Safety Executives of New York
62\textsuperscript{nd} Annual Professional Development Conference

“The Business Side of Safety”

March 27, 2007

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President and CEO
Henshaw and Associates, Inc.
The Business Side of Safety

- OSHA
  - Budget
  - Programs
  - Standards
- Leadership
- Business Value
# OSHA

## Proposed FY 2008 Budget (dollars in millions)

<table>
<thead>
<tr>
<th>Category</th>
<th>FY 2007</th>
<th>FY 2008</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Safety and health standards</td>
<td>$16.5</td>
<td>$16.9</td>
<td>$0.4</td>
</tr>
<tr>
<td>Federal enforcement</td>
<td>172.6</td>
<td>183.0</td>
<td>10.4</td>
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<tr>
<td>State programs</td>
<td>91.1</td>
<td>91.1</td>
<td>–</td>
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<tr>
<td>Technical support</td>
<td>21.4</td>
<td>22.1</td>
<td>0.7</td>
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<tr>
<td>Federal compliance assistance</td>
<td>72.5</td>
<td>79.6</td>
<td>7.1</td>
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<tr>
<td>State consultation grants</td>
<td>53.3</td>
<td>54.5</td>
<td>1.2</td>
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<tr>
<td>Training grants</td>
<td>2.6</td>
<td>0</td>
<td>(2.6)</td>
</tr>
<tr>
<td>Safety and health statistics</td>
<td>31.8</td>
<td>32.1</td>
<td>.3</td>
</tr>
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<td>Executive direction and...</td>
<td>10.6</td>
<td>11.0</td>
<td>0.4</td>
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<tr>
<td><strong>Total, OSHA Budget Authority</strong></td>
<td>$472.4</td>
<td>$490.3</td>
<td>$17.9</td>
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<tr>
<td><strong>Full-time equivalents</strong></td>
<td>2,133</td>
<td>2,186</td>
<td>53</td>
</tr>
<tr>
<td>(includes 8 reimbursable FTE)</td>
<td></td>
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</table>
OSHA’s Tool Kit

- Standards
- Enforcement
- Compliance Assistance - Education, Training, and Outreach
  - Consultation Program
- Cooperative Programs
  - Voluntary Protection Programs / SHARP
  - Strategic Partnerships
  - Alliances
## Selected OSHA Workload Data

<table>
<thead>
<tr>
<th></th>
<th>FY 2007</th>
<th>FY 2008</th>
<th>Change</th>
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</thead>
<tbody>
<tr>
<td>Notices of proposed rulemaking</td>
<td>4</td>
<td>4</td>
<td>—</td>
</tr>
<tr>
<td>Final rules</td>
<td>3</td>
<td>3</td>
<td>—</td>
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<tr>
<td>Federal inspections</td>
<td>36,500</td>
<td>37,700</td>
<td>1,200</td>
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<tr>
<td>State program inspections</td>
<td>54,500</td>
<td>52,000</td>
<td>-2,500</td>
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<tr>
<td>Total VPP participants (federal)</td>
<td>1,313</td>
<td>1,589</td>
<td>276</td>
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<tr>
<td>Consultation visits</td>
<td>32,250</td>
<td>32,250</td>
<td>—</td>
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<tr>
<td>Training participants</td>
<td>415,800</td>
<td>432,300</td>
<td>16,500</td>
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Balanced Approach

- Strong, fair and effective enforcement
- Responsible standard development
- Outreach, education and compliance assistance
- Voluntary programs, Partnerships and Alliances
Highlights of the Regulatory Process for an Individual Chemical Substance:

1. Preliminary data collection
   - Publish Advance Notice of Rulemaking
   - Typically takes 6 months to one year

2. Risk assessment
   - 3 months
   - At least one year substantially longer for a chemical in widespread use

3. Technological and economic feasibility analysis
   - 6 month process
   - For a chemical in widespread use
   - At least one year substantially longer

4. SBREFA (Small Business Review) Panel
   - 3 months

5. OMB review
   - 6 months for the simplest rulemaking
   - 6-9 months for a chemical in widespread use

6. Publish proposed rule and hold public hearings
   - 3 months

7. Revise standard and associated analyses
   - 3 months

8. OMB review
   - 6-9 months

9. Publish a final rule.
   - 3 months

Even given these optimistic estimates and assuming all goes well, this process takes about 3.5 years.
Expectations

- The agency says it expects to issue three notices of proposed rulemaking: haz com standard update (GHS and MSDS issues), crystalline silica and beryllium.

- The agency also says it will begin a small business panel review on ionizing radiation. The first stakeholder meeting on this issue was recently held.

