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Negotiating safety into the business plan

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Managing conflict over safety

Negotiating safety into the business plan

Patricia Kagerer

This article analyses the conflict that exists between the safety profession and the CFO, addressing the need for the safety professional to negotiate safety into the business plan.

It deals with devising an alternative method of implementing and measuring safety performance and training for safety professionals.

Finally it analyses of the strength and weaknesses of the new system.

History of conflict

Throughout history a conflict at the highest level of business philosophy (macro-level) has existed between the motivation for safety to protect the workforce and the desire to increase profits. Bob Eckhardt says in his article ‘The moral duty to provide workplace safety’, that we have a social consciousness or moral obligation to provide workplace safety. It can be traced throughout history in various laws and religious codes over the past 5000 years, starting with the laws of Hammurabi, a Babylonian ruler from about 2500 BC. In an effort to meet this obligation governments have written more regulations, rules and guidelines in the last 30 years alone than in our 200-year history. While the rhetoric from politics indicates that our workplace is a safer place today, the facts are clear. More than 13,000 people lost their lives in the American workplace in 2006 alone. Furthermore, regulatory agency statistics for injury rates show only inconsistent, slight variations over the last three decades in spite of the safety effort. One of the main reasons that all of the efforts have not produced the desired outcome is related to the conflict between the safety profession and executive management.

A distinct micro-level conflict also exists between the trained safety professional hired to create and develop worksites free from hazards and the CFO (Chief Financial Officer representing the executive management team), who is responsible for achieving bottom line financial performance and increasing shareholder value. Competition is fierce, production costs high and safety tends to be one of the first items to go in a budget crunch. There are many in the safety profession who have no real clue how safety or loss prevention truly fits, or should fit, within the business community. In hand with this, many businesses also have the wrong perception of how and where this nebulous concept called safety fits within their own organisation. Even in companies where executive management preaches a commitment to safety, a conflict often still exists when the business reward system that is in place is set up to ignore safety creating a trickle down effect that results in conflict between the safety professionals and the front line supervisors and labour force. When supervisors and labour are trained and rewarded on meeting...
production and schedules, in most cases safety is overlooked in order to achieve the greater good of meeting deadlines. This is the traditional way to manage safety and it does not work as evidenced by the abysmal safety statistics in the US. Each year direct costs related to work-related incidents exceed $30 billion. This figure does not include indirect costs such as business interruption, turnover, production and the like. In the majority of companies safety is often a forgotten program until an event wakes up executive management to it and they start to pay attention. Some of the events that trigger management commitment to the improvement of safety include:

- Catastrophic event — Organisations often fly beneath the radar cutting corners on safety until a catastrophic event occurs which results in death or destruction of property. The event triggers insurance losses, production delays and unexpected expenses, not to mention negative publicity that can affect the future of the organisation.
- Frequent incidents — Frequent injuries result in higher insurance costs, indirect costs as time is taken away from production to manage the claims and high turnover rates and costs related to reduction in employee morale and performance. Frequency of injuries creates higher premiums for workers’ compensation premiums. In cases where organisations must bid for work, high workers’ compensation experience may affect the organisation’s ability to procure contracts with owners.
- Citations — with all of the agencies regulating safety and health of the workforce it is more common than ever for organisations to receive a visit from regulatory agencies. Organisations that are not managing safety will receive fines for violations and will incur expenses for abatement, defense and penalties. These factors are often the motivations that force executive management to stand up and take notice. Unfortunately, these occurrences produce reactionary programs that are short lived and ultimately unproductive, driven by corporate need to save money. The safety professional rarely has an opportunity to negotiate safety into the business plan unless one of these triggers occurs.

