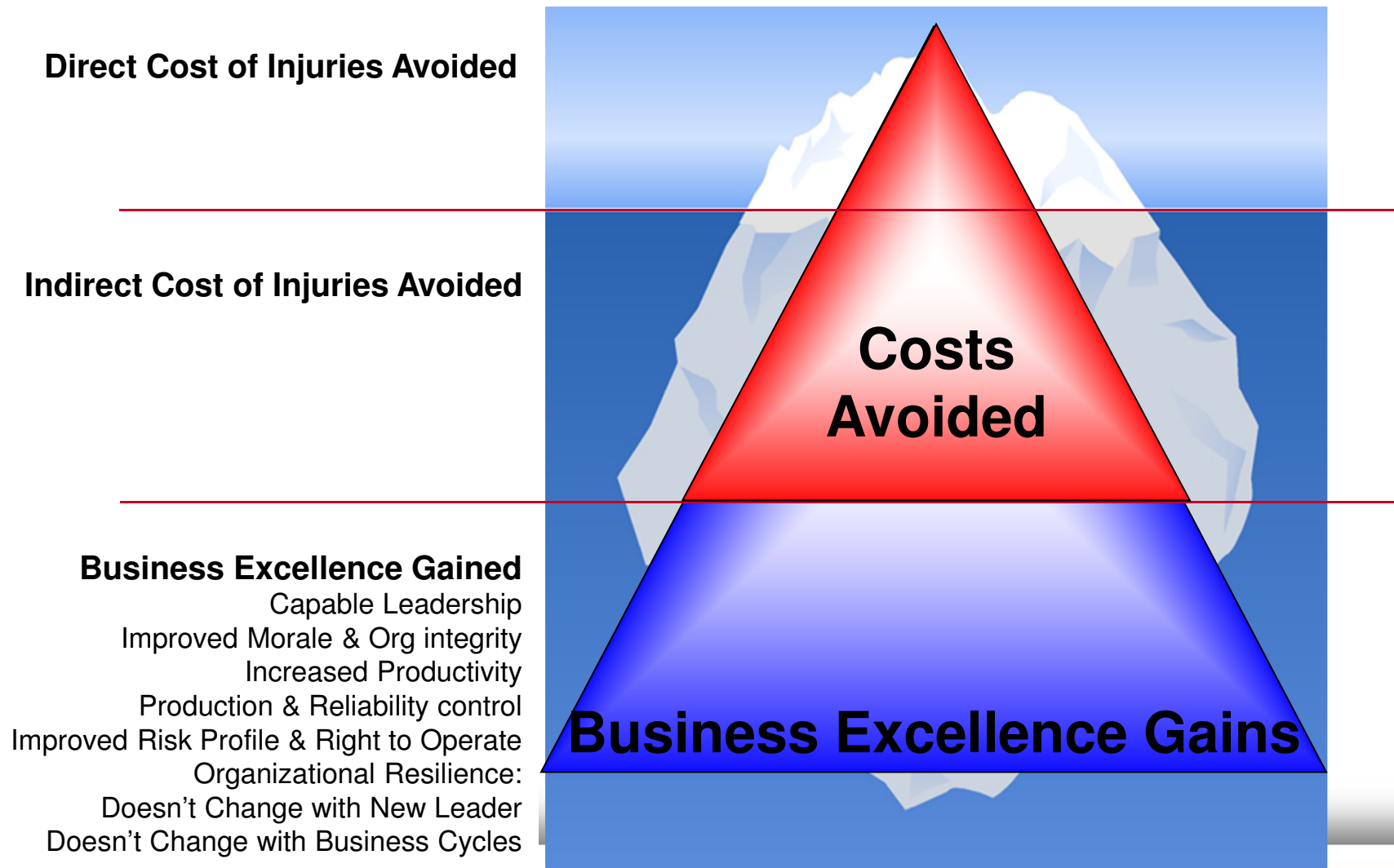
Something else happens on the road to zero

Client Verbatims

- ***“ The safety transformation journey has been the most effective organizational & business transformation this company has ever undertaken”***
- ***“ The safety training that my leaders have undertaken has taught them how to communicate with and understand the shop floor”***
- ***“ The discipline of taking action on unsafe acts has shown us how to work on unproductive acts”***
- ***“ The central safety managing process has brought together our senior leaders and crossed functional lines so effectively that we have expanded it to cover manufacturing as a whole”***

Organizations are telling us that there is a huge and important gain to their companies beyond the avoidance of cost

