

2015 INDIANA SAFETY AND HEALTH CONFERENCE & EXPO

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Promoting the Value of Safety

Emphasis on Safety Training

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Presentation Objectives

- Learn Current Safety Training Metrics
- Understand how Value is influenced by Perception
- Relating Safety and Training's Impact on Business
- Methods to Improve the Value of Safety Training
- What Executives Want from Metrics

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ANSI Z-10: Safety Management

One task is “defining and assessing the OHSMS competence needed for employees and contractors”

- (Section 5.2A). According to the Z10 guidance, “competence is normally achieved or demonstrated through one or more of the following:
 - Education
 - Training
 - Mentoring
 - Experience
 - Certification
 - Licensing
 - Performance assessment

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Performance Assessments

- Who are the stakeholders?
- What performance objectives do they seek?
- How do we use performance assessments to influence perception?
- How do we link performance to value?

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Training Metrics

- Compliance Driven
- Viewed as an Organizational Cost
- Intangible Benefits to Business Impact



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The Value of the Safety Professional

- Repositioning the importance of the safety profession
- Repositioning the role of the safety professional
- Preparing the safety professional to be the "value-add" employee

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Value of Safety Survey

ASSE, through its Council on Professional Affairs (CoPA), completed a study on current perceptions of the value of the safety professional in the workplace and how safety professionals could better meet the needs and expectations of the management team.

Working with an outside marketing consultant, 2,370 surveys were processed and 70 telephone interviews were conducted with senior managers. The primary purpose of the research was to identify gaps in perceptions between safety professionals and senior management.

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Survey of Senior Management

The survey/interview tool was designed to:

- Measure the importance and perceived value of the safety function overall and relating to a list of specific tasks, including those in ANSI Z590.2, Scope and Functions of the Professional Safety Position
- Identify overall strengths and weaknesses of safety professionals in general.
- Determine barriers that impact the effectiveness of individuals performing the safety function.
- Gain insight into the nature of the workplace relationship between safety professionals and senior management.

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Survey Findings

The perceived performance of the safety professional fell below management's stated expectations including business, strategy, and technical safety expertise.

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Corporate Executives said:

The safety function performs less effectively in the following skill areas:

- Plans and reacts strategically.
- Transforms data/insights into practical solutions.
- Develops methods that integrate safety performance into business productivity.
- Aligns the group's project plans with overall business strategy.
- Understands financial-related terms and information.
- Evaluates proposed investments against their projected payoff.

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The Perception

- Safety professionals are viewed as too technical, not able to look at issues from a big picture perspective or integrate programs into the organization.
- Ironically, senior managers also view safety professionals as lacking key adaptive-type technical skills such as evaluating the effectiveness of safety-related programs.

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The Phillips Study

- Details the true perspectives and needs of *Fortune* 500 CEO's as gleaned from interviews, briefings, and an in-depth survey.
- Addresses workplace Learning and Development
- In a nut-shell, C-Suite executives are asking:

“Show me the money!”

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C-suites Perspective

- Prove your worth as evidenced by a bottom-line contribution to the business
- There is a frustration with current measurements
- What is needed is more accountability
- A new definition of "value" is required
- Move from evidence to proof

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Investment of Leadership Relies on 5 Strategies

1. Avoid the investment all together
2. Invest in only what is absolutely necessary
3. Use benchmarking to guide the appropriate investment
4. Spend as much on learning and development as requested
5. Invest when there is value returned.

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Avoid Investing

- Training is cut to the bare bones
- Hire more competent/credentialed individuals
- Outsourcing and contract work utilized
- Typically not preferred – likely used short-term

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Benchmarking

- Invest at the level of other peer organizations to achieve best-practices and drive change
- Preferred approach indicated by executives in the Phillip's survey
- ASSE's *Safety Professionals Handbook* covers safety and safety training benchmarking in great detail
- The ANSI Z-10 standard on *Safety Management* lists suggestions for benchmarking safety performance

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Problems with Benchmarking

- When “best practices” are not best
- Average data can appear to be a best practice due to limited participation in studies.
- What is the source, reliability, and reproducibility of the benchmarking data?
- Benchmarking must be replicated continually over time to be valuable and taken seriously.