The safety professional

Safety professionals are an extremely diverse group. Those vested with varying degrees of safety responsibility range from medical specialists with some form of specific training to the workers themselves, who may have only a high school diploma, and some limited safety training. Many safety professionals with significant responsibility have no formal training at all. Some come from fields like engineering, psychology, business, or one of the sciences and have highly relevant technical or professional education. Many others developed the relevant skills on the job, as full-time SH&E (safety, health and environmental) specialists, human resource managers, or jobsite supervisors.

The traditional or core SH&E professions are generally recognised as occupational safety, industrial hygiene, occupational medicine, and occupational health nursing. Although each of the four traditional SH&E professions emphasise different aspects of safety and health and educate their members accordingly, in practice, members of all four professions share the common goal of identifying hazardous conditions, materials, and practices in the workplace and assisting employers and workers in eliminating or reducing the attendant risks. The safety professionals mostly use hazard identification and control techniques to implement safety programs.

The opportunity for formalised safety training has expanded over the years. More than 30 colleges and universities offer a Bachelor of Science in safety. Requirements for a major in safety typically include courses on safety and health program management, design of engineering hazard controls, system safety, industrial hygiene and toxicology, accident investigation, product safety, construction safety, fire protection, ergonomics, educational and training methods, and behavioral aspects of safety. Important pieces of education that are blatantly missing from the...
curriculum are leadership, finance and negotiation. The path into the safety profession is wide and varied and even those who are entering the profession through a formalised education path lack these critical educational components. Most safety professionals are left to their own devices to find their place within an organisation with budget decisions made completely by the executive management team. As a result, effective consistent processes that integrate safety into all aspects of the organisation process are often overlooked or short lived.

The CFO

First and foremost: safety is the right thing to do. It is the moral and ethical responsibility of business leaders to provide employees with a work environment that makes them feel physically and psychologically safe and secure. Safety is a humanitarian requirement. Our society recognises that life and the ability to live it has a high value.

While safety professionals embrace this philosophy and have chosen their profession as a noble endeavour, CFOs may see things in a different light. While they would agree with the humanitarian requirement and the moral premise of safety, the bottom line is that their interest lies directly in making money.

Through the years, the perception of many executives has been that safety costs money. Safety adversely impacts bottom line profits by increasing expenses for personnel, training, and personal protective equipment. In many cases CFOs are not aware of the costs of not working safely and only find out when a trigger event mandates action.

The lack of communication between the safety professional and the CFO has allowed for the continuation of this problem over time. Safety professionals are not trained to discuss safety in the language that the CFO understands. The safety professional must speak about the cost-saving benefits of safety in order to peak the CFOs interest. CFOs must be educated to obtain a more constructive, integrative and comprehensive way to minimise hazards and resolve safety issues proactively while maintaining a competitive edge in the ever-changing, competitive global business world. Safety must become a priority.

Conflict analysis

This article analyses the conflict that exists between the safety profession and the CFO, focusing specifically on the micro-level conflict and addressing the need for the safety professional to negotiate safety into the business plan. The second section of this article deals with devising an alternative method of implementing and measuring safety performance and training for safety professionals in an effort to improve the system. The final step is an analysis of the strength and weaknesses of the new system. The article assumes that the safety professional and the CFO will have an opportunity to negotiate safety on their own behalf without an advocate or facilitator present. Furthermore, the article assumes that a meeting between the safety professional and the CFO is feasible.

Coltri’s conflict map (sociogram)\(^4\) supports the process of defining the roles and interest of the participants: see Figure 1. The sociogram helps reveal the influences of stakeholders, constituents and parties having a link to the conflict. It highlights the complexities that might otherwise cloud the situation and prevent constructive intervention. It also points to areas where more information may be needed.

