

Courageous Safety Leadership in Turbulent Times: The Economic Moment of Truth for Safety Commitment

By Don Ritz

Vice President Safety and Health, Barrick Gold Corporation

Abstract

Smart leaders focus on safety even in tough times. Businesses that retreat into survival mode and ignore safety do so at their peril, risking loss of employee and stakeholder confidence and exposing themselves to financial and reputational loss they can ill afford. It's a moment of truth when employees and stakeholders learn whether safety is truly your priority or just a convenient cliché for good times. Visionary leaders who build safety culture even in a downturn maintain people's trust, prevent loss, and position the organization for enhanced success as times improve. Safety is the right business focus in good times and bad.

Biography

Don Ritz is an acknowledged leader in corporate loss mitigation and risk management through the creation and implementation of environment, health and safety policies and programs. He is currently Vice President, Safety and Health, with Barrick Gold Corporation, the world's pre-eminent gold mining company. The company has 20,000 employees and operating mines and projects in Canada, the United States, Peru, Chile, Argentina, Tanzania, South Africa, Australia, Papua New Guinea, Pakistan, and Russia.

Previously, he was Syncrude Canada Ltd.'s Loss Management Executive. Under his guidance, Syncrude achieved one of the best records for industrial health, safety and environmental performance among Canadian industrial concerns. In 1997, he led the integration of all of the company's environment, health and safety initiatives into its overall management system, a move which has set the stage for continued improvement in the company's safety and loss management performance. His career at Syncrude spanned more than 28 years in various managerial and senior management roles. Prior to Syncrude, Mr. Ritz spent 11 years in operating positions and as a Chemist with Texaco Canada Ltd.

He has served the Alberta Workers' Compensation Board of Directors as Vice-Chairman. He also has served as Past Chairperson of the Advisory Committee, University of Alberta Industrial Safety and Loss Management Program; Member of the National Advisory Committee, North American Agreement on Labour Cooperation; Chairperson of the Safety Committee, Construction Owners Association of Alberta; Executive Member of the Board of Directors, Alberta Construction Safety Association; Member of the University of Calgary Risk Communications Committee and member of the Advisory Board, Job Safety Skills Society. He has received the prestigious Canadian Petroleum Safety Council's "Achiever/Leadership" Award and was recognized as the University of Alberta Stollery Executive in Residence in 1999.

Courageous Safety Leadership in Turbulent Times: The Economic Moment of Truth for Safety Commitment

Let me begin today with a cautionary tale from the petrochemical industry.

Back in the 1980s, that industry faced a huge problem, and experienced a series of fatal safety incidents. Through the 1990s, the industry responded with a concerted effort and dramatically improved its safety record. Unfortunately, this success bred complacency. Safe work practices gradually became routine, poor auditing gave a false sense of security, and poorly performed incident investigations did not address root causes. As a result, incidents in that industry crept up again in 2005-2007.

As this example shows, only a continued focus and committed leadership can sustain safety progress. If we lose that focus, our hard-won gains can slip away. Right now, we are at a critical point – a moment of truth – as we experience this current downturn in the economy.

Keeping a safety focus in good times and bad

On a sunny day, it's easy to be positive and take on the day's challenges. When there's a storm, you just want to hunker down on the couch with a blanket till it's over; however, most of the time, that's just not an option. You need to maintain your daily routine and meet your responsibilities regardless of the weather at the moment.

Similarly, in sunny economic times, things are positive in most organizations. It's not so hard to get approval for spending for doing the right things – like training and support for safety. In the good times, we talk easily about the importance of safety. Safety is job one. Safety first. Safety is an integral part of our company's vision and values. It's all good. It's only when an economic downturn comes along that people really find out whether we were really serious about safety, or whether these slogans were just feel-good clichés for use in boom times.

What happens in an economic downturn? Companies start to focus on cutting costs wherever they can. In today's severe economic downturn, many companies are fighting to survive. Safety slips down the priority list. People may say “yes, we know it's important, but we just can't afford it right now.” So they cut the safety training budget. They put off repairs. They don't replace equipment. They reduce staff. They cut corners. When companies make these choices, they are betting that today's savings will not result in tomorrow's injuries – they are gambling with people's lives.

I would argue that taking the focus off safety during a downturn is, as the old saying goes, “penny wise, pound foolish.” Why? Because it creates a perfect storm for injuries in the workplace. The remaining employees are worried about losing their jobs so they push themselves beyond a safe limit. They're distracted and therefore more likely to have a safety incident. They're afraid to raise safety issues, so problem situations don't get corrected. What little you save now, you will pay for later on in injuries and added costs.

In life, there are sunny days and stormy days. In business, there are economic booms and downturns. Smart leaders and smart companies know that safety is the right focus regardless of the weather. In the words of writer Vivian Greene, “Life is not about waiting for the storms to pass . . . it’s about learning how to dance in the rain!”