The real iceberg

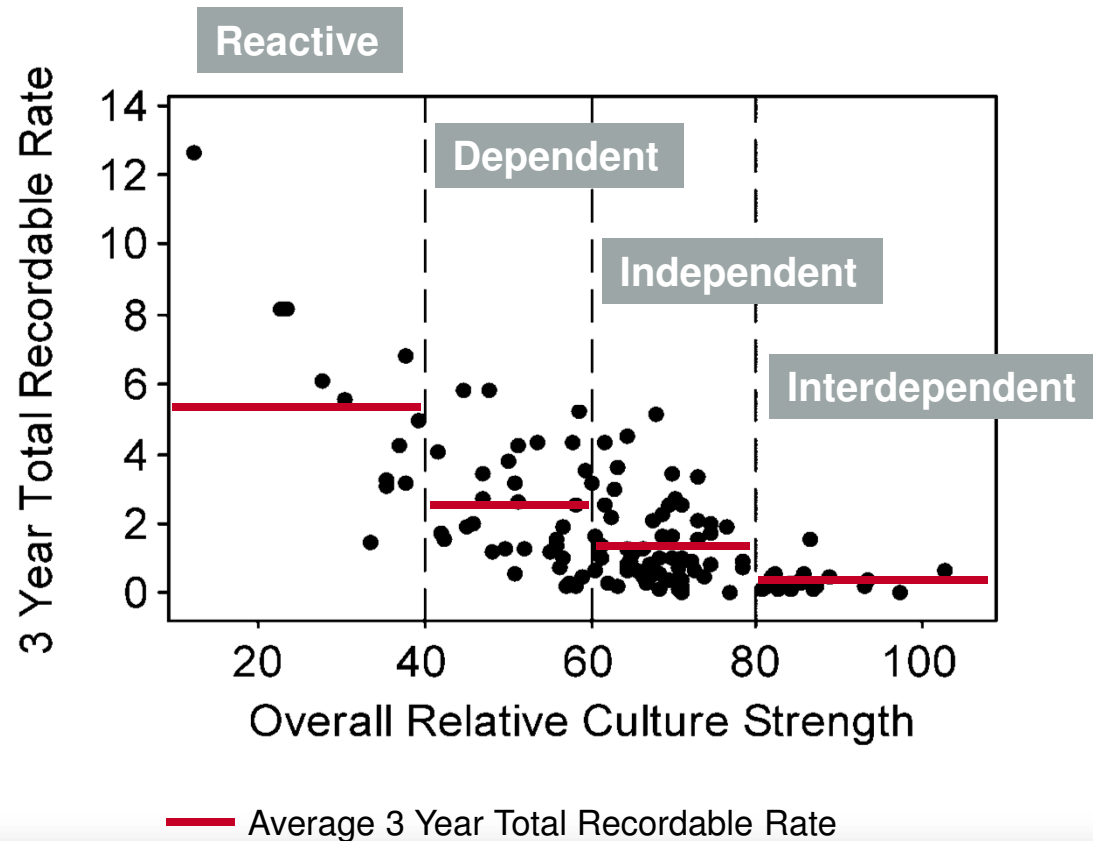


The miracles of science™

The Savings of Safety

- ▶ Why do we need to understand the pay-off?
- ▶ The benefits of getting started?
- ▶ The benefits for the high performance organization?
- ▶ How do we keep it going?

As Performance Improves, consistency of performance also improves



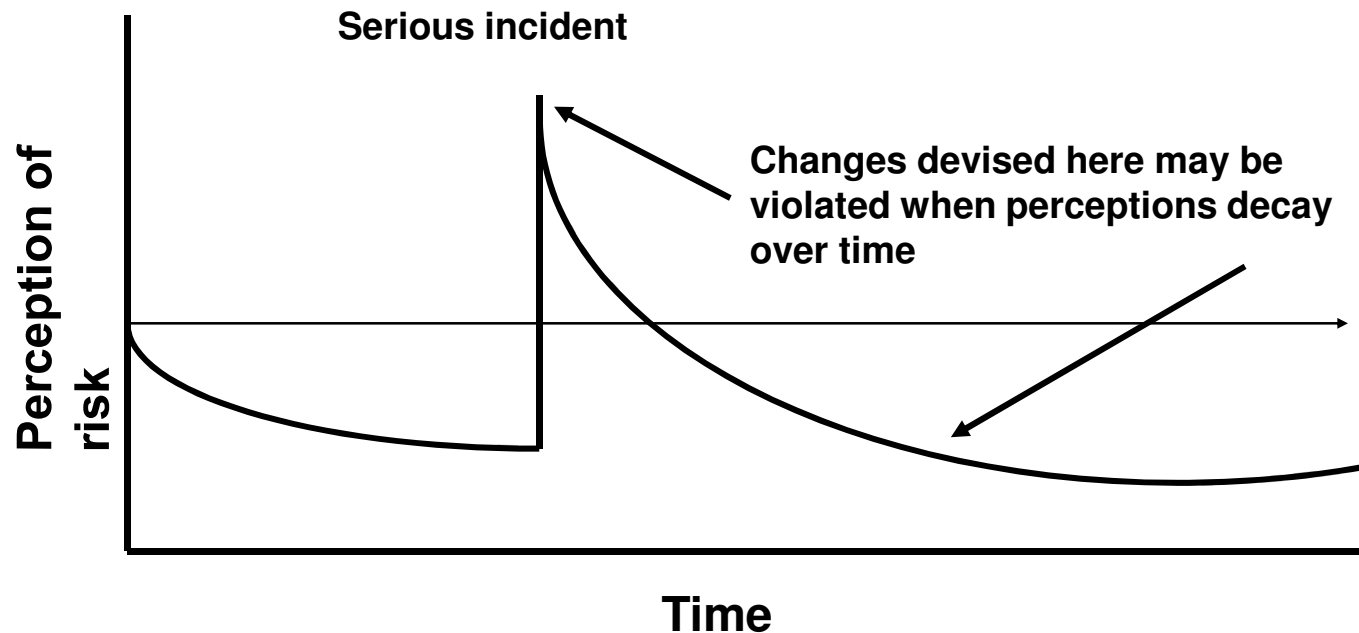


DuPont's Benchmark World Class Criteria emphasize sustainability

- 'Benchmark Best' Companies
 - TRR < 1 over a 5-year period
 - No fatalities
 - Lost Workday Frequency Rate < 0 .25 over a 5-year period
 - No single year Lost Workday Frequency Rate > 0 .5 in a 5-year period
 - Site population > 200 employees

Sustaining The Gains: Toughest Phase of the Journey?

- How effectively does the organization change over the long term?
- Does the organization require 'shocks' to facilitate change?



- These questions apply similarly to safety and to the wider strategic health of the firm



The miracles of science™

THE REAL BENEFIT? IT'S ABOUT PEOPLE.

Many lives will be saved.

Many people will be spared disabling injuries and lost time from work each year.

More will go home to their families safely.





The miracles of science™