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ASSE Body of Knowledge

Visit www.safetybok.org

Benchmarking Networking is Being Considered

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Spend Money on Safety

- The theory that more is better
- Often times results in an over-investment in safety training based upon perceived problems
- Safety training may not be the best solution
- Without good analysis, programs are conducted when they are not needed (or not effective), wasting resources

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Value Returned

- Evidence that the investment is providing measurable benefits
- 18% of the executives in the Phillip's survey indicated that this was their approach
- Focuses on implementing a comprehensive measurement and evaluation process for expenditures in an organization.
- The failure to account for training in terms of financial results dooms this function to second-class status.

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CEO Rationale for Investment in Learning

- 4% said avoid the investment when possible
- 20% said only invest the minimum
- 39% said invest at levels consistent with benchmarking
- 10% said invest heavily
- 18% said invest when there a benefit or payoff
- 9% didn't know or did not respond

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Focusing on the Business Impact

1. Inputs and indicators
2. Reaction and planned action
3. Skills and knowledge acquisition
4. Behavioral change and actions taken
5. Business impact driven from training
6. Return on investment
7. Intangible measures that are not converted to monetary value
8. Recognition, certifications, accreditations received through safety

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Inputs and Indicators

- The first step in capturing data about safety training effectiveness is measuring volume, costs, and efficiencies.
- Examples include: volume, hours, coverage by area/department, topics and programs, costs, efficiencies, outsourcing, delivery., and requests.
- The safety function will use these measures to demonstrate regulatory compliance, document employee attendance, and track costs.

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Reaction Data

- Collecting reaction data is the first step towards reporting results, but is often overused, misused, and misunderstood.
- Executives place very little value on reaction data
- Feedback is important and is critical to making adjustments and changes
- The safety function can use this measure to evaluate whether training is the right solution to a given problem.
- It can also be used to forecast the impact and a return on investment.

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Reaction Data

The five important content areas to capture include:

- Amount of new information provided
- The relevance of the training to current work or future responsibilities
- Training importance to job success
- Intention to use the material including frequency of use
- How participants will use what they learn to improve value within the organization

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Learning Measures

- Demonstrating how much learning occurred is important for skills development and as a measure of its success
- Used for regulatory compliance, competencies, and certifications.
- Learning is also important to evaluate for the appropriate selection of the learning delivery method.
- Finally, learning measures ensure employees are prepared and to explain why employees are or are not performing the way they should be.

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Learning Measures

- Low value to executives
- Unfortunately, learning measures are often not necessarily connected to business outcomes which leave the executive saying, "so what?"
- From their perspective, it's not what employees learn, it's what they do with what they learn.

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Safety Application

- Large construction firm used reactionary data to forecast a ROI.
- Safety improvement program initiated for project engineers and superintendents.
- Focus on leadership, planning, inspections, safety meetings, accident investigations, safety policies, safety standards, and workers' compensation.
- Participants were expected to improve safety performance.

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Learning Measures

- Safety performance measures were established
- Questionnaires were completed that probed:
 - Specific action items planned as a result of the program
 - Estimated monetary value of the planned action
 - The basis of the estimates along with a confidence level
- Although subjective, it focused reaction on outcomes.
- A follow-up study would determine the true results delivered.

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Action, Behavior, and Application Measures

- Focus on behavior is important but not an effective measure from the executive's perspective
- Activity doesn't always translate into results.
- Oftentimes employees don't use what they have learned at the right time or to the extent expected.
- Without successful implementation there will not be improvements in business impact and benefits will not be demonstrated.

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Action, Behavior, and Application Measures

- Provide a connection to business unit measures or business performance. Focusing on business goals is critical because many activities may have a delayed connection so long-term consequences are important to demonstrate.
- The safety function has learned in this area over the past decade with its focus on behavioral based safety. Many of the BBS concepts can and have been integrated into the safety training process in an attempt to help demonstrate results.

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Impact, Results, and ROI Measures

- The relationship of training and learning to impact, results, and a ROI is often a mystery to executives.
- This data makes the business connection and business impact was ranked as the #1 issue
- Only 8% reported business impact compared to 96% of executives who wanted it
- 4% had ROI data while 74% desired the link

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Return on Investment

The calculations are simple:

Benefit/Cost Ratio

BCR = Program Benefits/Program Costs

Return on Investment

ROI = Net Program Benefits/Program Costs X 100

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ROI Metrics

- Business impact metrics are typically already in place in most companies.
- The key is to link safety initiatives and training to these established business indicators.
- Metrics discussed at this symposium will prove attendees with a wealth of safety related, industry-specific performance measures that also can be incorporated into the ROI process.