- OSHA says it plans to issue final rules for the standards improvement project phase III, and a consensus standard update.

- The agency says it will issue guidance documents on hazard communication and several others issues.

- And a final Rule on Payment for PPE
Zero Incident (Health and Safety) Culture

Fatalities
Lost Time incidents
Recordables
First Aids – Over Exposures
Near Misses

Un-safe Conditions
Un-safe practices/procedures
At-risk Behaviors
Organizational Culture

Undesirable Leadership Practices
“What Your Leader Expects of You – and what you should expect in return”
by Larry Bossidy
Harvard Business Review
April 2007

What Your Leader Expects of You

1. Get involved
2. Generate ideas
3. Be willing to collaborate
4. Be willing to lead initiatives
5. Stay current
6. Anticipate
7. Drive your own growth
8. Be a player for all seasons

And what you should expect in return

1. Provide clarity of direction
2. Set goals and objectives
3. Give frequent, specific, and immediate feedback
4. Be decisive and timely
5. Be accessible
6. Demonstrate honesty and candor
7. Offer an equitable compensation plan
Leadership Style
Transactional vs. Transformational

• **Transactional**
  - Old school
  - Task to task
  - Series of transaction
  - Do as I say

• **Transformational**
  - Inspiring
  - Engaging
  - Challenging
  - Influencing
Practices and Behaviors

• **Vision** — of a future state – positive, certain it can be achieved
• **Credibility** — honest, do what you say, integrity, etc. hold to your word
• **Communication** — good communicator all directions
• **Collaboration** — less telling, more selling, less “know it all” solicit advice and help from everyone
• **Action Oriented** — get the job done, proactive - less reactive
• **Value Feedback and Recognition** — both giving and receiving, celebrate accomplishments
• **Accountability** — lastly hold people accountable for meeting expectations
Barometers of Safety and Health Culture

- Understanding vision, purpose and goals
- Safety and health activities
- Words, actions and behaviors
- Injury and illnesses performance
- Full compliance
- Off the job injuries

- Accepting responsibility
- Pride in workplace, work, colleagues and performance
- Extent of voluntary participation
- Reactive vs. proactive attention to safety and health
- Off the job injuries
Voluntary and Cooperative Programs

• Voluntary Protection Programs
  • VPP STAR, VPP MERIT
  • OSHA Challenge
  • VPP Corporate
  • VPP Construction

• Strategic Partnerships

• Alliances
Growth of VPP
Federal & State
As of 2/28/07

Source: OSHA, Office of Partnerships & Recognition
Size Of VPP Sites
Number of Sites by Employment -- Federal Only

As of 2/28/07

Number of Employees x 100

Source: OSHA, Office of Partnerships & Recognition
VPP Sites Stay Involved!
Program Innovations

VPPPA

Mentoring

Special Government Employees
Why Pursue VPP?

- **Reduced Illnesses and Injuries:**
  - On average injury and illness rates at VPP sites are 54% below National averages

- **Cost Savings:**
  - VPP sites avoided 5,638 injuries in FY2000
  - Total cost savings approximately $152 million
Rohm and Haas Powder Coatings Reading Plant
Productivity Gains Through Safety Innovations
National Safety Council Safety Intervention Case Study – March 30, 2004

Started VPP process in 1993 – awarded VPP Star 1997

- Plant production increased by 97% from 1995 until 2000
- Injury rate fell from 3.8 to a low of 0.9 during this same time period.
VPP Corporate
(as of July 31, 2005)

- Six Pilot Participants:
  - Georgia Pacific (approved)
    - One facility onsite evaluation completed in Region III
  - US Postal Service (approved)
    - Two facility onsite evaluations completed
      - one in Region III
      - one in Region X
  - International Paper (onsite completed and application pending)
  - Dow Chemical Company (onsite to be scheduled)
  - General Electric
  - Johnson & Johnson
OSHA Challenge
(as of July 31, 2005)

• 12 Administrators
  – 8 Construction; 4 General Industry

• 39 Coordinators
  – 26 Construction; 13 General Industry

• 19 Candidates in Pipeline
  – 10 Construction; 9 General Industry

• 51 Confirmed Participants
  – 35 Construction; 16 General Industry

• 70 Current Employers
  – candidates + participants

• 2 Graduates
  – 2 Construction
OSHA Challenge
(as of July 31, 2005)

- **14,432 Total Employees**
  - Construction: 9,722; General Industry: 4,710

- **13,312 Site Employees**
  - Construction: 9,094; General Industry: 4,218

- **1,120 Contract Employees**
  - Construction: 628; General Industry: 492

- **39 Unions representing 16 participants**
  - Construction: 32 Unions/9 participants
  - General Industry: 7 Unions/7 participants

- **19,242,219 man hours worked in 2004**
A number of stadiums were built in the past few years in Region 7.
July 1999 crane collapse caused the deaths of 3 construction workers.

