

Breakthrough Results in Contractor Safety: **Applying Concepts of Safety Culture to the Owner/Contractor Relationship**

Scott Lowe
Contractor HSE Consultant
Eli Lilly and Company

Company Confidential
© 2012 Eli Lilly and Company



Scott Lowe

- Eli Lilly and Company – 25+ years
 - Contractor safety 10 years
 - Safety overall 16 years
 - Engineering and Project mgmt 6+ years
 - Manufacturing mgmt 3 years
- Construction PM – 6 years
- US Army & Army Reserve – 12 years
- BS Civil Engineering (Rose-Hulman), MA Occ Safety (ISU), PE, CSP

Page 2 of x

My objectives for your companies...

- See your safety programs as truly about the welfare of *workers and their families*
- Learn principles today to help you achieve that goal
- Consider this...putting people first can lead to improved *business results* as well!

Page 3 of x

My objectives for you as a leader...

- Be more engaged, visible and active on your project, with regard to *safety*.
- Have a bigger *impact* and make a stronger *positive impression* on the people involved in your project, especially the field craftspeople.
- Be seen by the people on your project as someone who *cares* about their well-being.
- Possess several *new tools or skills* that you can begin using immediately.

PESA093, Rev. 01
ID 438101

Page 4 of 53

Key Learning Points for Owner/Contractor Relationships

- Safety culture elements are the same as they are in a single company workplace. *How they are applied is different.*
- The Owner drives the safety culture. Contractors will give the customer what they believe the customer wants.
- But the culture is a mix of many company cultures.
 - Solutions typically must be a joint effort
- Leaders caring about workers is not sufficient! *Workers have to believe it* to make a difference in safety.
- The practices that lead to good safety *also* lead to good productivity.

Page 5 of x

Contractor work at Lilly (Indiana sites)

- Over **800 Contract firms** in Qualification data base
 - About 400 are “higher risk”
- **7 million annual contractor work hours**
 - 2 million are “craft” contractor
- Large majority are not “Lilly supervised”
- 3600+ (ave) non-Lilly people on our sites on a given day
- Crafts, Services, Laboratories, Admin/IT, others

Page 6 of x

It's about people first...

"I view safety in the workplace as being fundamental at Lilly. When we refer to one of our core values as Respect for People, what follows from that should be an expectation and a belief that no one should get hurt at work."

- John Lechleiter,

Chairman and CEO (Ret.), Eli Lilly and Company

(Opening statement of Indiana Contractor HSE Rulebook)

Safety Culture: Important! But do you know what it is?

Since Chernobyl (1986), safety culture has become a huge focus in safety improvement. It is widely accepted today that to be excellent in safety, a work group or company must have a really good safety culture.

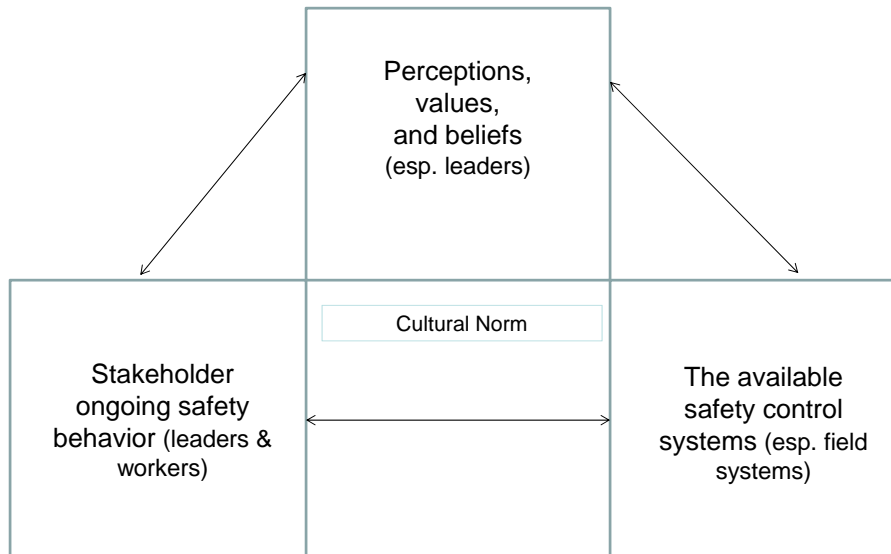
But what is a safety culture?

