

Leading Safety in a Downturn

5 Critical Actions for Advancing Safety & Health Performance Right Now

*Thomas R. Krause, Ph.D., Donald R. Groover, CIH, CSP,
Sarah K. Smith and Theodore Apking, Ph.D.*

As the global economy slows, companies across industry are faced with sobering changes in the business landscape. Reduced demand, tightened credit, and uncertain growth are forcing many organisations to rethink how they conduct every aspect of their day-to-day business. Not least among these considerations is how to maintain the integrity of safety efforts in a dramatically changed environment.

The challenges of safety performance in a downturn are twofold. First, there is the problem of maintaining an appropriate level of exposure reduction with fewer resources. Even for those companies that have committed to protecting safety budgets, sustaining current initiatives and launching new ones can be more difficult than it was, just a few months ago. This would be a significant challenge given a static exposure level. The reality is more extreme. Organisations affected by the downturn typically have a heightened need for exposure management as employees experiencing distraction and anxiety tend to be more at risk than employees who aren't.

The second, and more complex, dimension of safety in a downturn is the cultural risk posed by changes in the business. Even if it is not intended, an organisation responding to economic conditions can experience a climate shift that puts a higher focus on production than safety. These shifts are 'loud' to the employees who will take away from these experiences long-lasting memories of how they were treated and what they perceive the organisation to truly value.

Leading safety effectively and efficiently through these challenging days is both desirable and possible. This article suggests five critical actions that leaders can take to successfully drive safety through a time of economic uncertainty.

THE DOWNTURN OPPORTUNITY: FIVE CRITICAL ACTIONS

Downturns are known to seed companies for business renewal and growth.¹ A downturn can be an opportunity to rethink how and why we use the business systems we do—and safety is no exception. Unlike 'boom' times, where the urgency is around keeping up with demand, a downturn may provide time for reflection on what is essential, force us to examine old assumptions, and prompt us to develop solutions that more closely match the needs of the organisation.

Based on our experience working with companies over the past 30 years, we have identified five critical actions that leaders can take now to position their companies for continued safety excellence.

1. Open up, be honest and forthcoming and communicate why safety matters now.

A strong safety message and focus is critical when people are worried about the future and how the business situation may personally touch them. Employees who are preoccupied with concerns about the economy, changes in their roles, or who are left

¹ During the 1991 recession, for example, one study showed that twice as many companies grew from poor performance to industry leaders than in the surrounding periods of economic stability. See: "Taking advantage of a downturn," by Sarabjit Singh Baveja, Steve Ellis, Darrell Rigby (2002). Harvard Management Update. <http://tinyurl.com/d8ywyw> (or: http://www.bain.com/bainweb/Publications/article_detail.asp?id=8789&menu_url=articles.asp&origin=bainweb_homepage). Accessed 12/2/09.

in the dark are more likely to revert to old behaviour patterns, or lose focus and increase exposure to injury. Anxious employees are also less likely to feel connected, or loyal, to an organisation that is depending on their efforts to weather the crisis. What can happen simultaneously is leaders who may feel they don't have the ability to answer all the questions they might receive, can withdraw. This is just the opposite of what needs to happen. Leaders need to be out front, visibly and vocally demonstrating concern, as well as listening and taking appropriate actions. Some leaders seem to naturally step up to this special challenge and excel while others have to force themselves to step up to the leadership challenge.

The safety message provides an opportunity to let your people know that the organisation really does care about them and to enlist their support in keeping safety—and the business—on track. Acknowledge the real fears and anxiety that people have and reassure them that their health and safety is just as valuable in bad times as in good. And be sure your actions are consistent with this message. Communicating frequently about the current situation and the importance of employee safety during this time will help establish safety as a value. Just as supervisors and managers need to step up and make themselves visible in these times we need to encourage employees to avoid turning their focus inward and continue to be engaged in safety activities. They will do so if managers and supervisors lead the way.

2. *Consider the effects of your actions on the culture*

A downturn can be a defining moment in a company's culture. Preserving the integrity of the enterprise requires many businesses to make decisions that are inconvenient, unpleasant, or worse. As anyone knows who has studied culture (or worked in one place long enough), how you do the hard stuff matters. The way in which you make, communicate, and enforce tough decisions will have effects on employee loyalty, commitment, and performance for years to come. For example, some considerations if a reduction in force is required:

- First, consider the safety implications of a reduction in force. Will changes in employee numbers create new exposure, and if so

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how will it be dealt with? A shift in business priorities shouldn't mean an increase in exposure to injury.

- Does the decision process used to determine who will be impacted pass a 'fairness' test in the eyes of the employees?
- Are employees losing their job treated with dignity and respect in how they learn of the change and are exited?
- Are remaining employees given honest communication about what is happening and why?

