Everyone at the refinery—from front-line laborers to petroleum engineers to senior managers—knew of the growing risk of a marine oil spill. Defects in a critical crude oil handling system, discovered during routine inspections, warned of a potential disaster if left unaddressed. While the danger of an oil spill weighed heavily on people’s minds, something else distracted their full attention. Employees were well aware of the company’s commitment to achieve new 5-year profit goals. Repairing the defective system would run north of $1 million, the rough equivalent of shutting down production for 1 day.

Many wondered how the executive team would manage the situation. The challenge of creating a safety-focused environment while maintaining corporate financial well-being had come to a head. Executives at this regional energy company, like those at other companies in today’s demanding business environment, had to make a tough call. Since the defects appeared to present a low to moderate risk of a spill, the company could have continued operating its refinery, off-loaded the tanker (due into port in a few days’ time) using the faulty system, and fixed the equipment during the regularly scheduled maintenance period the following month. However, the company had previously committed to safety as a core value. Delaying action in the face of potential danger would run counter to the principles it had worked hard to instill throughout the organization. If safety was as high a priority as executives said it was the company should close the refinery, swallow the hefty repair bill, rely on its established policies and procedures for guidance, and perhaps face some financial loss.

The executive response was clear. When the refinery operations chief, after consulting with other top leaders in the company, announced his decision to stop operations and repair the off-loading system, he not only reduced the risk of an oil spill, he also sent an unmistakable message to the entire company: leaders in this company make decisions consistent with company values. Despite the risks to short-term profits, the company works in the best interest of the business, the corporate brand, and the company’s stakeholders, including employees, suppliers (the tanker crew, in this scenario), customers, and local residents. Remarkably, repairs took place and the tanker was off-loaded on time, and without incident.

Over the long run, the decision also helped buoy strategic focus and business performance. Although the immediate aftermath of closing the refinery had temporary fiscal implications, the company’s long-term viability remained intact. In fact, it achieved its 5-year profit goal in just 4 years. Moreover, several other key business metrics—employee engagement, teamwork, customer loyalty, and safety results—all improved significantly during the same 5-year period.

As this example shows, the safety-profitability dilemma presents a serious burden to today’s executives, regardless of industry or geography. Under pressure to perform better than competitors, many corporate decisions often tip in favor of achieving financial targets without fully considering the short- and long-term risks associated with safe or unsafe practices. Sometimes, these decisions backfire, with repercussions that far exceed quarterly revenue losses.

Organizations, however, don’t have to choose one focus over another. Forum’s work with clients shows companies can have both a safety-first culture and a healthy bottom line. Frequently, we find that success in these two areas hinges on a rather simple concept: align the entire organization’s skills and values to support the corporate mission.
In our experience, many companies—even those in the competitive and highly hazardous energy sector—have found ways to address these challenges, integrate solutions across the organization, and improve their overall performance levels.

**Planting the Safety-First Seed**

Through this lens, let’s take a closer look at how the energy company in our story sidestepped a potentially costly environmentally disaster and still reached many of its strategic business goals. This company competes with global giants for a share of its energy market and has established a distinctive and valuable corporate brand over the years. It grew profits as a result of a strategic commitment to continually create value for customers while at the same time attending to the legitimate needs of its other stakeholders, including employees, local communities where it operates, and suppliers. In 2003, when it set an audacious goal to double EVA (economic value added) within 5 years, it asked Forum to help improve a broad range of leadership skills. The company wanted top managers to better analyze business issues and opportunities, sharpen their focus on customers, take more business risks, and execute plans more effectively by improving collaboration among leaders and employees. We worked within the company’s strong and well-defined business and family/community value system to help leaders learn to assess possible actions not only against the impact on financial outcomes, but also in terms of whether the actions aligned with its core values, one of which is safety.

Let’s go back to the decisive moment you read about earlier. By then, safety-first was already an employee mind-set. The refinery operations chief did not have to compare probabilities of an accident with the costs of a facility shutdown and system repairs. All he needed to make the call was the knowledge that someone had identified a significant safety risk and that the company had a well-understood method to prevent or control it.