Who wants to take a shot at a definition?

Safety Culture Definitions

- The Confederation of British Industry (CBI): “*The way we do things around here*”
- D. Cooper: The product of the reciprocal relationship between –
 - Employees' perceptions and beliefs
 - Employees' ongoing safety behavior
 - The available safety management systems
- JMJ Associates:
 - Objective – Rules, procedures, programs, etc.
 - Subjective – Attitudes, perceptions, beliefs, feelings

Dr. Dominic Cooper Culture model: *Leaders & employees working together*



How are these elements applied *differently* in Owner/Contractor relationships?



Why is workers' perception of leaders important?

Can I trust the leader(s)?

Does he/she "have my back?"

Will I speak up, share my knowledge, and really try to help?

When workers answer, "Yes"...

- Impact on decision-making, behavior, and engagement level!
- Buy-in and ownership
- Better solutions

Lilly's Contractor Safety Journey

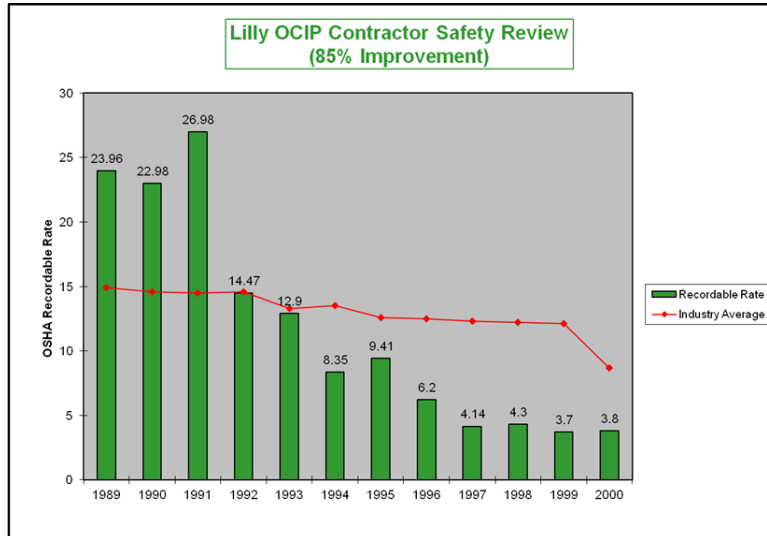
13

Lilly's Contractor Safety Journey: Two "Turning Points"

'The Awakening'

- In the late '80s, Lilly Engineering faced a safety and business "crisis":
 - One contractor fatality at Lilly
 - Lilly contractors - ***over 150 lost time injuries/year!***
 - Contractor recordable rates of near 30!
 - Huge negative productivity impacts
 - Projected 3x increase in capital spending to \$1.1 B
- Shift from "*It's the contractor's business*" to "*It's our business too!*"
- Contractor Safety program & OCIP Program* created

Historical Lilly Construction Contractor Recordable Injury Rate



The Cultural Turning Point

- 2005: First major Lilly project to adopt Incident and Injury Free (IIF)
 - Perception of a poor safety record prompted Lilly to hire JMJ Associates (IIF).
 - JMJ made observations on Lilly's safety program and behavior. *Not positive!*
 - JMJ survey revealed craft animosity.
- IIF program implemented and well received.
 - Decision to place less focus on injury-rate metrics.
 - Culture improved... yet no measurable difference in injury rate on the project. (Not enough time?)