Indeed, I contend it is possible to not only maintain but to actually **improve** your safety performance in a bad economy if you do one thing – keep the focus on safety through committed, positive and visible leadership.

Cost of a safety failure

It’s important to remind ourselves of the strong business case for safety, and the even more compelling human or moral case.

First, the business case. If you’ve ever been in a workplace where there has been an injury or fatality, I don’t need to tell you the emotional strife experienced by co-workers. Safety incidents destroy employee confidence. Employees lose faith in you as an employer. This has a big cost in terms of lost productivity and turnover. In addition, investors will see you as a bad risk. Your reputation with shareholders and customers is damaged. It’s all bad.

What is the cost of a safety failure? Quoting industry-accepted data from studies by the U.S. Mine Safety and Health Administration (MSHA) and the Occupational Safety and Health Administration (OSHA), experts estimate the cost of a single medical-treatment injury at about \$25,000. A lost-time injury will cost you about \$50,000. A fatality costs you about \$6 million. The U.S. postal service estimates the cost of a lost-time injury at \$37,500. If your company has a poor safety record, the monetary cost is very high.

If you can’t afford the high cost of a safety failure in good times, how can you possibly afford that loss in bad times?

At the same time, experts estimate that \$1 spent on incident prevention yields \$8 in loss avoidance. That’s a good return on investment. Maintaining a good safety performance earns you the confidence of your employees, your shareholders, and customers, and that’s what you need when the markets are really tough. In bad times, loss prevention is essential. A continued focus on safety is an investment in loss prevention.

There’s also the human cost of a safety failure, which is often horrendous. When someone is injured or disabled on the job, that person’s life is changed forever. It also affects the lives of everyone connected to that person. To understand the impact of safety failures, I have spent a lot of time talking to affected families about the impact on their lives. Some have allowed us to capture their personal stories of anguish on video, and we share this with employees during our safety training programs so they can see the far-reaching consequences for people, their families and their friends.

One of these people is Marjorie Scott, whose son, Keith, was killed in an industrial incident a number of years ago. “Keith’s life is like a rock landing in water,” she told us. “He went down, hit the bottom and never came up. Then a rippling effect occurred. The ripples went out and touched the shores. Those who were closest felt them the most!”

When you understand the personal cost of safety incidents at an emotional level, how can you not be personally committed to ensuring zero incidents?

Believing zero is possible

To be an effective safety leader, you first need a belief system that says it is actually possible to achieve an incident-free workplace.

Like many people, I once believed that some “accidents” are inevitable, and it was impossible to go more than one or two million hours without a safety incident. In 1996, that belief was challenged when I learned a company called S&B Engineering and Constructors received a safety award for going an astounding 17 million hours without a lost-time incident!

Wondering how this was possible, I contacted the company. They invited me to Houston to discuss their achievement, on the condition that I visit one of their project sites first. Four of us from Alberta, representing owners, contractors and labor, took them up on their offer and visited one of their sites in Odessa, Texas. I was truly amazed when I walked on that site. No one even had to tell us that safety was first and foremost. You could tell by the appearance, the caring, the interactions and communication that safety was firmly engrained in the culture there.

The next day, we travelled to Houston for a meeting with (I expected) their head of safety. When we walked into the conference room, there were seven people around the table -- the entire executive team! Not only did they greet us, they spent six hours with us explaining their approach. We also learned that their incident investigation team for every incident was their executive team. Clearly, their actions spoke louder than any words about their safety commitment.

This experience opened my eyes and has influenced my approach to safety ever since. I now believe the goal of zero incidents is indeed possible, and that committed leadership is the key driver for achieving it.

Not long ago, I spoke about Courageous Safety Leadership at a “Safety in Deep Mining Conference” in Johannesburg, South Africa. The South African mining industry certainly has some particular safety issues. If they apply the right amount of effort, discipline and leadership, I believe they can turn it around, but the leadership efforts will need to be focused and on-going. Unfortunately, some people still have the attitude that the special risks inherent in deep mining or in developing countries make a certain level of injuries or deaths inevitable. I absolutely cannot accept this. There are inherent risks in every industry, including deep mining. It is not the depth of the mine, but the height of the leadership that counts.

Companies such as Barrick operate mine sites in various geographies and climates, including extreme temperatures from +55 to -55 Celsius, in wind conditions exceeding 200 kilometers an hour, and at altitudes from 5,400 meters above sea level to more than a kilometer underground. There are risks in every industry and location, but we need to assess them, and eliminate or mitigate them to ensure that every person goes home safe and healthy every day.