Senior leadership supports and sustains the company vision and values via decision-making practices that align with organizational strategy. The leaders of this organization do what other executives should: They choose to be a safety-first company rather than a safety-later one. The safety-later approach ignores safety failures and warning signs or treats them as isolated, uncontrolled incidents, a practice that can pose subsequent and substantially greater risks later, if or when things spiral out of control. Conversely, organizations with a safety-first approach typically assess changing circumstances quickly and effectively mobilize their people behind what needs to be done.

**Living the Ideal**

Even in the face of tremendous business upheaval, executives can choose how to shape their organization’s safety culture and risk-management strategy. Although the impetus to change may come from any number of sources—sometimes a visionary leader takes the helm, or the company decides not to ignore a warning sign, or customers impose new requirements—the work of change always requires a steady, methodical approach.

Likewise, the vision to change the culture cannot consist only of words in a policy book collecting dust on a shelf or in inspirational speeches and slogans. It must be a living, breathing reality.

A prime example of an organization with this vision is ExxonMobil, which today (though this was not always the case) has an exemplary safety culture and record. What was the wake-up call for this organization? The 1989 Exxon Valdez disaster in Alaska’s Prince William Sound. Because of the tanker spill, executives at Exxon (which subsequently became ExxonMobil) reflected on what they needed to do to create a true culture of safety. They set goals high and executed relentlessly on a new direction.

This success came about through sheer force of leadership commitment and skillful action. As a result, in the 21 years since the Valdez spill, there has not been one serious accident. In fact, by every measure, ExxonMobil has by far the best safety record in the industry and, as we remind you, achieved in 2009 for the largest annual profit in U.S. history.

Like most global corporations, ExxonMobil has no built-in advantage over its competitors. It has to fight for market share, build trust with customers, develop strong supplier relationships, and motivate employees to excel. However, ExxonMobil stands out from others on the safety front, and that has sharpened the company’s competitive edge. Although one can argue that safety only became an important executive agenda item after the organization encountered a disastrous situation, ExxonMobil invested time, energy, and resources to keep future risks in check. Also, the Valdez crisis served to make executives acutely aware of how quickly safety issues can turn into widespread business chaos and triggered a wave of safety-oriented strategy shifts. Many other companies, though, still believe they are immune to such catastrophes and do little to correct their own safety weaknesses.

Much of the shortsightedness regarding safety comes from an ongoing belief that managing such risks is counter to achieving financial goals. Frankly, many executives believe paying attention to safety puts a damper on income gains and growth. In reality, a safety-first culture is fully compatible with consistently strong corporate profits, and actually may help a company avoid future costs and risks.
“Following good safety processes and ensuring all employees have the necessary safety knowledge is no different from ensuring production facilities or customer management processes are well designed and managed by knowledgeable people. A business can’t consistently excel by focusing on performing only some business processes well and not others.”

Horst Rakel, Ph.D

measures should be viewed as in concert with each rather than as competing entities.”¹ (emphasis added) Indeed, since history has a habit of repeating itself, the business community—and perhaps the world at large—risks severe consequences when leaders approach safety as a marginal concern rather than a core business process.

**Adopting a Safety-First Approach**

Some forward-thinking executives don’t need a wake-up call to put safety at the center stage and reap impressive results. George David, for instance, is a visionary leader credited with creating unprecedented shareholder value during his tenure as chairman and CEO of United Technologies Corporation. In 1997, he challenged the company leadership to a remarkable set of goals requiring a ten-fold improvement over 10 years. These “10X Improvement Goals”² focused on a number of key business metrics, including reducing the rate of occupational injuries and deaths worldwide. Three years into the 10X program, UTC asked Forum to assist with its safety performance improvement efforts. Prior to contacting us, UTC invested extensively in capital improvements for its manufacturing facilities and saw significant reductions in injuries. As the rate of improvement leveled off, however, senior leaders recognized there was a dearth of safety-improvement “low hanging fruit” left to harvest. They would have to do a better job of getting their employees to work more safely, or the company would fall woefully short of its 10X goal. And no one wanted to be the one to explain to George David why the program missed expectations.