Project IIF Lessons Learned

- Lilly PM and broad range of field leaders from the project “owned” the IIF process. Few safety people on the team.
- The team did not define “Safety success” by injury rates. Instead, assessed communication, participation, learning, etc. The team selected its metrics.
- A contractor-safety program’s “north star” must be the safety of the individual.
- Open communication between Owner, Contractor, and craft is critical.
- Incident reviews focused on learning, not punishment.

Long-term IIF...

- The CIA: F A Wilhelm, BMWC, Industrial Electric, Gribbins, Quality Interiors, and many other subcontract firms
- The CIA is a Lilly partner organization that performs maintenance and small capital projects
- An onsite work force of 350-450 craft-persons

Long-term IIF...Why?

- In 2008 CIA had plateaued at an OSHA recordable rate of 1.5
- Many from CIA companies had experienced IIF elsewhere at Lilly
- Benchmarked with other IIF companies

Lilly, FAW, BMW, IE adopted and shared the cost of JMJ (1 year engagement)



A major commitment...

- 200 CIA and Lilly leaders attended IIF commitment work-shops
- Created IIF Leadership Team
- Developed Charter/Mission Statement
- Train the trainers
 - Supervisor Skills (9 trainers)
 - Orientations (8 trainers)
- Alliance led training
 - 8-hour supervisor skills class (160)
 - 4-hour orientation class (1200)

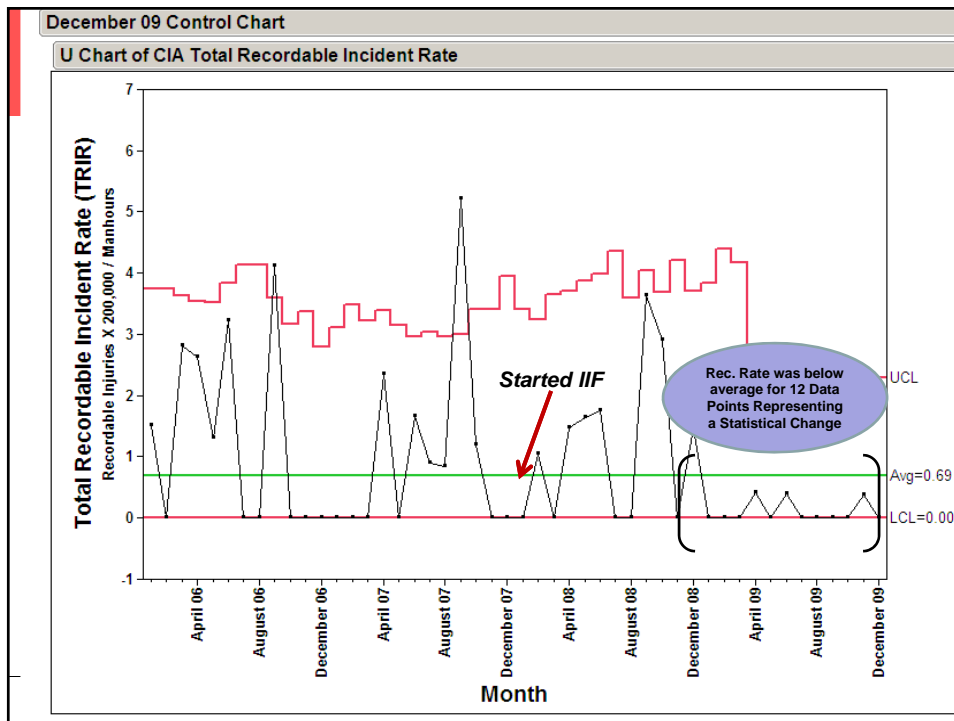
...and more!



