9 Tips To Build A Best In Class Safety Program To Impact Your Bottom Line

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“Over 60% of the CFOs in one survey reported that each $1 invested in injury prevention and manufacturing safety, returns $2 or more. Over 40% of CFOs cited productivity as the top benefit of an effective workplace safety program.” - Chief Financial Officer survey, Liberty Mutual Insurance company , (2005).

The Big Return on a Focus of Manufacturing Safety: Where else are operations getting these kind of returns?

Creating a safe work environment with a focus on manufacturing safety is yet another variable in operations that has a major impact on bottom-line, service level, employee motivation, investor’s relations and brand image. So what really is the key to ensure that there is a focus on manufacturing safety? There are a number of examples of companies with little or no regard to manufacturing safety, safe process or creating a culture of safe supply chain environments, who have faced some or the other such type of consequences. Some recent examples that will remain in public memory for a long time to come, such as the Lac Megantic rail disaster which destroyed an entire city. Or the more recent Bangladesh factory disaster.

The list is endless, resulting immediate costs are painfully high, and ongoing insurance premium costs can have challenging negative impact to those companies’ (and sometimes entire industries’) bottom-lines.

Volatility in Manufacturing Operations, Makes Manufacturing Safety Even More Important

So what really is the key to ensure that there is a focus on manufacturing safety to create a culture so that employees working in that work environment are free of any risk to their health and well being? Specifically so, in some manufacturing operations of highly variable nature, where staffing goes up and down on a very frequent basis so retention become a challenge? Be it training, knowledge or processes, thanks to e-commerce, challenges in the economy, and the need for short term return on invested capital, operations are becoming more variable, forecasting is becoming more challenging, and the demand for operational agility continues to grow. This causes companies to resort to and depend on temporary or seasonal work force and convert most of their costs from fixed to variable.

Is your business ready to meet the challenge, are you doing all you can to make sure that your operation’s manufacturing safety is a well documented, practiced and backed up process? How do companies achieve a level where they can boast of safety as one of the operational backbones, that itself in many cases becomes a

competitive advantage?

Tactics and Strategies to Build Best in Class Manufacturing Safety Programs to Impact Your Bottom Line

Build manufacturing safety in the DNA: You anticipate them and build your company's manufacturing safety into your DNA and culture. For manufacturing, logistics, transportation and 3PL companies it is critical since continuity of service forms part of major brand equity, which dilutes immensely with each disruption in service. So how do you really build this in your culture such that it becomes part of your company's DNA. There are companyies out there who have made it possible with their focus on safety. It requires 24/7/365 focus and employee participation at every level in creating this awareness. Sometimes it takes top management to build this DNA.

Paul O'Neil, the CEO of Alcoa in 1987, dedicated his speech to shareholders to improving the company's manufacturing safety record. Alcoa was in a financial mess at that time and shareholders wondered why he never talked about improving profits. O'Neil declared, "I intend to go for zero injuries." Within an year of the speech Alcoa's profit hit a record high. By the time of his retirement in 2000, Alcoa's market capitalization was 5 times higher than what it was in 1987. By choosing to talk about safety, O'Neil became the champion of the workers and their hero overnight. By addressing manufacturing safety at the shareholder meeting, he let his staff know that his goal was to improve the employees'quality of life and ensure they reach home safely at the end of the day. He further augmented it by ensuring that his unit president report every single injury within 24 hours and then present a plan for making sure it never occurred again.

Promote manufacturing safety in groups: Consider the safety of the group and rally the workforce towards a common goal. This automatically activates accountability to persuade others to act in a certain way which mirrors the goal of focusing on safety. This is especially effective in more volatile and variable operations where volume surges result in frequent workforce reduction and expansion. Try a buddy system to ensure safety of the individual and that of the group. The systems makes it relatively easy to spot and prevent unsafe behavior and practices.

Examine processes for fatigue factor, breaks and rotation: Repetitive actions and activities cause most long ranging issues with employee well being. Fatigue factor increases as the day goes on. Repetitive actions require synchronization with man, machine and environment which begin to slow as the day goes by. These can be overcome with effective and frequent rotations, thus bench strength becomes a key to success. Breaks must be designed with these factors in mind and may be allowed differently for different type of jobs considering these load factors.

Learning from experience: Sadly true, but many companies learn from experience and their manufacturing safety and risk management approaches are built on the experiences that cause either disaster or risk to business. The deep water horizon spill of 2010 and Texas city refinery explosion are a few major event

experiences that BP's safety programs and practices are built on. Similarly, the Lac-Megantic and Bangladesh disasters have brought out in the open many weaknesses in the system with regard to lack of seriousness with which companies handle safety.

Look for potential problems: Overall work environment should be primed to look for potential problem areas. Everyone in the workforce should be trained to look for potential issues and invisible spots. Build policies that enforce safe work environment. No loose hair, no baggy clothing, etc. could be examples of policies geared towards safe work environment. Some of the most invisible spots are in the forklift operations and trucks on the dock, since they are outside. These areas of potential manufacturing safety issues are not normally visible to a group of people, so put the onus of responsibility to look for potential safety problems on a handful of employees with operational policies and processes of the safety mechanism built in.

Best practices: Join cooperative and collaborative manufacturing safety groups in your industry sector. If you don't have one, then build it and invite others from your industry to join. A lot of good ideas and best practices can be shared within these groups. After all competitive advantage can come from how safety is practiced, implemented, and managed.

Carefully examine trade-offs: Sometimes companies have to make hard choices, such as the the trade-off between cost, efficiency, responsiveness, and safety. Companies need to understand that the health and safety of your operations is a qualifier to do business. While operational best practices (speed, lean and part time work) are critical to competitiveness, it can also place employees at risk and become socially irresponsible. Companies need to have a way to measure regularly the cost of pushing the frontier of your operations.

"3000 steaks a minute, 35% of total Canadian beef processing." The outbreak of e-coli contamination at X L plant in lakeside Alberta cost the company to recall 4,000 lbs of meat as well as plant closure for 60 days. The incident was linked to increased production and inadequate testing practices. Eventually, the plant was sold to Brazil based JBS. The impact could be staggering. Being socially responsible and ensuring manufacturing safety eventually leads to improved day today output.

Develop schedules, celebrate milestones, and reward employees: Schedules must be set and followed very strictly with no compromise on time or attendance. For that matter, representatives to the manufacturing safety committee should look forward to the meeting and scenarios, and as such, there should be some incentives to participate. Each meeting could also be a training forum to keep attendees motivated. Milestones should be developed, and achievement of milestones should be celebrated, such as no lost time for each month, quarter, and year.

Understand statutory and legal accountability: Make sure everyone is well aware of their accountability and responsibilities. Many countries and/or jurisdictions have differing level of liabilities, including personal level liabilities. All stakeholders within the company should be well aware of those liabilities and

processes. Documentation should be prepared in accordance with the stakeholders to ensure everyone is protected and practices a safe work environment in their management style and behavior.

A good safety culture is in a company's DNA and resides in its processes. It's very much possible to achieve an impeccable record of manufacturing safety. On my way to work I drive across a company called Ryerson Metal. They have a large sign post that proudly announces days of no lost time accident and has crossed over one million hours of no lost time accident. Clearly manufacturing safety is their pride and they want to show it off to all.

Our own management meeting everyday starts at 9 AM with the very first discussion on safety and number of days since last lost time accident. Until yesterday we were at 1279 days (3.5 years), 30696 hours, 1.80 mn. Minutes and 110 mn. Seconds.

When you are passionate about safety, every second matters.

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