The following definitions assist in determining the role of the participants to the conflict described in the sociogram:

- **Disputant** — Participant in a conflict; specifically those participants who have actual or perceived compatibilities of goals, needs and interests with one another.
- **Constituent** — A party whose interests, goals and needs will be affected by the process or outcome of a conflict.
- **Stakeholder** — A constituent who is powerful enough to significantly alter the course of the conflict.\(^5\)

This article assumes that the safety professional and CFO must communicate in order for a fully integrated safety management process that impacts safety performance to be achieved. Under these parameters defined here:

- The disputants are the safety professional and the CFO.
- The constituents are the insurance company, safety staff, employees and line supervisors. Frequency and severity of claims, driven by safety performance, impacts the profitability of the insurer. Management decisions based on allocation of resources and safety process design and measurement affect the performance and stability of the safety staff. The employees and line supervisors are affected by the negotiations and will determine whether their focus will be production oriented or holistic and consider safety, quality and schedule simultaneously.

![Figure 1: Sociogram](Image)

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\(^1\) Kagerer: Negotiating safety into the business plan

\(^2\) ADR Bulletin of Bond University DRC

\(^3\) Company

\(^4\) Insurance

\(^5\) Staff

\(^6\) Line

\(^7\) Allocation of Funding

\(^8\) Procurement

\(^9\) Conflict

\(^10\) Management Team

\(^11\) Executive

\(^12\) Team

\(^13\) Shareholder and Investors
• The stakeholders are the shareholders and investors and the executive management team. The CFO will strive to meet their interests and that will drive the allocation of resources and focus areas for the entire organisation.

Figure 1 visibly displays the balance of power in this dispute. Notice the CFO and stakeholders have the power to significantly alter the outcome of the conflict much more than the safety professional and the constituents because all parties with decision-making authority are on the side of the CFO.

Analysis of this conflict

In order to analyse this conflict the author will use Moore’s Circle of Conflict. Moore’s tool provides a framework for diagnosing, identifying and analysing the multiple layers of conflict. This analysis will allow for the development of a strategy for approaching the problems faced by the parties and allow for planning how to manage the conflict. In every dispute there are central causes of the dispute as categorised below.

Relationship conflict

Relationship conflicts are caused by strong emotion, misperceptions, poor communication or miscommunication and repetitive negative behaviour. Safety professionals are involved in relationship conflict with executive management when attempting to hold the safety process at the same standard as production, schedule and quality. In many cases safety is the first item overlooked when front line supervisors are attempting to meet production schedules. Safety may also be the first item slashed by the CFO when trying to balance the budget. Due to its elusive nature and the difficulty in measuring its value, safety tends to be the first thing to go when an organisation experiences a downturn or when employees are under pressure to meet performance objectives.

A relationship conflict also exists between a safety professional and the front line supervision and the labour force. In many cases the safety professional is perceived to be the safety police who are on-site to look for issues to slow down production. Relationship conflict surfaces as a result of poor communication or lack of communication. Poor communication of safety requirements to labour force hinders the performance of the safety process. In some cases a language barrier also creates a communication barrier between the safety professional and the labour force. It is often the case that there is little to no communication about the cost of the safety process or the return on investment between the safety professional and the CFO. Finally, the longer an organisation has historically overlooked safety the more difficult it may be to change behaviour.

Data conflict

Data conflict is caused by a lack of information; different views on relevance of issues, different interpretations of data and different assessment procedures. Many organisations use financial and non-financial performance measures only for tactical feedback and control of short-term operations. The CFO tends to focus on tangible results such as production, quotas and schedules. There is a perception among many CFOs that a safety process is an overhead and drains the bottom-line profits.

Historically safety is measured by one traditional measure, the OSHA incident rate, for performance on a national, state, and organisational level. The other measure under general industrial use is the safety audit. The safety audit is a determination of what should be done in a system of safety, followed by the completion of periodic checklists to determine what is actually being done. Over the past 40 years the safety professional has created a number of different checklists, audits and scorecards. Unfortunately a correlation between the results of the checklists and the impact on safety has not been quantified. The evolution of the safety metric has been simplistic, focused only on results measured, downstream measures and on measures with limited statistical validity leaving even the most seasoned safety professional questioning what this all means and how can performance be measured in a systematic way that can quantify safety to the CFO.