Statistical results

- OSHA Recordable Rate
 - 1.5 to 0.86
- “Minor event” reporting (Ratio of near misses, first aids, property incidents to recordables)
 - From 8:1 to 18:1
- The severity of incidents (OCIP dollars spent)
 - From \$0.09 per hour to \$0.04 per hour

21



Workplace culture results

Feedback from Focus Groups (13 sessions with 8 craftspersons per session)

- People do speak up to each other
- Workers feel comfortable to stop work
- Taking the safe practices home
- New workers see a difference from other jobsites
- Their opinions do matter
- Safety professionals are here to help
- Stay the course with Incident and Injury Free

23



CIA Industry Recognition

**Coalition for Construction Safety (CCS)
“Excellence in Safety Award” winners...**

Central Indiana Alliance: 2016, 2009

BMWC: 2015, 2014, 2010, 2004, 1999

Gribbins Insulation: 2013

F.A. Wilhelm: 2005

IOSHA VPP “STAR” Certifications

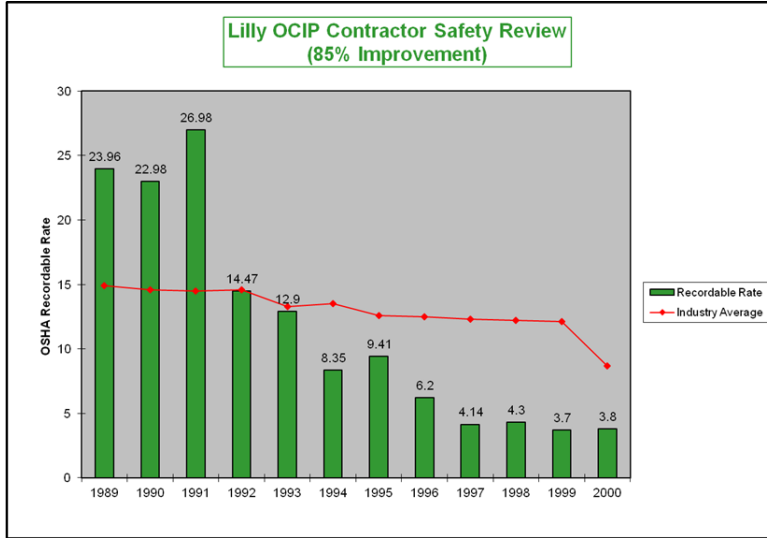
Lilly Technology Center

BMWC

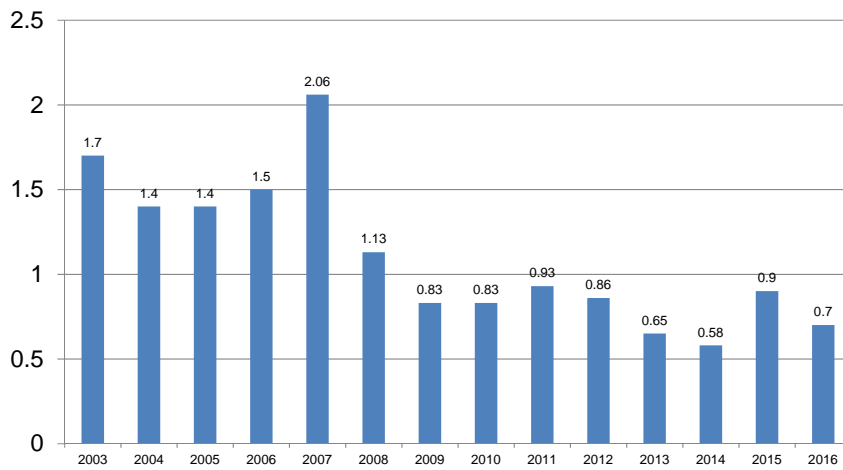
Gribbins Insulation

24

Historical Lilly Construction Contractor Recordable Injury Rate



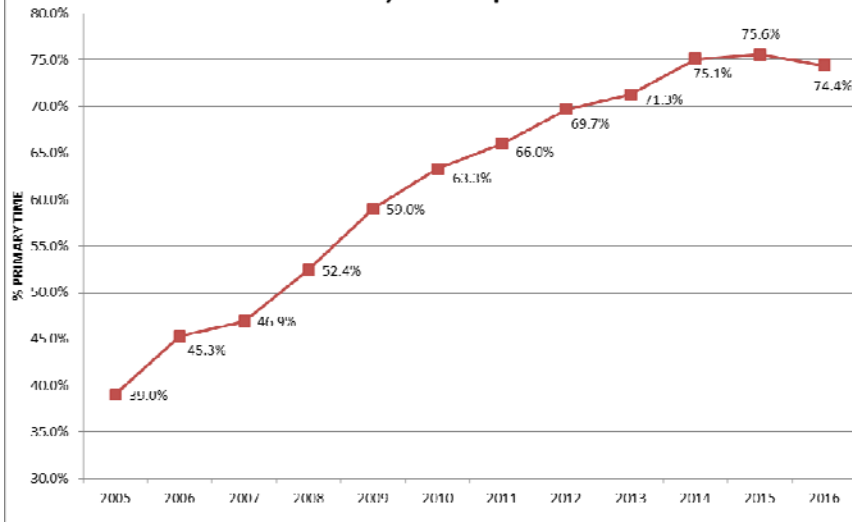
Indiana Contractor Recordable Rate



An IIF bonus! Improved Productivity

- CIA began focused productivity improvement work in 2005 (improving “wrench time”)
- Adoption of IIF was a significant boost by improving:
 - Quality of planning
 - Communication
 - Engagement of line leaders and workers
 - First line supervisor skills
 - Interaction with customers

CIA Primary Time Improvements



Learning from outside Lilly



- Strong involvement of the Owner
- Partnership with contract firms
- Leaders active and caring
- Extensive employee involvement
- “Safe” behaviors defined

29



Additional Recommendations

