

## Emerging Business Trends: The "Last Straw" - or - Strategic Opportunities for EH&S!!

**Author:** Steve Newell

**Key Words:** business, industry, emerging, converging, trends, safety, health, professional, strategy, partnership

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### Abstract

It's still the same age-old question of perspective - Is the glass of water half empty or half full? The workplace seems to be changing at "light speed". Many of the "givens" that shaped corporate S&H decision-making in years past have changed. New business challenges are confronting industry at an incredible rate. Every part of the business seems to be feeling the pressure from global competition and the focus on increasing profits and shareholder value. How will safety and health fare in this constantly changing, high tech, high-intensity environment? As a profession, do we have the tools to cope?!!

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### Abstract (continued)

When confronted with change of this magnitude, we can assume the role of victim, observer, or opportunist. We can view these changes passively, as something that impacts other parts of the business but does not affect us directly. Or we can view them negatively, as something that will make our job more difficult by adding to the complexity of the S&H mission. In both of these scenarios, ignoring key trends presents the risk of ultimately being overwhelmed by the. Alternatively, we can harness them to our strategic advantage.

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■ **Abstract (continued)**

This session explores emerging, converging trends in industry and the opportunities that they present to the safety and health profession. Instead of viewing these changes in a negative context, trends are examined as a series of opportunities for S&H professionals to form strategic partnerships with colleagues in other part of the business. Furthermore, becoming a "player" in some of these emerging issues allows us to demonstrate S&H value added in areas of strategic importance to the rest of the business. "Chits" gained from these efforts can be used to promote the S&H mission in other parts of the business.

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**Emerging Business Trends: New Opportunities for the Safety and Health Profession**



Stephen A. Newell  
Senior Consultant  
Organization Resources Counselors, Inc.

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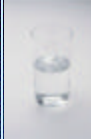
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**The Question: Is the Glass Half Empty or Half Full?!!**



- Workplace changing at "Light Speed"!
- Corporate focus is more and more on increasing profits and shareholder value
- OSHA in a state of decline, regulation no longer "drives" the S&H profession
- ***How do we prosper in this increasingly dynamic, complex business environment?!!***

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"I cannot change the direction of the wind, but I can always adjust my sails to reach my chosen destination"

Jimmy Dean

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Perhaps The Time Is Right for Us to "Adjust Our Sails"



- Safety and health historically on the margin
- Viewed largely in terms of "compliance", and as a "cost" of doing business
- Often operated in a "silo" as staff function
  - "Real" communication to the business lacking
  - Few strategic alliances w/ other business functions
- *S&H Professionals Sometimes Our Own "Worst Enemy"* -- we have a good story to tell, but often don't tell it.

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Case In Point: S&H Performance Measure(s)

- We have allowed leadership to focus on a single S&H metric-- the OSHA incidence rate
- OSHA rates do not drive superior safety and health performance
  - **Overtly inclusive: sometimes confusing**
  - Not very accurate
  - **The more pressure you put on them, the less accurate they get**
- *Focusing on OSHA rates reinforces the current S&H measurement mindset -- one of tracking failure or showing loss avoidance, not positive contributions to the business*

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## So, With This Mindset Why Do Companies Invest In S&H?

- Company values: "Doing the Right Thing"
- Required by regulation
- Avoid loss and minimize cost
  
- *Many companies still don't perceive S&H performance as:*
  - Really contributing to the business
  - Linked to key business indicators

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## What Can I Do?

- Maintain the high moral ground
- Continue to address technical S&H issues - many new challenges on the horizon
- Show loss avoided: regulatory requirements met
- *But also focus on positive contributions your efforts make to the core business; and when appropriate, make the business case.*
- Why?! So you can be empowered and enabled (funded) to do more good.

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## Making The "Business Case"

- Fear
  - S&H often isn't a real money maker
  - Companies will shift focus from human life/well being to dollars and cents
- Reality
  - S&H professionals can *still* keep company focused on the high moral ground
  - S&H is good business investment
  - Quantifying investment/return (or loss) *strengthens* the moral case!

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"Your work (S&H) is extremely important. But if you really want my attention, you need to understand the business."



