

*Safety Executives of New York
62nd Annual Professional Development
Conference*

“The Business Side of
Safety”

March 27, 2007

John L. Henshaw

President and CEO

Henshaw and Associates, Inc.

The Business Side of Safety”

- OSHA
 - Budget
 - Programs
 - Standards
- Leadership
- Business Value

OSHA

Proposed FY 2008 Budget (dollars in millions)

	FY 2007	FY 2008	Change
Safety and health standards	\$16.5	\$16.9	\$0.4
Federal enforcement	172.6	183.0	10.4
State programs	91.1	91.1	–
Technical support	21.4	22.1	0.7
Federal compliance assistance	72.5	79.6	7.1
State consultation grants	53.3	54.5	1.2
Training grants	2.6	0	(2.6)
Safety and health statistics	31.8	32.1	.3
Executive direction and administration	10.6	11.0	0.4
Total, OSHA Budget Authority	\$472.4	\$490.3	\$17.9
Full-time equivalents (includes 8 reimbursable FTE)	2,133	2,186	53

OSHA's Tool Kit

- Standards
- Enforcement
- Compliance Assistance – Education, Training, and Outreach
 - Consultation Program
- Cooperative Programs
 - Voluntary Protection Programs / SHARP
 - Strategic Partnerships
 - Alliances