Only if you believe a state of “zero incidents” is possible will you have any chance to achieve it. After all, how can you achieve an objective if you believe it is impossible? If you believe injuries and fatalities are inevitable, you will be proven right because your actions will reflect that low standard.

The limits we set for ourselves often exist only in our minds. There are numerous examples of this. Vasili Alexeev, the amazing weightlifter, could consistently lift 499.5 pounds, but the 500-pound mark seemed impossible for him to achieve. One day, his trainers rigged the bar to look like 499.5 but the weight was actually 501 pounds. He lifted it with no problem.

Similarly, there was a time when everyone believed it was impossible for a human to run a mile in under four minutes. No one had ever done it. Then, on May 6, 1954, Roger Bannister ran the mile in 3 minutes, 59.4 seconds. In subsequent races in 1954, 16 others beat the four-minute mark. And, in 1955, more than 200 people ran the mile in under four minutes. When it suddenly became possible in their belief system, they were able to achieve it.

As a starting point, I think that all leaders need to adopt a belief system that tells them a state of “zero incidents” is possible. Then, we must combine that “possibility thinking” with courageous leadership to become change agents within the organization.

Leadership and the trust imperative

When companies implement safety and health systems, they may include a vision statement, training programs, policies, procedures, and measurement. Some believe that, with the right system, all will go well. Some companies rely on these systems to drive their performance. They say, “it’s all in place, so we don’t need to worry about it any more.”

I agree you do need systems. But, no matter how good it is, your system alone will not sustain the safety effort without the influence of committed and active leadership. Sadly, the impact of leadership is often underestimated.

To understand the impact of leaders, think about what happens to employees in turbulent times. Bad times create uncertainty, anxiety, and fear. People ask, “What should we do? Do the old rules still apply? Will I have a job tomorrow if I raise a safety issue? Will it get worse? Should we bail out now while we still can?”

In bad times, people look to their organizational leaders for guidance. And it’s exactly in this moment of truth that true leaders define themselves.

Of course, employees pay attention to what leaders are saying. But leaders define themselves by what they actually do. If an executive tells the world the company is doing fine but then sells off all his shares, which message speaks louder – what he said or what he did? Obviously, it’s the latter. His actions speak so loudly it doesn’t matter what he said. We all just lost confidence in him and his company.

If your manager touts the importance of safety in good times but, under budget and production pressures, starts to ease off, lets things go, or cuts corners, what does that say to you as an employee? It tells you safety is not really that important after all. Worse than that, it destroys any trust you had in that manager.

Imagine the same manager with the same budget and production pressures who goes out of his way to ensure that safety precautions are followed, even if it means shutting the plant down to address a safety issue. As an employee, I know this manager means what he says because his behavior tells me. I can trust him because his actions match his words.

In turbulent times, integrity and trust are paramount. The famous management author, Stephen Covey, claims “trust quells uncertainty.” He says trust is the most crucial asset and career skill for organizations today. He calls trust the new currency of business. Good leaders can instill trust to help overcome that fear and uncertainty.

Focus on values

Let’s face it – leaders are people, too. They face and feel a lot of the same anxieties and uncertainties employees feel. What guides them, and what guidance will they give to others?

In turbulent times, leaders need to look to the core values of the organization and to their own personal values within. We all need to get back to the fundamentals. Core values are meant to be a guide – like a lighthouse – to help you navigate safely in stormy weather. We need to focus on those values and find ways to demonstrate them in a visible way for others. Good leadership in turbulent times is about remaining true to our values in the choices we make. It’s about connecting with people to bring those values alive. If we can live our values in difficult times, people know we are genuine and they know those company values are real, not just easy clichés for good times.

Organizational leaders face a lot of distractions and competing pressures even at the best of times. It is a challenge to keep safety a top priority during troubled economic times, even though we all know it is more important than ever.

This is where courageous safety leadership is needed. It takes tenacity, persistence, commitment and passion to make the right choices and stay true to your values in turbulent times. In the end, leaders choose whether safety will remain a focus or not. The choice you make will either build trust with your employees and stakeholders – or destroy it.

Jim Carter, the now-retired President and COO of Syncrude Canada Ltd., has always been an unfailing advocate for safety. He wrote to me recently, saying: “On the subject of safety, I would say that leadership in organizations must make an even greater effort to communicate the importance of safety when times are tough as they are right now. It is important that leaders re-emphasize the importance of safety in the work place and at home in order to capture the hearts and minds of employees at these difficult times when it is easy to become distracted. We have to constantly remind everyone that safety in the workplace is a relentless pursuit and we will never arrive. It’s a life long journey.”

Commitment and visible felt leadership

In recent years, I have had the privilege to visit numerous world-class companies with great safety performance. When I analyze their success, I see it is directly attributable to leadership that is personally committed and engaged. We cannot expect others to act with safety in mind if we don’t model the right behaviors ourselves, whether on or off the job. It means having the courage to confront attitudes and those above us in organizational hierarchies. Sometimes we must have the courage to do what is right regardless of the consequences to ourselves.