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Hard and Soft Metrics

- *Hard data* primarily is a measurement of improvement, presented through rational, undisputed facts that are easily gathered.
- This “most desired type of data” focuses on productivity, profitability, cost control, and quality control.
- Major categories of hard data cover output, time/lost time, costs, and quality.

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Hard and Soft Data

- *Soft data* is more difficult to collect and analyze and is used when hard data is lacking.
- Soft data is more difficult to put into monetary values.
- Soft data is often subjectively based, and as a result, less credible as a performance measure.
- Soft data is broken down by work culture, climate, satisfaction, initiative/innovation, customer service, employee development/advancement, and image.

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Hard and Soft Data

- The safety function will generally combine both hard and soft data into the evaluation.
- The ASSE Business of Safety (BoS) website contains several examples of hard and soft types of data that relate safety to the business.
- The ASSE Safety Professional's Handbook also contains hard and soft data linking safety performance to business objectives.

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Identifying intangible benefits.

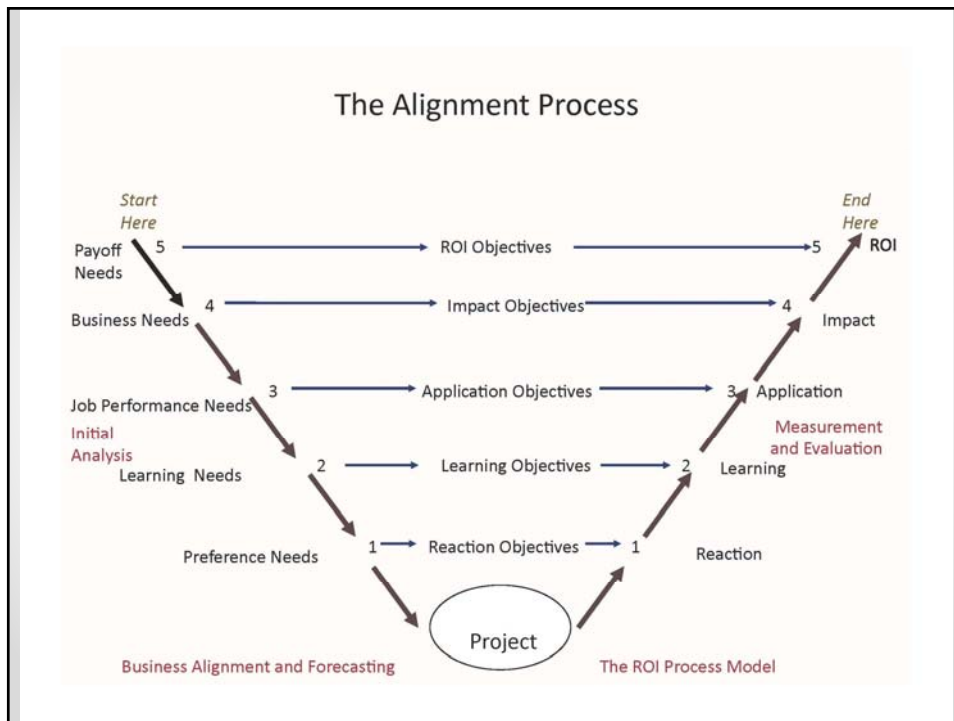
- During data analysis, every attempt is made to convert all data to monetary values.
- However, if the conversion process is too subjective or inaccurate and the resulting values lose credibility in the process, the data are listed as intangible benefits with the appropriate explanation.
- Safety performance includes several intangible benefits that should be identified and reported.

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The Language of Business

- With the ROI process, the safety function and the stakeholders will know the specific contribution of an safety program
- This is done with data not previously developed nor in a language understood by upper management.
- Measuring ROI is one of the most convincing ways to earn the respect and support of the senior management team

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Resources

- ASSE – www.asse.org
 - ASSE Body of Knowledge
 - Business of Safety website
 - Council on Professional Affairs – Value of the Safety Professional project
 - The Safety Professional’s Handbook (2nd edition available June, 2012)
 - Professional Safety Journal – Numerous articles on ANSI Z10, BBS, Training, and the Business of Safety.
 - Professional Development symposiums, webinars, PDC presentations, and Seminarfest addressing safety management and the business of safety.
- The ROI Institute - <http://www.roiinstitute.net>
 - Certification on the ROI System
 - Publication: *Measuring for Success* – What CEO’s really think (2010)
 - Free educational tools and publications

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Thank You!



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Questions?