- High value of Daily Task Planning (Hazard recognition; Communication; Productivity)
- Keep an eye on “minor reporting”. More is good!
- Use of statistical tools to identify real change
- Incentive programs that reward behaviors rather than event data
- People welfare issues – food, restroom quality, etc.
- Treat the contractors as experts: they are.
- Don’t forget the “lower-tiered” subs

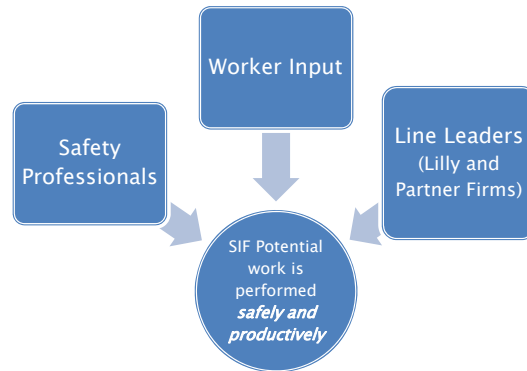
Engagement and Caring Ideas

- Test how well your messages are reaching the field workers and being understood.
- Check in personally on the injured.
- Take the project leaders self-assessment (handout)
- Make a personal action plan. Share it with a co-worker. Meet later to report on progress.

What is next on the journey?

Contractor Safety Best Practice: Engaging Line Leaders (Engineering, Contractor leaders) & workers

- Line Leaders and safety co-leading
- Contract worker input on issues & improvement plans
- Primary objective: *Measure* & improve “SIF” field execution



Summary

- The Owner (or contract holder) drives the culture
- If people believe you care, they are much more likely to act safely, “speak up”, and to contribute to improvement
- Best results: Leaders & workers of all companies working together, focusing on relationships & processes (not on accident rates)
- A good safety improvement process is also a productivity improvement process (Planning!)

Questions?

THANK YOU!

Backup Slides

Page 37 of x

What is an OCIP program?

OCIP: Owner Controlled Insurance Program

For construction-type work at our Indiana sites, Lilly holds insurance policy for Worker's Comp and General Liability insurance

Benefits:

- Lower contractor prices (no insurance premiums)
- One insurance carrier (and legal team)
- Control of Occupational HC provider
- Overall cost savings with low loss rate

Page 38 of x