Jim Clemmer, the noted author on leadership, has graphed a “Commitment Continuum” which begins with lip service on the far left of the chart, progressing to involved leadership and true integration of the message on the far right. Leadership, he contends, is a process that must lead by example through management’s up close and personal involvement. Only when managers reach the stage of involved leadership does it become part of the culture (the way we really do things around here) and make lasting change.

I believe safety leadership is deeply personal. It means caring about people and getting personally involved in the safety mission through “visible felt leadership.” Employees need to hear and see their leaders living safe practices everyday, and they need to feel that the organization values them as people and cares about their safety.

If you are a CEO, how can you demonstrate visible felt leadership in these bad economic times? Let me share a good leadership example from DuPont.

At DuPont, safety has been instilled in the culture for some time. In September 2008, as the stock market dropped and the economic downturn was the top item in every newscast, Chad Holliday, the CEO and Chairman of the Board at Dupont, saw how this near hysteria about the economy and costs could easily derail all the progress the company had made. He didn’t wait for things to go wrong. He took action. He demonstrated safety leadership. He called a crisis management meeting of his team to get everyone focused on the company’s core values, including safety. His message was simple and clear, “Safety must come first; the culture in the organization has to be reinforced in these times.”

At Barrick Gold, we have made excellent progress on safety and health issues in the past six years. The cornerstone of Barrick’s approach is our *Courageous Leadership* training, which is mandatory for every employee at every mine site and office. The course features case studies that illustrate the far-reaching consequences of injuries on people and families, and empowers employees to challenge authority or stop production if they see something that is unsafe. The goal is to create 20,000 courageous safety leaders throughout the organization who are attending to their own safety and that of their co-workers.

At Barrick, we believe zero is possible and, each year, many of our sites achieve that level of safety performance. Today, we do not want that progress to backslide because the economy is slow. We can’t let that happen. Our President and CEO, Aaron Regent, has issued this message reinforcing our organization’s commitment:

"Safety must remain a priority regardless of the current economic environment. This means a firm commitment to consistent delivery of our programs and efforts targeted at improving safety performance. A safe work environment is the right objective, and it is also good for business. Our emphasis on safety and health is the right thing for people. It also makes business sense because a good safety record reduces costs and enhances productivity. When we care for people, the resulting attention to detail has a positive effect on most other aspects of a site’s operations. A good reputation as a safe producer also makes us an employer of choice for current and new employees."

I want to point out that Aaron Regent started with Barrick in January of this year. In only his second week in this new role, he began visiting sites around the world, speaking about the importance of safety and helping us present our annual safety awards. This is an excellent example of visible felt leadership at the CEO level.

We're not all CEOs, but each of us has influence and can demonstrate safety leadership in our organizations to keep safety front and center even during this economic downturn. It's through the collective actions of leaders at all levels that we create a "safety culture" throughout the organization. We can all demonstrate our commitment to safety through our own behavior on and off the job so employees see our commitment is authentic and not just lip service. You need to take it seriously enough to "walk the talk" yourself.

In the concept of visible felt leadership, one point is crystal clear. You cannot create a safety culture by sending safety messages to the field from your office! You must be in the field, interacting with people, walking around, coaching, checking compliance, and asking questions. Your words and actions must communicate the sense of urgency around safety, as well as the vulnerability that exists around the work being done. Keep stressing the vision with a focus on caring for *people* – employees, contractors, suppliers – not *statistics*. Go out of your way to acknowledge good safety performance. Respond to any safety incident or near miss with a "what can we learn" approach. Take immediate action to correct any substandard condition or behaviors, challenging negative attitudes or hierarchies if necessary. As people managers, leaders should assess safety activities as part of performance reviews and compensation, and promote only those individuals with proven safety performance. Hold yourself and others to account for following through on safety-related commitments. Make safety discussions part of every meeting.

Conclusion

In conclusion, I reiterate that smart leaders maintain the focus on safety even in tough economic times. Businesses that lose this focus risk loss of employee and stakeholder confidence, and they expose themselves to high financial and reputational loss they can ill afford. It's a moment of truth when employees and stakeholders learn whether safety is truly your priority or just a convenient cliché for good times. Visionary leaders who build safety culture even in a downturn maintain people's trust, prevent loss, and position the organization for enhanced success as times improve.

Even in turbulent times, I believe we have the opportunity to improve safety performance if we have the right attitude. Our CEOs, and we ourselves as leaders, must believe that we can create safe, incident-free workplaces, and work toward this objective. Yes, zero is possible, and we can achieve that with committed, engaged leadership in our organizations.

###