



Insights from Engagements with 144 Safety Functional Leaders



SPE Webinars are Sponsored by:

SPE
SPE Foundation



Speaker



Brian Kraus

Global Managing Partner for Safety Transformation Services
ERM



3

ERM Global Safety Survey

2018

Safety:
a source of increasing
risk and opportunity
for business

© Copyright 2018 by ERM Worldwide Group Limited and/or its affiliates ("ERM"). All Rights Reserved.
No part of this work may be reproduced or transmitted in any form or by any means, without prior
written permission of ERM.





Objectives/Agenda

Sharing with you

- Survey methodology and demographics
- Findings of the survey
- ERM's key conclusions/take-aways for safety functional leaders to consider

For you to consider

- Possible implications (and actions) for you under 9 headings

www.erm.com

3



Methodology

1 hour structured interviews

- Conducted 31st January to 10th July 2018
- One interviewer for 95% of interviews, with a script for consistency
- 47 questions: 5 point Likert scale + qualitative inputs on some topics

Analysis

- Qualitative analysis undertaken by a team of 10 ERM Partners and Principal Consultants from ERM's global safety services team
- Quantitative analysis by the data analytics team at the Institute of Environmental Analytics at Reading University in the UK

www.erm.com

3





We spoke to 144 senior
safety functional leaders

22

Countries

120

Companies

\$4.3T

Annual Revenues
(USD)

6.8M

Employees

72% Global
Directors/VPs

www.spe.com

3



Those were from multiple different sectors...

8% TMT

8% Food, Beverage
& Agri-business

11% Mining & Metals

17% Chemical



7% Pharma

5% Power

2% Transport

22% Manufacturing

20% O&G

www.spe.com

5





Extensive interviews with safety functional leads from global organisations revealed...

- Stakeholder expectations are rising
- Companies are increasing their investment
- Significant cultural and performance challenges remain
- Risk continues to shift to contractors who are harder to manage
- Most companies do not understand how much they are investing in safety
- Lagging performance indicators remain dominant
- Established safety processes and programs are not delivering sufficient impact on performance
- Harnessing data and technology is becoming a major focus
- Leadership engagement is key, but leaders need to step up and gain new skills

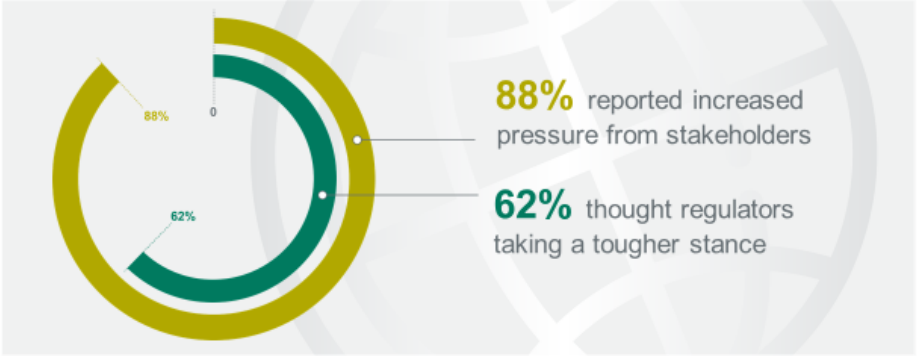


It's **not** about doing **more** on safety:
it's about **getting more**
from what **you**
do already!





They told us...
there stakeholder expectations are rising.



Percentage	Statement
88%	reported increased pressure from stakeholders
62%	thought regulators taking a tougher stance





The survey tells us

Safety is a source
of increasing risk
and **opportunity**
for business!





They told us... companies are increasing their investment



They told us... that significant cultural and performance challenges remain





**They told us...
that significant cultural and
performance challenges remain**

Ongoing challenges with **variability** in culture and performance with heightened concerns in some geographies and/or operational entities.

Despite the scale of the investment in safety, many respondents continue to struggle with focus on **production over safety**.

www.wipx.com

12



**They told us...
that significant cultural and
performance challenges remain**



www.wipx.com

13





They told us...
risk continues to shift to contractors
who are harder to manage

72%

increasing use
of contractors

55%

believe they are
undertaking more
hazardous activities

69%

regard contractor
safety management
as more challenging
than managing
safety for their own
employees

Issues with
procurement
processes, variability
in culture, competence
and a perceived need
to maintain a hands-off
approach --- **but 83%
do provide training to
their contractors**



They told us...
risk continues to shift to contractors
who are harder to manage

94%

see opportunities to better address safety through the contractor
engagement lifecycle especially in the earlier stages:

Qualification

Selection

Induction





**They told us...
most companies do not understand
how much they are investing in safety**

Few respondents have considered the scale of their total economic investment in safety or the value derived.