Chuck Keister, VP  
Manufacturing, Engineering and Logistics, 3M

Corollary: If you want real support from company leadership, you need to be perceived as supporting key business objectives.<sup>13</sup>

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### Product/Business Life Cycle

- **Product Development** -- S&H Metrics Support Getting New Product To Market Quicker and Cheaper
- **Branded Product** -- S&H Metrics Support Increased Profit By Increasing Productivity, Reducing Per Unit Costs
- **Generics** -- S&H Metrics Support Maximizing Production Out Of Existing Investment with Minimal Cost

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### Key Developments/Opportunities

- *New S&H performance measures* being developed that drive performance and start to capture S&H value to core business.
- *Business developments* offer new opportunities for the S&H professional to make broader contributions in areas of strategic importance to the business.



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## New Measures: ORC Alternative Metrics Task Force

- 55 Companies promoting a balanced approach for S&H metrics w/ leading, trailing, and financial measures
- Reference document is being created that will be shared with industry
- Expands focus to address positive contributions S&H makes to the business
- Uses financials and other means to bridge the communication gap

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## Business Trend Examples

- Increased focus on profits
- Changes in the workplace
- Changes in the workforce
- Globalization
- Trend towards sustainability and corporate responsibility

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## Business Trend: Rising Shareholder Expectations; Increased Focus On Profits

- All parts of the business are being scrutinized more closely -- especially "support functions"
- S&H can make a significant contribution to key business strategies -- we affect product quality, productivity, employee retention, morale, etc.
- *This is a great time to make the business case for S&H and then reach out to contribute to other parts of the business*

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### Business Trend: Changes In the Workplace

- Changes in the work
  - Shift from goods producing to services accelerates
  - Push to become faster, better, cheaper
  - New materials, chemicals, processes constantly being introduced
- Changes in work relationships
  - Third party manufacturing and toll processing wide spread
  - High volume of mergers, acquisitions, divestitures
  - Use of contingent workers more widespread

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### Changes In the Workplace -- Opportunities

- Safety and health professionals have an opportunity to add value up front in:
  - helping design new processes
  - selecting materials and equipment used
- IH can foresee potential hazards, communicate them, and put controls in place
- Assist in integrating S&H into new business processes and new business relationships

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### Business Trend: Changes In Worker Demographics

- Aging workforce
- Increased involvement of women in the world economy
- Increased use of child labor internationally and domestically
- Increased cultural diversity
- Increased competition for hiring and retaining skilled workers

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## Changes In Worker Demographics -- Opportunities

- Address the needs of aging workers
  - redesigning processes re. ergonomics
  - address increasing issues of stress
  - factor in special needs, increasing use of medications, etc.
- Confront occupational health related issues of working women
- S&H professionals can help their employers become “employers of choice”

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“Other Than Handing Employees Their Paychecks, The One Thing We Do That Lets Our Employees Know We Care About Them Is Conduct Safety Behavior Observations”

Dennis Ruddy, VP  
Global Manufacturing, Tenneco  
Automotive

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## Business Trend: Globalization

- Globalization means wider markets, more competition, greater uncertainty
- Developing nations - hard core S&H issues exist, compounded by cultural issues
- “Developed” nations - more complexity
  - More standardization, transparency, harmonization
  - More consolidation to increase efficiency and reduce costs



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## Globalization -- Opportunities

- Developing nations
  - Addressing cultural issues
  - Eliminating hard core S&H problems
- Developed nations
  - Identifying common S&H problems/opportunities
  - Developing common S&H approaches
- Up-to-date knowledge of country customs, rules and regulations required
- Community issues (e.g. infrastructure) often need to be addressed

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## Business Trend: Environmental Sustainability and Corporate Responsibility

- Becoming a core value -- demanded by consumers and investors
- Sustainability -- restoring integrity of ecological systems.
- Triple bottom line measured in terms of:
  - profitability of the business
  - impact on the environment
  - impact on the community at large
- Worker safety and health will play an important role in the final equation

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## Restructuring To Focus On New Business Opportunities: The BASF Example

- Corporate Issues Management process instituted to identify, analyze, coordinate and resolve emerging issues and trends
- Benefits
  - Identifies issues early
  - Implements internationally consistent strategies and communications
  - Avoids duplication of efforts
  - Encourages S&H involvement and empowers S&H professionals\*

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## So Again, What's The Strategy?!!

- Broaden our role in the business
- Change the way we are viewed by the business:
  - continue making technical contribution
  - continue emphasis on doing the right thing and reducing loss, but.....link activities to core business functions
- Identify opportunities for S&H to contribute to business trends that are strategically important to the enterprise.

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