For UTC, harnessing the power of leadership became an important part of the solution. Forum worked closely with UTC’s senior executives and internal safety professionals to develop a series of leadership workshops for every level of management. The customized global workshops aligned leaders with the company safety strategy and helped them be more effective at engaging their employees in using the UTC safety management system and mobilizing their teams to follow safe work practices.

By 2006, the tenth year of the 10X program, UTC had achieved a 78 percent drop in workplace injuries from the initial start date. Though slightly short of David’s initial 10X goal of a 90 percent decline, it was a remarkable improvement. Senior leaders continue to push down the rate of workplace injury by relying on the safety-first culture that has also successfully shifted behaviors company-wide. As of 2010, more than 20,000 UTC leaders have completed one or more of the Forum-designed workshops, with deliveries of additional workshops planned for coming years in nearly all business units. Dereck Benham, then global director for EH&S at Pratt and Whitney, a UTC business unit, noted his unit’s progress. “Forum’s consistent delivery of Leading Environment, Health, & Safety program to our supervisors, managers, and executives around the world over several years provided us with the framework, skill building, and constant drumbeat we needed to truly shift our culture to one of safe work practices.”

Dereck Benham

¹“10X Improvement Goals” is shorthand for making a ten-fold improvement over a 10-year period. Because of the compounding nature of the math, 10X was an extraordinarily challenging goal. And, because it was a 10-year goal, leaders couldn’t game the performance management system through clever annual goal-setting maneuvers, sand bagging, and so forth. The power of such a long-range goal is that leaders were encouraged to develop and persist with multi-year strategies that delivered sustainable gains.
Engaging the Entire Enterprise in Working Safely Every Day

Why do so many organizations find themselves stuck when trying to develop and gain momentum around this type of culture change? It comes down to leadership. Our analysis of decades of studies into what causes such high failure rates for organizations executing new strategies and organizational change initiatives pinpointed several leadership practices and attitudes that make all the difference between success and failure. We offer our clients a proven methodology for successful strategy execution and culture change. Forum’s four-phase method for achieving a safety-first culture, summarized below, enables leaders at every level of the organization to deeply engage their employees in following the company safety management system and working safely every day.

1. **Assess the organization’s current state of health and safety.** Companies must evaluate what’s already in place, determine what’s working and what isn’t, and then create a shared vision for success and a road map to achieve it.

2. **Align leaders to safety-first values and gain buy-in.** Top management must clearly communicate and demonstrate commitment to safety and safe practices as a core, timeless company value. Organizational action flows from this commitment if managers and employees are equipped with skills and resources needed make a cultural shift.

3. **Mobilize the organization.** In order to get people consistently and constantly engaged in a safety-first routine, companies must provide tools, such as onsite coaching and expert support for line leaders and health and safety professionals. Encouraging an open dialog among employees will also allow companies to identify and address pushback or resistance.

4. **Make safety-first an enterprise-wide norm.** To sustain the initial wave of enthusiasm, companies need to develop a method for continuously improving it. This may include recognition programs and events, safety success stories, audits, action planning sessions, ongoing training, and deeper integration with other performance support systems.

Regardless of the specific strategies you choose, one thing is clear: ignoring safety issues is a risk that comes at a high price. Almost as risky is the tendency to address the issues by documenting safety policies and appointing safety officers—and to stop there. As our examples show, the most successful executives go a step further: they build, instill, and sustain safety-first attitudes and practices across the organization, and they do this by bringing leaders at all levels and in all functions on board. Take this road, and you’re likely to discover that safety and profitability go hand in hand.

Keep your enterprise on a high performance path. Avoid the pain and consequence of a human tragedy or environmental disaster. Take the next step to create your safety-first culture. Contact Forum now. We can help.

**About the Author:** Jeffrey Baker is a vice president and practice leader with Forum. He has worked with companies for over 10 years helping leaders develop the skills and beliefs needed to fully engage their employees in working safely every day.

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**Endnote**