Some felt uncomfortable with this line of questioning

"I find it very difficult to think of safety as an investment; it is our first priority and we do what we need when we need to do it"



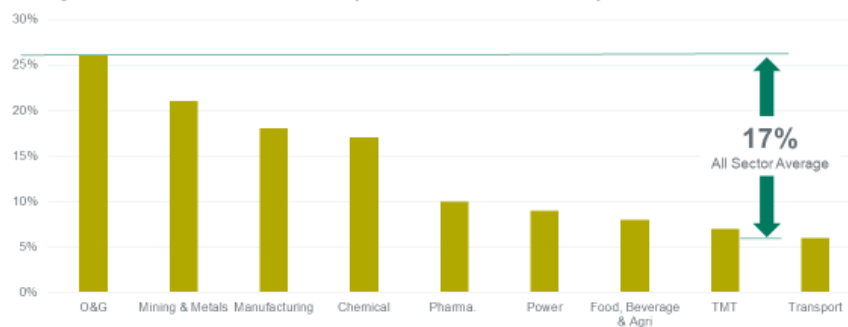
www.spe.com

16



**They told us...
most companies do not understand
how much they are investing in safety**

Average Estimated Investment in Safety as a % of Labour Costs by Sector



www.spe.com

17



They told us... most companies do not understand how much they are investing in safety

26 hrs safety training per employee annually on average for respondents who track this data (many don't).

Significant sectoral variations with **38 hrs** for chemicals vs **17 hrs** for manufacturing / power

26 hrs = 1.5% of average annual hours worked*

*Source: OECD 2017 Employment and Labour Market Statistics



www.spe.com

10



They told us... lagging performance indicators remain dominant in safety

How do you assess the effectiveness of your investments in safety?



www.spe.com

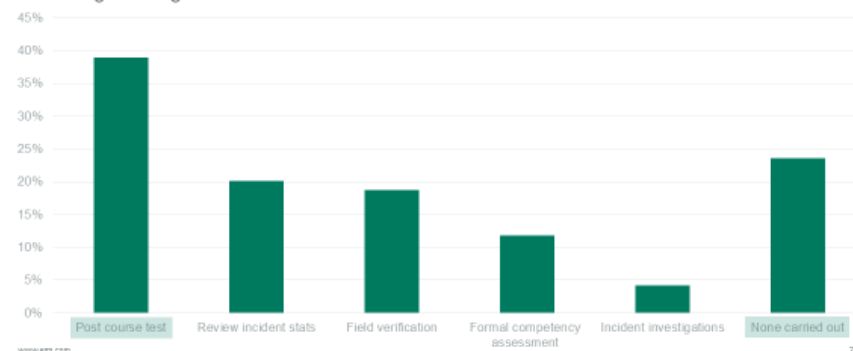


11



They told us... lagging performance indicators remain dominant in safety

Assessing Training Effectiveness



www.spe.com

20



They told us... established safety processes and programs are not delivering sufficient impact on performance

Higher levels of training correlate positively with positive perspectives on safety culture



40% felt safety training was failing to impact the thinking of their people



www.spe.com

21



The data indicate that the effectiveness of training is a better predictor of performance than the number of hours of training



They told us...
established safety processes and programs are not delivering sufficient impact on performance

Those who **increased their investment** in safety and have seen improvement

68%

67%

Those with **static or decreased investment** in safety who have seen improvement





**They told us...
established safety processes and programs are not delivering
sufficient impact on performance**

77% respondents with 1+ recent SIFs had defined life saving rules

77%

79%

79% respondents with zero recent SIFs had defined life saving

59% of respondents who had implemented a FPP had 1+ recent SIFs

59%

45%

45% of respondents who had NOT implemented a FPP had 1+ recent SIFs

www.spe.com

24



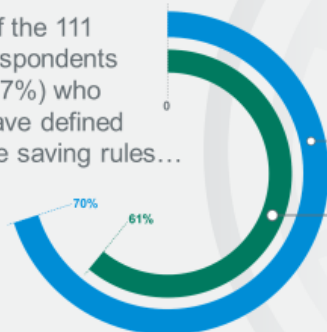
**No statistical evidence
in the data that
implementing a FPP
impacts number of years
since last SIF**





They told us... established safety processes and programs are not delivering sufficient impact on performance

Of the 111
respondents
(77%) who
have defined
life saving rules...