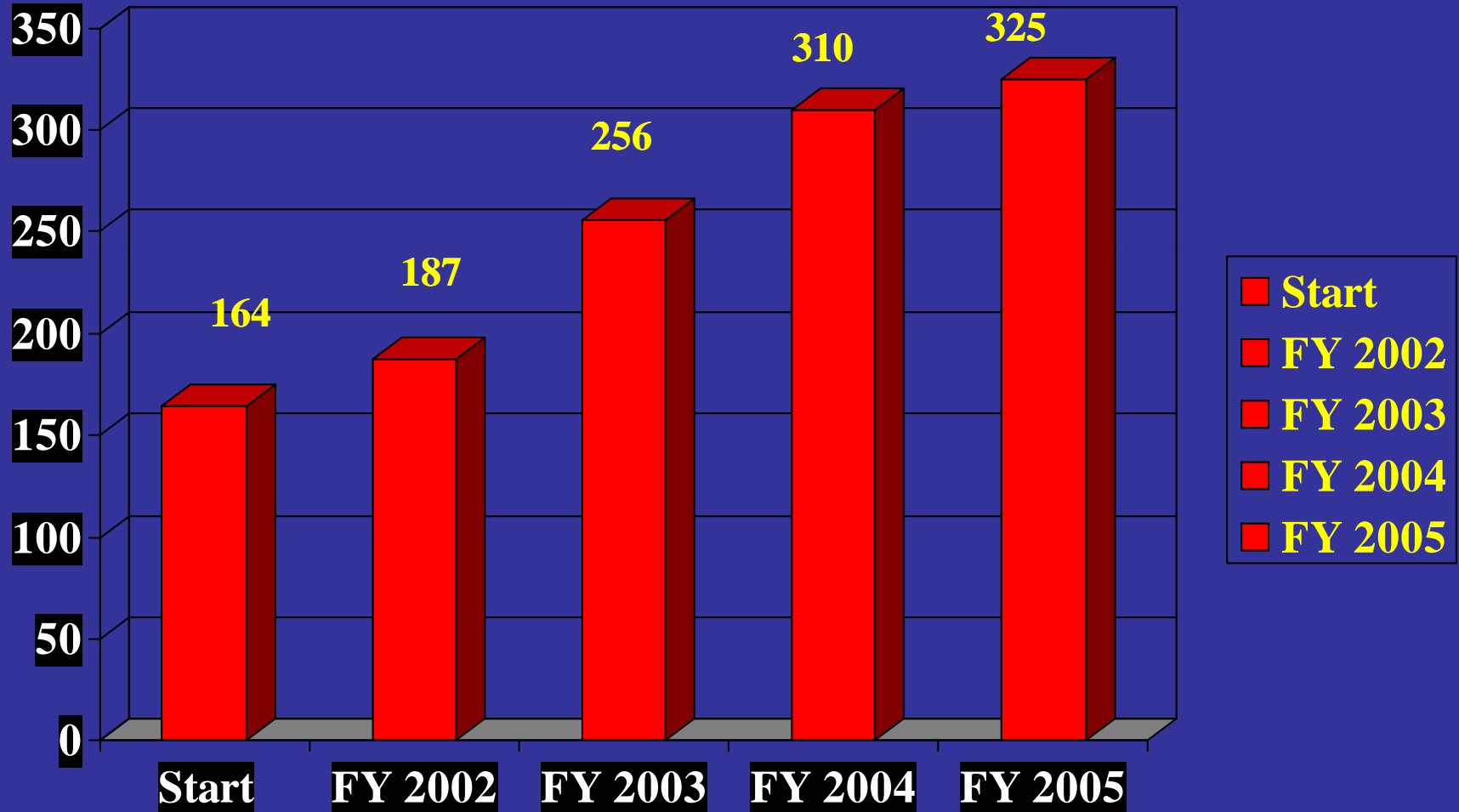
Selected OSHA Workload Data

	FY 2007	FY 2008	Change
Notices of proposed rulemaking	4	4	—
Final rules	3	3	—
Federal inspections	36,500	37,700	1,200
State program inspections	54,500	52,000	-2,500
Total VPP participants (federal)	1,313	1,589	276
Consultation visits	32,250	32,250	—
Training participants	415,800	432,300	16,500