Fundamentally, looking out for employees requires that as a leader you 'get' what is truly important and make decisions accordingly. What's important is not what you say you value, but what you actually value—the ethic manifested in your personal behaviour. Your organisation's culture receives and hosts the effects of your personal safety ethic—your value for safety. These elements influence safety decision-making, interactions with subordinates, the priority you place on safety, and how you drive success. You do not need to become the perfect safety leader. You just need to understand what your personal values are, and be willing to act from a position of informed commitment.

3. *Refine your strategy*

When business is good, and growth is fast and hectic, there isn't as much time to focus attention on the effectiveness of business systems and processes. This can result in a myriad of one-off initiatives implemented as different needs and circumstances arose. A downturn is an ideal time to look at your company's safety needs from a new perspective. Your actual needs may dictate

an investment in fewer (or different) systems than you have right now.

The key to refining your strategy during a downturn is to focus on precision. What systems and processes overlap or have become extraneous? What systems and processes are working well and can be expanded? What leadership actions and behaviours will help us best reduce exposures and drive down incident rates? With better data, you can implement systematic improvements that target optimal results.

4. *Work the fundamentals*

Downturns require every area of the business to deliver well on what is most essential. For every part of the business, and for the business itself, survival is about targeting the core elements that sustain the enterprise. In safety performance, those core elements are protecting the lives and livelihoods of employees.

Management must think about their most important focus and in a downturn, life altering injuries and fatalities are a primary concern. Maintaining and improving the systems that reduce the probability of serious injuries and fatalities is the right thing to do and it also has cultural impact. Many organisations, particularly in good times, suffer from spending too much time on low energy/low potential events. Leaders will discuss every recordable injury equally. An incident with high potential for severe injury (such as a near miss associated with a failure in the lock out, tag out system,) will get the same level of attention as an incident with low potential for serious injury (such as a minor sprain.) While all injuries are important, the potential for life-altering injury is most important.²

For many organisations an aspect of the culture they want to protect is employee engagement.

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Organisations on the road to a culture of commitment or a culture of engagement do not want to lose the gains and great value they and the employees have benefited from, due to this effort. Management needs to give serious consideration about how to sustain these activities and demonstrate support.

5. *Demonstrate—and develop—transformational leadership*

During a downturn, businesses are in greater need of employee's discretionary efforts in safety and other performance areas. Leaders who use a transformational style are more successful at creating the will to go 'above and beyond' self interest. But transformational leaders do more than move people to action. They give people a sense of purpose, belonging and understanding regarding the work they do. Not surprisingly, these leaders have also been shown to lead work groups that are consistently rated as more productive and flexible, contribute more leaders into the pipeline, attract and retain desirable people to the organisation, and score higher in safety leadership best practice scores.

Transformational leaders use behaviours such as:

- Promoting original thinking
- Encouraging others to take initiative
- Coaching and counselling others
- Helping followers achieve levels of performance beyond what they felt possible
- Expressing optimism about goal attainment
- Helping followers develop emotional acceptance of challenges
- Sacrificing self-gain for the gain of others
- Creating a sense of joint mission and ownership.

A downturn may be a good time to work on developing safety leadership. Reduced demand in the market means an easing of production pressure in many companies. As one of our clients recently put it, 2009 is going to be the year of the leader. Using this time to

² We have written elsewhere on the importance of fatality prevention, which offers an opportunity for the organisation to rethink how it measures safety performance and 'success'. For example, see: Krause, T.R., Groover, D.R., and D. Martin (2009). *Eight Questions Every Senior Leader Should Ask About Preventing Serious Injuries and Fatalities*. BST; Krause, T.R. (2008). *Life and Death on the Job*. BST; Spigener, J. (2007). *Fatality Prevention: Issues and Possible Solutions*. Proceedings of the American Society of Safety Engineers (ASSE), 2007.

develop safety leadership can be a powerful investment with rewards both now and in the future.

LOOKING FORWARD

Leading safety in bad times will likely require adapting your activities to new economic realities, without compromising the level of safety exposure. It does not mean adjusting expectations downward. Focusing on the principles of safety performance, rethinking the whats and whys of safety functioning, and enlisting the efforts of employees throughout the organisation can convey your value for safety and help you achieve safety excellence now and in the future.

When the market rights itself and demand returns, the businesses that have strengthened their organisational functioning during the downturn will benefit.

Approach the safety management task right now as an opportunity to position your organisation and its safety functioning for future growth.



Route des Avouillons, 4 • C.P. 212 • CH-1196 Gland, Switzerland

Phone: +41 22 995 0065 • Fax: +41 22 995 0069

Email: bstemea@bstsolutions.com • www.bstsolutions.com