70% agreed that their people understand how LSR are applied in practice

Only **61%** agreed/strongly agreed life-saving rules are a positive aspect of their approach to safety

www.wpi.com

23



They told us... established safety processes and programs are not delivering sufficient impact on performance

"Some of our local managers don't understand how to appropriately apply disciplinary actions to violations of life saving rules; disciplinary action is typically only happening when an injury occurs. This makes our culture worse"

"When a contractor violates a life saving rule they are removed from site but we never really discipline our own employees"

"...we aren't good enough at accountability management"

www.wpi.com

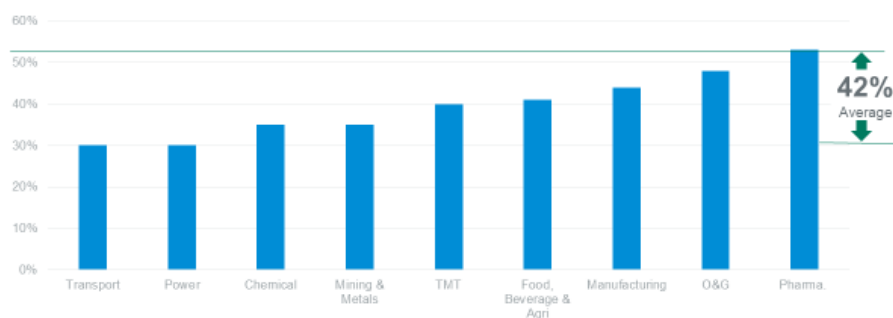
24





**They told us...
established safety processes and programs are not delivering
sufficient impact on performance**

% of Total Effort that Impacts Behaviours and Performance, by Sector



www.wem.com

28



**There is no statistical
evidence in the data of
a correlation between
level of spend
(as a % of labour costs)
and value derived**





They told us...
harnessing data and technology is becoming a major focus

92%

regard harnessing technology and data as vital to improving safety performance

75%

have a formal 1-2 year strategic priority to increase use of technology/data to improve safety performance with little variation across sectors

Adoption of technology to support safety (e.g. wearables and data analytics) cited by many as an area of interest, although perhaps not a priority for investment

www.wpi.com

30



They told us...
leadership engagement is key, but leaders need to step up and gain new skills

75%

identified leadership engagement (at all levels) as the most effective means of delivering behavioural change on the front line

www.wpi.com

31





They told us...
leadership engagement is key, but leaders need to step up and gain new skills

Frontline Leader

Engagement in driving safety
Time spent in the field
Hazard recognition skills and
Engaging as a coach

All
Positively
Correlated

Safety

Culture and
Performance

www.wti.com

32



They told us...
leadership engagement is key, but leaders need to step up and gain new skills

Middle Level and Senior Leader

Engagement in driving safety
Time spent in the field
Hazard recognition skills and
Engaging as a coach

All
Positively
Correlated

Safety

Culture

www.wti.com

33





**They told us...
leadership engagement is key, but leaders need to step up and
gain new skills**



www.spe.com

34



**They told us...
leadership engagement is key, but leaders need to step up and
gain new skills**



www.spe.com

35





They told us...
leadership engagement is key, but leaders need to step up and gain new skills

Only 29%

felt leaders at all levels were effective at hazard recognition/engaging effectively as coaches on the frontline

www.wem.com

36



They told us...
leadership engagement is key, but leaders need to step up and gain new skills

Investment Index – next 3 years



85% planning **increased investments in leadership and culture in the next 3 years** (65% by more than 10% and 40% by more than 15%)

www.wem.com

37



In conclusion...



The survey tells us

Safety is an increasing source of **risk and opportunity** for business

Despite vast investment in safety, significant **cultural and performance** challenges remain





The survey tells us there are some key challenges on safety

Variability in culture
and performance

Production
over safety

Increasing use
of contractors

Processes/programs
with little impact on
behaviours
and performance





Companies who are seeking to address the challenges will

**Build a better understanding of the actual scale
of their investment**

Routinely evaluate value derived from key processes and
programs – **measure impact** on behaviours/outcomes

Accelerate use of data and new technology


www.spe.com



Companies who are seeking to address the challenges will

Take action to
**deliver a
step-change**
in value derived
from safety
processes
and programs

Focus more on the frontline (contractors,
key office staff, procurement, planners ...)

Focus on critical hazards

Use **state-of-the art approaches** so the
processes impact how people think and
act on the frontline - at the point of use

Leaders at all levels need to engage
differently – **breathing life into processes**



Companies who are seeking to address the challenges
understand

Leadership engagement is key, but leaders
need to **step up** and they need **new skills**

... more **engagement** and more **impact**
from their engagements on the frontline

... in the **office** and in the **field**



It's **not** about doing
more on safety:
it's about **getting more**
from what **you**
do already!



ERM Global Safety Survey

2018

Thank you!

© Copyright 2018 by ERM Worldwide Group Limited and/or its affiliates ("ERM"). All Rights Reserved.
No part of this work may be reproduced or transmitted in any form or by any means, without prior
written permission of ERM.