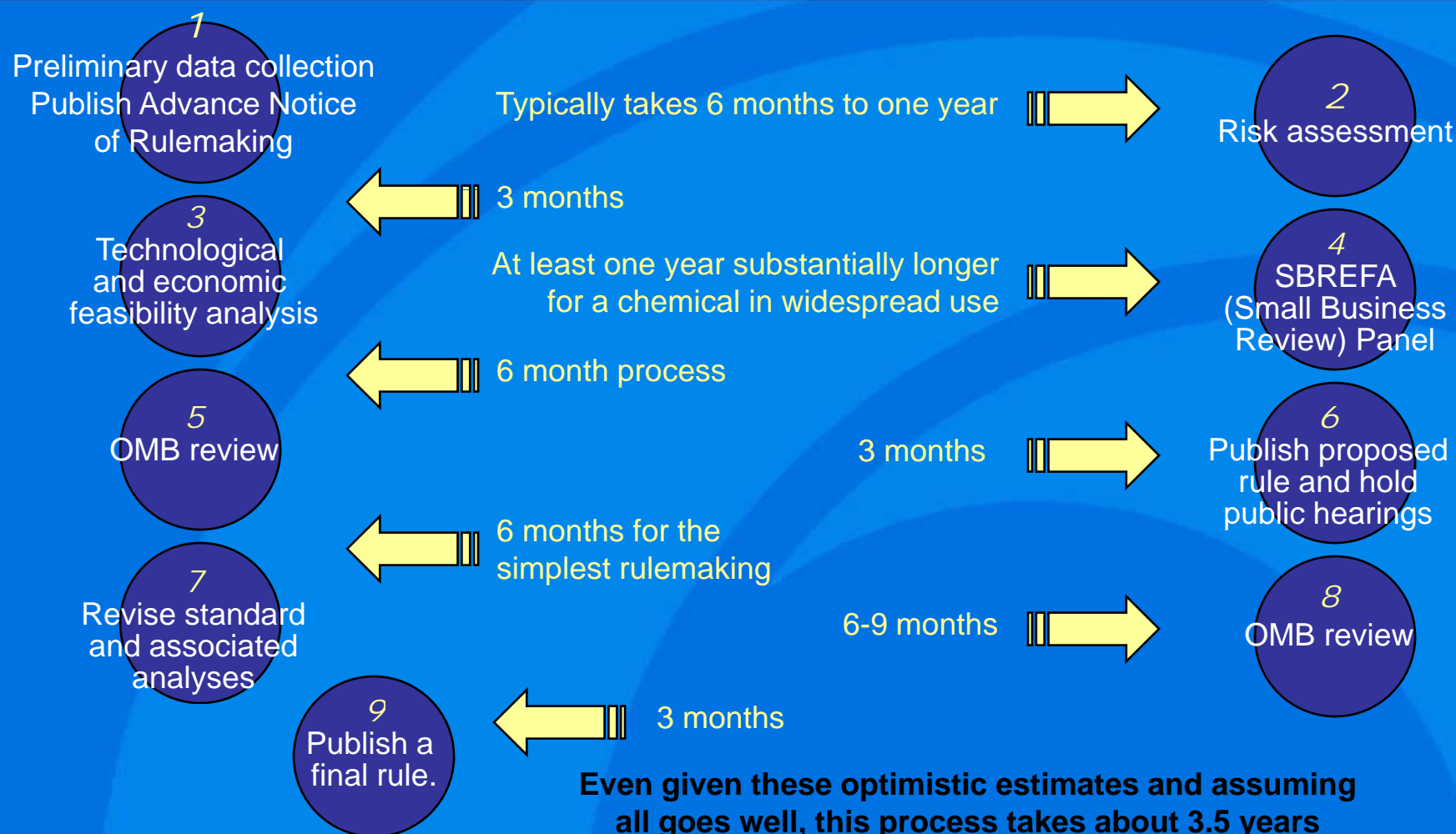
Balanced Approach

- Strong, fair and effective enforcement
- Responsible standard development
- Outreach, education and compliance assistance
- Voluntary programs, Partnerships and Alliances

OSHA Certified Employees



Highlights of the Regulatory Process for an Individual Chemical Substance:



Expectations

- The agency says it expects to issue three notices of proposed rulemaking: haz com standard update (GHS and MSDS issues), crystalline silica and beryllium.
- The agency also says it will begin a small business panel review on ionizing radiation. The first stakeholder meeting on this issue was recently held.
- OSHA says it plans to issue final rules for the standards improvement project phase III, and a consensus standard update.
- The agency says it will issue guidance documents on hazard communication and several others issues.
- And a final Rule on Payment for PPE

Zero Incident (Health and Safety) Culture

Fatalities

Recordables

Lost Time incidents

Near Misses

First Aids – Over Exposures

Un-safe Conditions

Un-safe practices/procedures

At-risk Behaviors

Organizational Culture

Undesirable Leadership Practices



“What Your Leader Expects of You – and what you should expect in return”

by Larry Bossidy

Harvard Business Review

April 2007

expects of his people

1. Get involved
2. Generate ideas
3. Be willing to collaborate
4. Be willing to lead initiatives
5. Stay current
6. Anticipate
7. Drive your own growth
8. Be a player for all seasons

direct reports should expect from him

1. Provide clarity of direction
2. Set goals and objectives
3. Give frequent, specific, and immediate feedback
4. Be decisive and timely
5. Be accessible
6. Demonstrate honesty and candor
7. Offer an equitable compensation plan

What Your **LEADER** Expects of You

And what you should expect in return

by Larry Bossidy

IT'S WELL UNDERSTOOD THAT the relationships between a boss and his or her direct reports are important ones and figure strongly in the success of a team. Yet while much has been written about character traits and issues of openness and trust, the leadership literature has had strikingly little to say about what a leader should be able to expect from his people. Over the years, I've observed that certain behaviors, on the part of both the

Leadership Style

Transactional vs. Transformational

- Transactional
 - Old school
 - Task to task
 - Series of transaction
 - Do as I say
- Transformational
 - Inspiring
 - Engaging
 - Challenging
 - Influencing

Practices and Behaviors

- Vision – of a future state – positive, certain it can be achieved
- Credibility – honest, do what you say, integrity, etc. hold to your word
- Communication – good communicator all directions
- Collaboration – less telling, more selling, less “know it all” solicit advice and help from everyone
- Action Oriented – get the job done, proactive - less reactive
- Value Feedback and Recognition – both giving and receiving, celebrate accomplishments
- Accountability – lastly hold people accountable for meeting expectations