Interest conflict

Interest conflicts are caused by perceived or actual competition over substantive, procedural or psychological interests. Historically the measurement system for business has been financial. Accounting has been referred to as the ‘language of

![Figure 2: Interest analysis — Safety Professional](http://epublications.bond.edu.au/adr/vol10/iss6/1)
business'. Bookkeeping records of financial transactions can be traced back for thousands of years. As CFOs are pressured to deliver consistent and excellent short-term financial performance, trade-offs are often made that result in a reduction of spending on process improvements and systems including training and safety processes. In the short run, the financial accounting model reports these spending cutbacks as increases in reported income even when the reductions have sabotaged an organisation's ability to create long-term future economic value.

Often organisations do not understand how the basic safety process relates to and involves management roles and responsibilities in preventing production interruption, property and environmental damage and employee injuries. In many cases the common mission of a company safety process is only to prevent employee injuries with little effort to controlling and preventing other losses. Without management's active support safety and health budgets, training, hazard identification and correction, and employee support of the program is ineffective. The CFO and the executive management team set the pace for the process and employees will reflect management enthusiasm.

**Structural conflict**

Structural conflicts are caused by destructive patterns of behaviour or interaction, unequal control, ownership or distribution of resources, unequal power and authority, geographical and physical factors that hinder cooperation and time constraints. Senior management teams and accountants, for example, will assess the risks to their organisation caused by spiralling raw material costs, reductions in share values, new competitors or new products entering the marketplace, and so on. They will identify the appropriate control measures (eg reduce fixed costs and switch to variable costs to squeeze out excessive operational and overhead costs), and implement them (ie outsource maintenance departments).

Paradoxically, risks to businesses from a failure to manage the health and safety risks associated with workflow processes or routine tasks are often ignored.

Safety professionals have often attempted to change people's attitudes without considering either job or organisational functions. Similarly, changes are often made to organisational systems without regard to people's behaviour or attitudes. In most cases, efforts to change people's behaviour often do not take into account the determining effects of organisational systems or people's attitudes. These findings suggest that change initiatives that disregard the interactive relationship between psychological, behavioural and situational factors when developing a safety culture are doomed to failure.

**Value conflict**

Value conflicts are caused by different criteria being used for evaluating ideas and behaviour, exclusive intrinsically valuable goals, different ways of life, ideology or religion. The CFO's ideology focused on short-term financial goals often perceives that high dollar profits are negatively impacted by high dollars spent on safety. Furthermore, a philosophy exists that the costs will be covered by the insurance so the link between profit and claims losses is buried in the budgeted cost of insurance. The CFO may not realise that the cost of insurance can be directly impacted by the investment in safety. Finally, while 'zero accidents' is a common goal among safety professionals, the CFO may consider such a goal as unattainable and unrealistic. The philosophy that 'accidents just happen and can't be controlled' is a powerful value that directly conflicts the potential to integrate safety into the philosophy of a business.

**Interests**

Another valuable tool in conflict analysis is to perform an interest analysis. This is the development of an accurate and complete understanding of each conflict participant's position, aspirations, interests, needs and values in relation to a conflict. It provides an explanation of a person's motivation in the conflict. Figure 2 is an interest analysis for the safety professional and Figure 3 is an interest analysis for the CFO.

The interest analysis provides a framework to distinguish between the following:

- position — the demand the disputant makes to others;
- aspirations — the bottom line the disputant is looking for;
- underlying interests — the reasons for the aspirations;

![Figure 3: Interest analysis — CFO](image-url)
principles and values — beliefs and moral codes that influence the interests; and
• basic human needs — underlying needs that drive the motivations of the disputants.\textsuperscript{16}

A complete interest analysis is the first step in clarifying the nature of the conflict at work in the situation being diagnosed. When the interests diverge this defines the conflict itself. When comparing the safety professional to the CFO, it is evident that while the values and needs are similar the position, interests and aspirations vary greatly.

