

Orange Umbrella® Ltd

Governance and safety leadership: Data, Solutions and Results

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New Zealand

Problem in NZ: Workplace Injury and Illness too high

- Costs are estimated at \$8.7 billion per year (NOHSAC, 2004). Approximately 3.4% of GDP (incomplete ACC data)
- Health and Safety at Work Act 2015 driving more accountability for business leaders, and includes worker participation, engagement, culture change.
- Is it working?

Problem in NZ:

Company culture is poorly understood and therefore poorly managed

- Focus on the company financials - law
- Seen by leaders as a front-line problem, not a leadership problem.
- The connection to company performance is not obvious to leaders.
- Widespread assumption that it can be fixed from the outside of the organisation, or by one person.
- Belief that a one-off event can quickly fix culture – neglects multiple driver complexity.
- Culture measurement is ad hoc, therefore the real risks remain hidden.
- Reliance on inaccurate and lagging data for making decisions.

Problem: System complexity

System: **Interdependent** items that interact regularly to perform a task or common goal.

Yourdictionary.com, webopedia.com

- Front line
- Supervisory
- Management
- Governance
- Culture
- Business
- Financial
- Government enforcement
- Investors and public

Business leaders have a problem:

They are being told:

- Culture is the foundation for company performance.
- Culture is grown from the inside of the organisation
- Culture is influenced by leaders' words, actions, and the consistency of their words with actions

WorkSafe SSR, BLHS Forum, EEA SCP, Dr. Kirstin Ferguson, Prof Andrew Hopkins, IOD, lawyers, business advisors, Deloitte, Campbell Institute, Monash University, Institute of Work and Health...

Safety governance and leadership

Dr. Kirstin Ferguson:

Boards and senior executives have the

- *Tools*
- *Knowledge*
- *Structure*

to maximise the safety performance of the organisations they lead and govern beyond merely ensuring compliance with safety legislation.

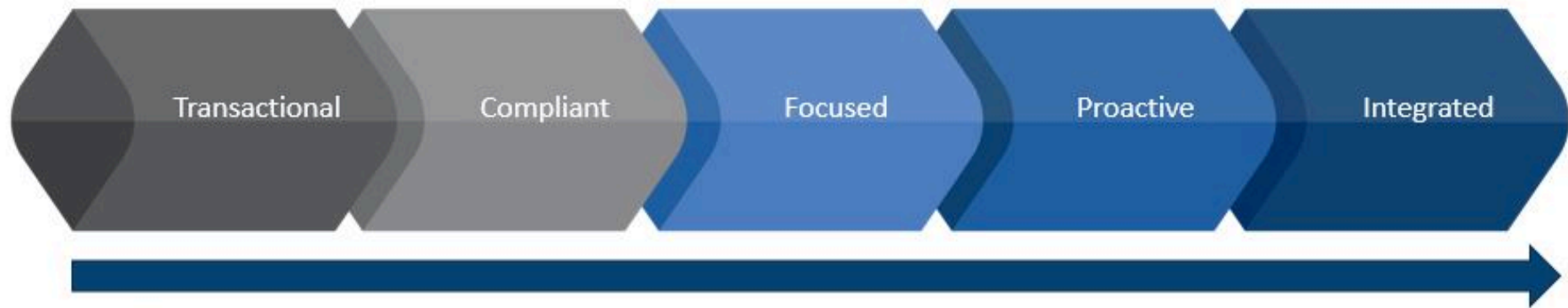
Safety governance and leadership

Safety governance is the relationship between board members and senior executives in the safety leadership of an organisation and provides:

- *the **structure** through which the vision and commitment to safety is set;*
- *agreement on how **safety objectives** are to be attained;*
- *the framework for how **monitoring performance** is to be established; and*
- *a means for ensuring **compliance** with relevant safety legislation.*

Dr. Kirstin Ferguson

Safety Governance Pathway



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Dr. Kirstin Ferguson: <http://www.orbitasgroup.com/safety-governance/>



Moving along the pathway

- In NZ companies are mostly in the *Transactional stage*.
- *Compliant stage* at best.
- This includes regulators, the H&S industry, forums.

Moving along the pathway

- What do we aspire to as professionals?
- What are you guiding your clients towards?
- If we are not guiding them towards the *Integrated stage*, the risk will remain high, and the company will not reap the benefits.
- They need to see the connection between business excellence and high health and safety performance.

Problem for business leaders

Business leaders have a problem:

How to?