Barometers of Safety and Health Culture

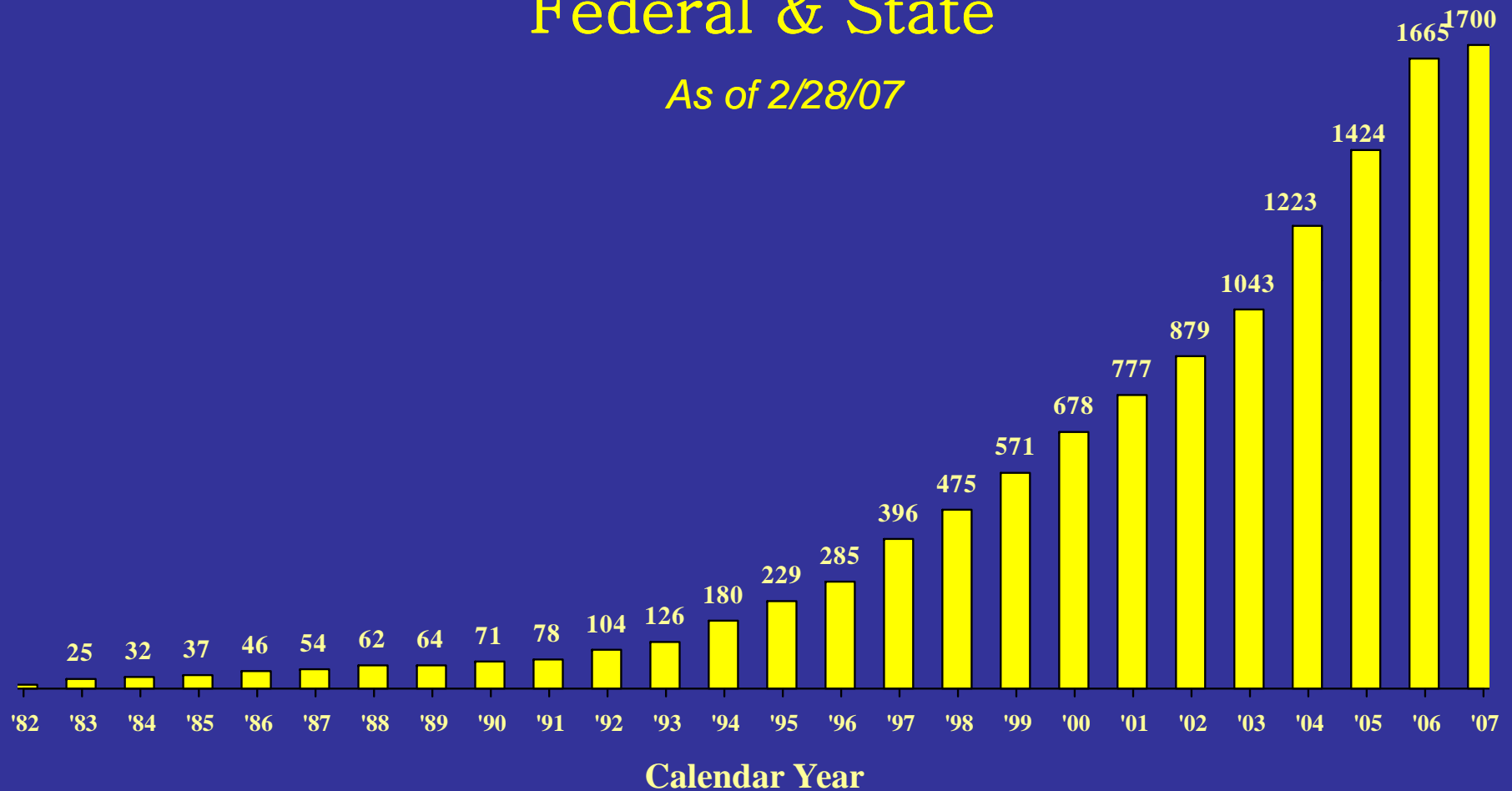
- **Understanding vision, purpose and goals**
- **Safety and health activities**
- **Words, actions and behaviors**
- **Injury and illnesses performance**
- **Full compliance**
- **Off the job injuries**
- **Accepting responsibility**
- **Pride in workplace, work, colleagues and performance**
- **Extent of voluntary participation**
- **Reactive vs. proactive attention to safety and health**