Current management of conflict

The conflict between the safety professional and the financial goals of the CFO is ongoing and constant. While many diagnose and write about ways to integrate performance, the current situation is that only a handful of companies get it and continue to get it for the long term. Research published by Lloyd's and the Economist Intelligence Unit in 2005 confirms that despite spending more time on risk management and safety, board directors at global businesses are failing to identify and manage emerging risks effectively. In one of the most comprehensive surveys dealing with complex risk, more than 100 business leaders from a range of countries and sectors were asked for their views on how well their organisations manage risk. The research found that:
• over half of companies had at least one ‘near miss’;
• one in three companies suffered significant damage as a result of failure to manage risk;
• despite recent terrorist attacks, less than half of companies are reassessing their risk management strategies. For natural hazards it is less than a quarter.

David Foreman, Chief Underwriting Officer at Lloyd’s insurer Wellington, said:

This valuable new research shows that risk management in firms is still being driven almost grudgingly by a need to meet regulatory demands rather than realising the full benefits it can bring.\textsuperscript{17}

While the awareness and sophistication of the safety professional and CFO continue to increase about the necessity for change in the business community today, most organisations continue to operate in the status quo. Progress over the last decade on the concept of the safety culture appears to have been slow. The measurement of safety performance is a serious problem that hinders the progression of the safety industry. It has been a stumbling block for many years and the traditional measure is not reliable and thus invalid.

The CFO in charge of navigating towards a more competitive, technological and capability-driven future can not accomplish the goals by monitoring and controlling financial measures and measurement techniques that focus on past failures. While some organisations have embraced change and integrated safety into their core business goals, they are few and far between.
Alternative system — Macro-level

The author has established that to improve safety requires some major structural change at the highest level of the organisation (macro-level). The overall business strategy must move from using only one set of metrics (financial) to including complementary operational measures that address different aspects of the organisation at the same time. A performance management system such as the ‘Balanced Score Card’ measures four critical perspectives: the customer, internal business, innovation and learning and financial. The founder of the theory, Dr Kaplan, maintains that,

In the same way that you can not fly an airplane with just one instrument gauge, you can’t manage a company with just one kind of performance measure.18

Assuming that an organisation is willing to embrace the process for implementation of an organisational score card technique, the safety professional must ensure that safety is in alignment. Utilising the Balanced Score Card strategy, the safety professional can define the safety perspectives as:

- Identify the stakeholders in safe work performance — everyone: all levels of management and all workers.
- Define safety process and procedure — everything that is done to make safety ‘work’: programs, training, audits, employee management, risk planning.
- Innovation in safety — technology innovation, skill, and knowledge improvement, alignment.
- Safety performance management — operational excellence, leadership, empowerment, performance standards, performance measurement.19

This process establishes goals that ensure everyone within the organisation will adopt behaviours and take the actions that will achieve these goals. The measure is also designed to ensure this occurs and provides an assessment of how everyone is doing in accomplishing the central vision. The CFO has a process that effectively focuses all the efforts of the organisation toward the vision and has the information with which to manage effectively.

Alternative system — Micro-level

For purposes of this article, the author distinguishes the safety professional attempting to integrate change by negotiating with the CFO as the micro-level conflict. The recommendations for the alternative system focus on the skills required for the safety professional to negotiate safety into the business plan with the CFO. The long-term outcome may be to achieve the macro-level performance described above.

The safety professional must be the champion of change and must convince management that their functions are mission critical for the success of the organisation and remain engaged in developing skills for implementing and measuring change within organisations. A stumbling block is the safety professional’s approach to negotiating with top levels of management. This dynamic must be changed and the safety professional must develop skills to earn a seat at the business decision-making table. By learning some key negotiation skills and developing the skills to speak the language of business, the safety professional will be able to move forward to champion and implement the macro-level plan discussed above.