- measure safety and culture with confidence?
 - capture large amounts of changing data?
 - stay informed to report both positives and work-ons?
 - change and continuously improve?
 - save money *and* reduce risk?
-
- What information to base decisions on?

Problem: Engagement

Engagement in H&S => Safety culture

How to?

- bring people along?
- bring company leaders along?
- know where to start?
- know it is working?

Opportunity

Opportunity: Practical method for “How to?”

- Dynamic attention to multiple drivers
- Requires attention every day (not a one-off event)
- Accurate and timely information for decisions
- Process to change, grow and improve culture
- Mix predictive with lagging data.
- Accountability clear and visible.

What Do Leaders Want?

Data
Solutions
Results

Critical information



Integrated stage: Opportunity to impact multiple levels

Through measurement and management of culture performance companies can effect change across NZ:

- Reduce risk to people, business and environment
- Increase efficiency, quality, productivity, sustainability
- Improve business ethics
- Improve literacy, learning
- Improve community health and safety from workplace harm and exposures
- Culture of prevention and improvement of front line risks throughout the supply chain
- Develop predictive benchmarks

Change requires

Reason

Desire

Commitment

Way

Support

(IECL, 1999)



Change requires **WHS influence**

Reason

Desire

Commitment

Way

Support

(IECL, 1999)



What Do Leaders Want?

Data

Reliable
Valid
Leading

Solutions

Buy in
Resources
Products
Support

Results

Effective
Measured
Benchmark
Performance

Data

What is important?

- Right, reliable data
- Information that matters
- Captures and reports change
- Ties business performance (money) with reduced risk
- Basing decisions on the data

Leading Indicators

- Predictive
- Tell where to target effort
- Show and support changes
- Evidence to show vigilance
- Tie to the economic health of the company
- Dig into your own H&S computer systems to get the indicators that work for the business
- Mix of leading and lagging to get a full picture

Leading Indicators

- Systems – what is telling you that systems are working?
- Behavioural – are people doing what is required?
- Operational – performance measures?

Leading Indicators

Systems – what indicators are already embedded that you can use?

Examples:

- Markers for effectiveness of risk management by comparing risk levels before and after controls are applied.
- Overtime levels.
- Time that it takes for an improvement process to be raised and completed.
- Design and planning consultations and sign offs.
- Health and safety culture and system perception surveys.
- Most system problems raised can be tracked.

Leading Indicators

Behavioural – are people doing what is required?

Examples:

- Rate of safety conformances per total jobs
- Number and quality of briefs
- Number and results of debriefs
- Noise level results, dust level results
- Number of Board and SLT communications showing resolution of action items

Leading Indicators

Operational – performance measures

Examples:

- Job completions
- Preventive maintenance
- Rework
- Customer satisfaction
- Employee satisfaction
- Revenue/Unit of work
- Staff Turnover and Absenteeism
- Quality measures

Lagging Indicators

Mix leading, lagging and performance for a better picture.

- LTI frequency and severity
- Illness rates
- Near Miss
- Number of days on alternate duties
- Audit scores
- Number of people trained
- Number of completed risk assessments
- Number of field visits by SLT and directors
- Number of NIHL shifts
- Number of stress leaves

Give boards a better picture

WHS professional:

- Collaborative process with staff, management, directors to determine which indicators are important for them.
- Present and explain results.
- Propose improvements for action.
- Ensure there are accountabilities and feedback loops. (these can also be leading indicators)
- **Discourage indicators as personal KPIs.**
- Ensure continuing relevance of indicators.
- Communicate and celebrate!

Leading effective WHS practice

- Proactively identify systemic safety issues and risks
- Valid and reliable measurement
- Evidence for decision-making
- Evidence of full workplace participation and engagement
- Feedback and dialogue, engagement
- Monitoring of continuous safety improvement
- Collaborative and complimentary approach with H&S providers and systems
- COMMUNICATION and FOLLOW THROUGH

Give boards a better picture

- There is no set of leading indicators that apply to every workplace.
- Customise to the maturity level and type of business.
- Review and change them as needed.
- *Integration* maturity level requires seeing the connection between business excellence and high health and safety performance.

Give boards a better picture

- H&S culture perception scores show strong predictive value of risk.
- Statistical testing of H&S culture surveys using correlations is best practice.
- Benchmarking within the organisation is more valuable than between organisations.



After our third round we had 1499 recommendations to enhance culture which were grouped into the 20 key topics.

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