Voluntary and Cooperative Programs

- Voluntary Protection Programs
 - VPP STAR, VPP MERIT
 - OSHA Challenge
 - VPP Corporate
 - VPP Construction
- Strategic Partnerships
- Alliances

Growth of VPP Federal & State

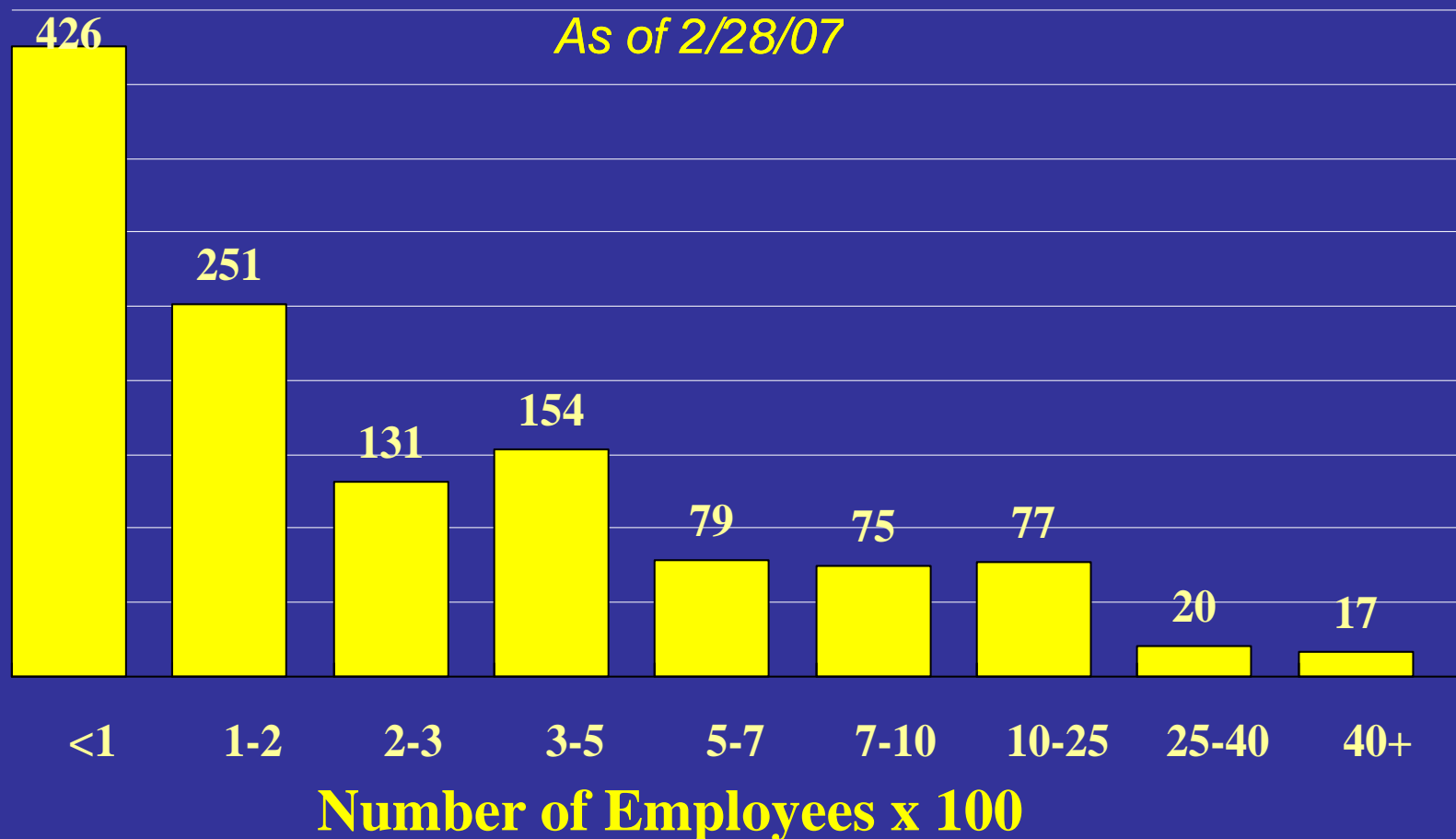
As of 2/28/07



Source: OSHA, Office of Partnerships & Recognition

Size Of VPP Sites

Number of Sites by Employment -- Federal Only



Source: OSHA, Office of Partnerships & Recognition

VPP Sites Stay Involved!