While the theory of implementing a safety culture is a worthy one, the safety professional must develop a

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**Figure 4: Negotiation preparation worksheet**

<table>
<thead>
<tr>
<th>Negotiation Preparation Worksheet</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Parties</strong></td>
</tr>
<tr>
<td>-------------</td>
</tr>
<tr>
<td>Safety Professional</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>CFO</td>
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new skill set in order to become a change agent. This can be one of the most difficult challenges to achieve due to the many factors such as corporate culture, structure, human preconceived notions/opinions, attitudes, beliefs, mentalities of entitlement and internal/external resistance.

These are huge obstacles to overcome, but must be tackled in order to achieve true success in the safety management profession. Executives must be open to a more constructive, integrative and comprehensive way to manage safety to maintain a competitive edge in the ever changing, competitive global business world. The safety professional is the key person in convincing management to embrace the change. To fill this role, the safety professional must develop a bag of tricks to choose from that will assist him or her in accomplishing this goal.

**Preparation**

Preparation is the most important part of any negotiation. When a safety professional is attempting to change the culture of an organisation it requires a negotiation. A negotiation plan must be simple, specific and flexible. The preparation of a negotiation preparation worksheet (see Figure 4) will increase the likelihood that the safety professional will make thoughtful, strategic responses and decisions when negotiating with the CFO.\(^{20}\)

The negotiation preparation worksheet allows the framework for the parties to consider the goals, leverage, alternatives and walk away points before entering negotiation. It is also recommended for the other party to complete the same worksheet in order to determine areas where the negotiation may fall off track.

In this scenario, the safety professional is seeking an increase in budget for safety. The safety professional may be willing to concede on the budget increase if able to negotiate a time and process commitment from the CFO which will add credibility to the safety process and open the path to the integrated safety process described above.

When considering the CFO's position he or she is concerned with optimising financial performance. The safety professional who can convince the CFO that a fully integrated safety process will optimise financial performance will be most successful in achieving his or her goal.

**Power**

Power is defined as the ability to convince the opposing party to give one what one wants even when doing so is incompatible with the opponent's interests. Power comes in many forms.

**Information**

The first is in information. A negotiator's BATNA (Best Alternative to a Negotiated Agreement) is their greatest source of power. The BATNA will help the negotiator determine the point at which he or she will not improve the situation by reaching an agreement. It is product of reality and the circumstances in which the negotiator finds him- or herself. The negotiator should also consider the BATNA of the other party to the negotiation.

In this negotiation the safety professional's BATNA is to have management agree to support the safety effort 100% with financial backing, changes in operations, and visible management commitment and involvement. The WATNA (Worst Alternative to Negotiated Agreement) is to remain with the status quo which may result in a catastrophic event.

The CFO's BATNA is to reap the benefits of improved safety performance without impacting the financial performance of the organisation. The CFO's WATNA is for the organisation to experience a catastrophic event that costs the company money, reputation, time and threatens the future existence of the company.

**Status, authority and trust**

The status of the negotiator is another form of power known as authority.

The CFO has the clear advantage with his or her organisational status from the job level and organisational structure. The safety professional must not be intimidated by this. With preparation and energy invested upfront, the safety professional can exude expertise to the CFO. By presenting him- or herself as an expert on the safety process, the safety professional will be afforded respect and credibility based on experience, study and accomplishments.

The most powerful tool of all is the perception of trustworthiness. With a noble cause and a prepared, concise argument, the safety professional will increase his or her credibility by creating trust.

**Time, persistence and patience**

Finally time, persistence and patience all create power. Most people are not persistent enough with negotiations and if a person responds negatively to a proposal they give up and move on. If a party refuses to answer a question many never ask a question again.

Persistence pays off and time changes perception. The safety professional must develop a confidence level to revisit options that satisfy his or her goals when they have not reached an acceptable agreement. By asking...
questions multiple times in multiple ways the results may change. A healthy dose of optimism when confronted with ‘no’ will serve a negotiator well.