Hours before collapse of “Big Blue”

After collapse of “Big Blue”
The destruction was extensive
The Sad Results

- Three construction workers killed, several others injured
- Delayed the opening for One Year
- $100 Million in repairs
- On Dec. 1, 2000, a Milwaukee County jury awarded $94 million in punitive damages and $5.25 million in compensatory damages to the families of three ironworkers killed in the accident. Although the families have been paid $27 million for their loss, the issue of the large punitive damage award is under appeal and in the news every few weeks.
This did not start this way

- Prior to April of 1999 the Miller Park project was at 27% of premium dollars for injuries at the site.
- As the need to accelerate the production to make the opening day deadline, a dispute over site arose and the then safety director left.
- In the next few months there were serious falls, dropped loads and the death of three workers.
MILLER PARK STADIUM
RESULTS

Original budget
$322M

Final Cost: $850M+
- $413.9M (construction)
- $100M (repairs)
- $27–99M (jury awards)
- $330.8M (interest on bonds)

As of 2005 - Litigation is ongoing with over a Hundred Million Dollars in claims still unresolved.
Other Stadium Construction Deaths

- Milwaukee (WI) County Stadium – 1953
  - 3 workers killed
- Rosemont (IL) Horizon Arena – 1979
  - 5 workers killed
- Seattle (WA) Kingdome – 1994
  - 2 workers killed
- Olympic Stadium – Atlanta (GA) – 1995
  - 1 worker killed
Other Stadium Construction Deaths

- Bank One Ballpark – Phoenix (AZ) – 1996
  - 1 worker killed
- Philip’s Arena – Atlanta (GA) – 1998
  - 2 workers killed
- University of Florida – Gainesville (FL) – 2002
  - 1 worker killed
- Ford Field – Detroit (MI) – 2002
  - 1 worker killed
It is not just in the USA

- 19 workers died building the Olympic Facilities in Athens for the 2004 Summer Games.
- OSHA Partnership
- Labor/Management Partnership

Construction took 2-1/2 years and cost $453 million.
PAUL BROWN STADIUM

RESULTS

- Significant decrease in expected injuries:
  - 0.95 lost time rate v. 4.0 for construction*

- Significant program savings
  - $4.6 million less in workers comp and liability cost than would be expected.

- No fatalities!
  - Only one fall injury
GREAT AMERICAN BALLPARK

- OSHA Partnership

Estimated savings from Owner Control Insurance Program was over $3 million (1999-2003).
GREAT AMERICAN BALLPARK
RESULTS

– After 1.2 million construction hours, a job-lost time rate of 0.8

– Estimated savings from Owner Control Insurance Program (July 1999–May 2003) was $3.125 million.
Soldier Field
Results

• The Days away from work cases were at 1.7 per 100 workers, the national average was 3.4.

• This partnership has demonstrated the cooperative effort that can exist between labor unions, construction management, state consultation, insurance carriers/brokers and OSHA.
Camp Randal Renovation
University of Wisconsin Madison

[Image of an aerial view of a stadium and surrounding area]
The results at Camp Randall

- The first year analysis of the OSHA partnership showed a very low rate of injury with a 0.0 lost time incident rate, well below the national average of 3.8 per 100 employees.
- The total case incidence rate of 4.5 per 100 employees below the national average of 7.1 per 100 employees.
- The insurance carrier indicates that the costs are well below half of those expected for the industry.
Lambeau Field

- Expansion of the existing Stadium, completed on time with construction and football coexisting for two seasons.
Costs of Lambeau Stadium Injuries

- Projected $1.8 Million
- Actual incurred costs including reserves
- $1.27 Million
- A savings of over a half a million dollars
OSHA teams with roadway & pipeline construction groups

OSHA added to its portfolio of alliances in late January as the agency formed new pacts with two industry groups.

More than one million employees who are exposed to roadway hazards will benefit from a new alliance signed between OSHA, the National Institute for Occupational Safety and Health (NIOSH) and the Roadway Work Zone Safety and Health Partners.

The Roadway Work Zone Safety and Health Partners is made up of the American Road and Transportation Builders Association (ARTBA), the International Union of Operating Engineers (IUOE), the Laborers International Union of North America (LIUNA), and the National Asphalt Pavement Association (NAPA) and the Associated General Contractors of America (AGC).

Additionally, OSHA signed an alliance with the American Pipeline Contractors Association (APCA), whereby information, guidance and access to training resources will be provided to employees in the pipeline construction industry.