Program Innovations

VPPA



Mentoring

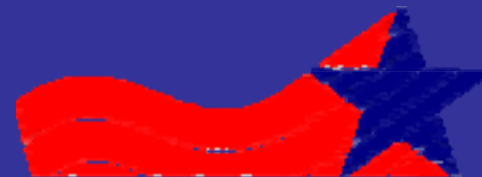


*Special Government
Employees*



Why Pursue VPP?

- Reduced Illnesses and Injuries:
 - On average injury and illness rates at VPP sites are 54% below National averages
- Cost Savings:
 - VPP sites avoided 5,638 injuries in FY2000
 - Total cost savings approximately \$152 million



Rohm and Haas Powder Coatings Reading Plant

Productivity Gains Through...Safety Inovations
National Safety Council Safety Intervention Case Study – March 30, 2004

Started VPP process in 1993 – awarded VPP Star 1997

- Plant production increased by 97% from 1995 until 2000
- Injury rate fell from 3.8 to a low of 0.9 during this same time period.

97%



76%

VPP Corporate

(as of July 31, 2005)

- Six Pilot Participants:
- Georgia Pacific (approved)
 - One facility onsite evaluation completed in Region III
- US Postal Service (approved)
 - Two facility onsite evaluations completed
 - one in Region III
 - one in Region X
- International Paper (onsite completed and application pending)
- Dow Chemical Company (onsite to be scheduled)
- General Electric
- Johnson & Johnson



OSHA Challenge

(as of July 31, 2005)

-
- 12 Administrators
 - 8 Construction; 4 General Industry)
 - 39 Coordinators
 - 26 Construction; 13 General Industry
 - 19 Candidates in Pipeline
 - 10 Construction; 9 General Industry
 - 51 Confirmed Participants
 - 35 Construction; 16 General Industry
 - 70 Current Employers
 - candidates + participants
 - 2 Graduates
 - 2 Construction



OSHA Challenge

(as of July 31, 2005)

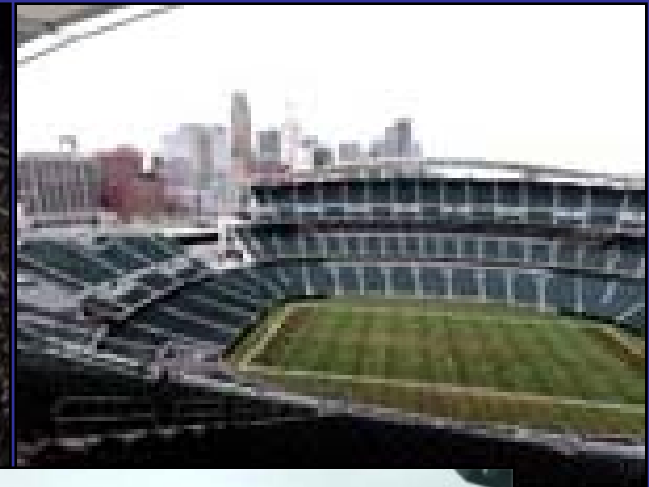
- 14,432 Total Employees
 - Construction: 9,722; General Industry: 4,710
- 13,312 Site Employees
 - Construction: 9,094; General Industry: 4,218
- 1,120 Contract Employees
 - Construction: 628; General Industry: 492
- 39 Unions representing 16 participants
 - Construction: 32 Unions/9 participants
 - General Industry: 7 Unions/7 participants
- 19,242,219 man hours worked in 2004



STADIUM CONSTRUCTION CASE STUDIES



Andy Manis/AP



A number of stadiums were built in the past few years in Region 7.