**Written risk analysis**

An essential prerequisite to wise decision making is to know what alternatives are available and what costs and risks are attached to each alternative. The BATNA and WATNA discussed previously must be set out before any negotiation begins in order to ensure a better outcome. A great tool to be used to negotiate safety into the business plan is a written risk analysis. The risk analysis will:

- provide clarity by progressively defining and listing the risk in order for the parties to make decision that are based on valid data and eliminate false data and assumptions;
- require informed consent, meaning the capacity to consider, reflect and decide based on appropriate education and understanding of the risk and each alternative;
- minimise the psychological tendencies toward cognitive traps such as over relying on first thoughts, maintaining the status quo, protecting earlier choices and seeing what one wants to see.  

Figure 5 is a business risk analysis format that a safety professional can work on with the CFO in order to visibly show the value of the integrated safety process.

**Advantages and disadvantages**

The lack of safety performance is a symptom of a failure in the organisation’s management system. Organisations need to look at safety holistically, as an integral part of their policies, procedures and operations rather than as an independent function.

The advantages to integrating safety into the business plan and addressing safety as one facet that contributes to organisational behaviour are many. A properly structured safety process will provide the alignment and metrics that will resolve much of the issues and concerns that are seemingly impossible to overcome. A safety process achieves a fully integrated system into the organisation’s operations, where safety outcomes are aligned with business goals and safety is woven into the very fabric of the organisation. Another advantage of a performance management system is that organisation can gain clarification, consensus, focus on strategy and communicate the strategy throughout the organisation. When the measurement system evolves into a management system the organisation can become more aligned and focused on implementing long-range strategy and becomes the foundation for managing information age organisations.

The author sees little disadvantage to the development of a performance management system with an integrated safety process. Disadvantages only arise during the implementation phase in the form of barriers that impact the overall success of the process. The barriers include:

- **Developing a vision and strategy that is not actionable** — Where fundamental disagreement exists about how to translate the vision into action and the executive management team fails to gain a consensus about what the strategy and vision really mean. Often even a leader with a clear vision lacks the mechanisms to share the vision throughout the organisation that make the vision actionable.

- **Strategies not linked to departmental, team and individual goals** — When long-term requirements are not communicated and translated into goals for teams, departments and individuals the system will fail. Furthermore, when incentives are tied to financial performance only it reinforces the old way of doing business.

- **Strategies not linked to resource allocation** — Many organisations have a separate process for long-term strategic planning and short-term annual budgeting. The consequence is that funding is often not related to strategic priorities. While the safety professional may convince the CFO to support safety, if the funding and budgeting functions do not properly allocate funding for this major initiative it will fall short of the goal.

- **Feedback is tactical not strategic** — The lack of feedback to show how the strategy is being implemented and whether it is working is critical to long-term support. Without feedback the organisation has no way to test, learn or improve a strategy.  

The biggest disadvantage to an organisation is the reaction to change. The process of moving from a purely financial-based management system to a

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**Figure 5: Business risk analysis**

**Business Risk Analysis for each participant**

<table>
<thead>
<tr>
<th>Risk Analysis Item</th>
<th>Cost ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. What is the direct cost of accidents?</td>
<td></td>
</tr>
<tr>
<td>2. What is the cost of loss of production from injured workers?</td>
<td></td>
</tr>
<tr>
<td>3. What is the cost of modified duty restrictions?</td>
<td></td>
</tr>
<tr>
<td>4. What is the cost of increased insurance premiums?</td>
<td></td>
</tr>
<tr>
<td>5. Overtime costs for other employees performing job duties?</td>
<td></td>
</tr>
<tr>
<td>6. OSHA fines?</td>
<td></td>
</tr>
<tr>
<td>7. Cost of decreased production resulting from fear and lack of morale?</td>
<td></td>
</tr>
<tr>
<td>8. Cost to repair/replace damaged machinery?</td>
<td></td>
</tr>
<tr>
<td>9. Cost of production interruption?</td>
<td></td>
</tr>
<tr>
<td>10. Cost of delays in completion of work?</td>
<td></td>
</tr>
<tr>
<td>11. Cost of negative publicity and damage to company reputation?</td>
<td></td>
</tr>
<tr>
<td>12. Loss of contracts due to lack of safety and health program?</td>
<td></td>
</tr>
<tr>
<td>13. How much will the organization spend on:</td>
<td></td>
</tr>
<tr>
<td>- Lawyers?</td>
<td></td>
</tr>
<tr>
<td>- Damage control?</td>
<td></td>
</tr>
<tr>
<td>14. What pressures will years of poor safety performance have my staff and me?</td>
<td></td>
</tr>
<tr>
<td>15. What impact will the poor reputation for safety have on attracting and retaining employees?</td>
<td></td>
</tr>
<tr>
<td>16. What impact will accidents have on employee families and community?</td>
<td></td>
</tr>
</tbody>
</table>

**ATTEMPT TO PUT BEST/WORST MONETARY VALUES ON EACH OF THESE RISKS FOR YOU. THEN ADD UP BEST/WORST TOTALS**

<table>
<thead>
<tr>
<th>Total Cost ($)</th>
</tr>
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<td>$</td>
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performance-based management system can be daunting. It requires change and communication at all levels within the organisation. It requires the development of strategic ways to measure performance and changing the way things have been done for years which makes employees uncomfortable. A cultural shift takes time, determination and commitment and the results may not be visible overnight.

In consideration of the micro-level scenario of the safety professional negotiating with the CFO, many advantages exist to improving the knowledge and skill set of the safety professional in communicating the language of business. The advantage of understanding executive strengths and weaknesses can be an enormous factor in leveraging safety leadership.

By developing the safety professional’s skill set, he or she will increase their ability to interact with all levels within the organisation and be more effective in negotiating safety into the business plan. It takes a commitment to make change, money to make the changes, and a redistribution of power to those with responsibility to perform the task.

By expanding the knowledge base of the safety professional to include negotiation, leadership and business, safety has an opportunity to succeed. Safety professionals need to stop citing regulatory citations and accident rates and start communicating the link between the investment and the return on investment of safety.

These new skills will allow the safety professional to develop data-based, quantitative evidence for a clear business case for an integrated safety management system. The alternative system of negotiation will allow the safety professional to enter into a negotiation with the CFO on a more even playing field. Preparation and planning will create an environment where the safety professional has a better shot at achieving buy in from the CFO.

The disadvantages of the new system are related to cost and difficulty of the process. One could argue that the cost of integrating and improving safety is prohibitive and the cost of training the safety professional on negotiation, leadership and business is not worth the money. Change is often considered a disadvantage and is very difficult to achieve. Organisations maintain the status quo because it is easier than attempting to change. Measurement is difficult because it is not an exact science. There are no hard-and-fast rules of how to go about it. To make things more complicated, it is difficult to foretell the impact on individual behaviour, the interactions, and interrelationships between existing diverse variables, and the new variables produced by the new metrics. When dealing with people there is always a level of unpredictability. Often important factors are hard to measure consistently and objectively. To effectively measure, variability must be designed out of the system. This is very difficult to achieve on subjective information such as safety performance. A one-size-fits-all solution is not available. The effort that goes into a change-driven process is cumbersome but worth every hour of effort in the long run.

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Further reading


Wade, John. Advanced_Mediation (Queensland: Bond University, Dispute Resolution Centre, 2007).

Endnotes


5. Above note 4.


11. Above note 6 at p 64.


14. Above note 6 at p 64.

15. Above note 4 at p 134.


18. Above note 9 at p 2.


22. Above note 9 at p 19.