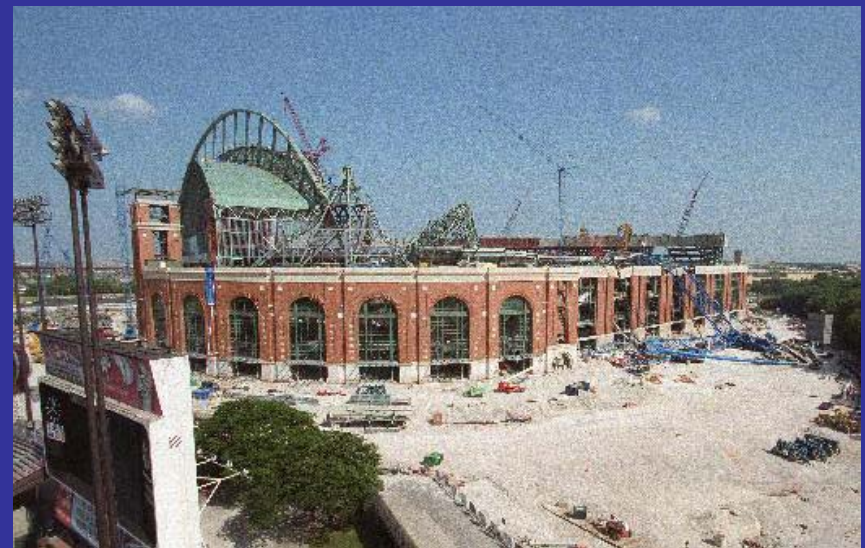
MILLER PARK STADIUM

3 workers killed

July 1999 crane collapse caused the deaths of 3 construction workers.



Hours before collapse of "Big Blue"



After collapse of "Big Blue"

The destruction was extensive



The Sad Results

- Three construction workers killed, several others injured
- Delayed the opening for One Year
- \$100 Million in repairs
- On Dec. 1, 2000, a Milwaukee County jury awarded \$94 million in punitive damages and \$5.25 million in compensatory damages to the families of three ironworkers killed in the accident. Although the families have been paid \$27 million for their loss, the issue of the large punitive damage award is under appeal and in the news every few weeks.

This did not start this way

- Prior to April of 1999 the Miller Park project was at 27% of premium dollars for injuries at the site.
- As the need to accelerate the production to make the opening day deadline, a dispute over site arose and the then safety director left.
- In the next few months there were serious falls, dropped loads and the death of three workers.

MILLER PARK STADIUM RESULTS



Original budget
\$ 322M

Final Cost: \$ 850M+ ?

- \$413.9M (construction)
- \$100M (repairs)
- \$27-99M (jury awards)
- \$330.8M (interest on bonds)

As of 2005 - Litigation is ongoing with over a Hundred Million Dollars in claims still unresolved.

Other Stadium Construction Deaths

- Milwaukee (WI) County Stadium – 1953
 - 3 workers killed
- Rosemont (IL) Horizon Arena – 1979
 - 5 workers killed
- Seattle (WA) Kingdome – 1994
 - 2 workers killed
- Olympic Stadium – Atlanta (GA) – 1995
 - 1 worker killed

Other Stadium Construction Deaths

- Bank One Ballpark – Phoenix (AZ) – 1996
 - 1 worker killed
- Philip's Arena – Atlanta (GA) – 1998
 - 2 workers killed
- University of Florida – Gainesville (FL) – 2002
 - 1 worker killed
- Ford Field – Detroit (MI) – 2002
 - 1 worker killed

It is not just in the USA

- 19 workers died building the Olympic Facilities in Athens for the 2004 Summer Games.



PAUL BROWN STADIUM

No Fatalities

- OSHA Partnership
 - Labor/Management Partnership

***Construction
took 2-1/2 years
and cost \$453
million.***



PAUL BROWN STADIUM RESULTS

- Significant decrease in expected injuries:
 - 0.95 lost time rate v. 4.0 for construction*
- Significant program savings
 - \$4.6 million less in workers comp and liability cost than would be expected.
- No fatalities!
 - Only one fall injury

GREAT AMERICAN BALLPARK

– OSHA Partnership

No Fatalities

***Estimated savings
from Owner Control
Insurance Program
was over \$3 million
(1999-2003).***



GREAT AMERICAN BALLPARK RESULTS

- After 1.2 million construction hours, a job-lost time rate of 0.8
- Estimated savings from Owner Control Insurance Program (July 1999–May 2003) was \$3.125 million.

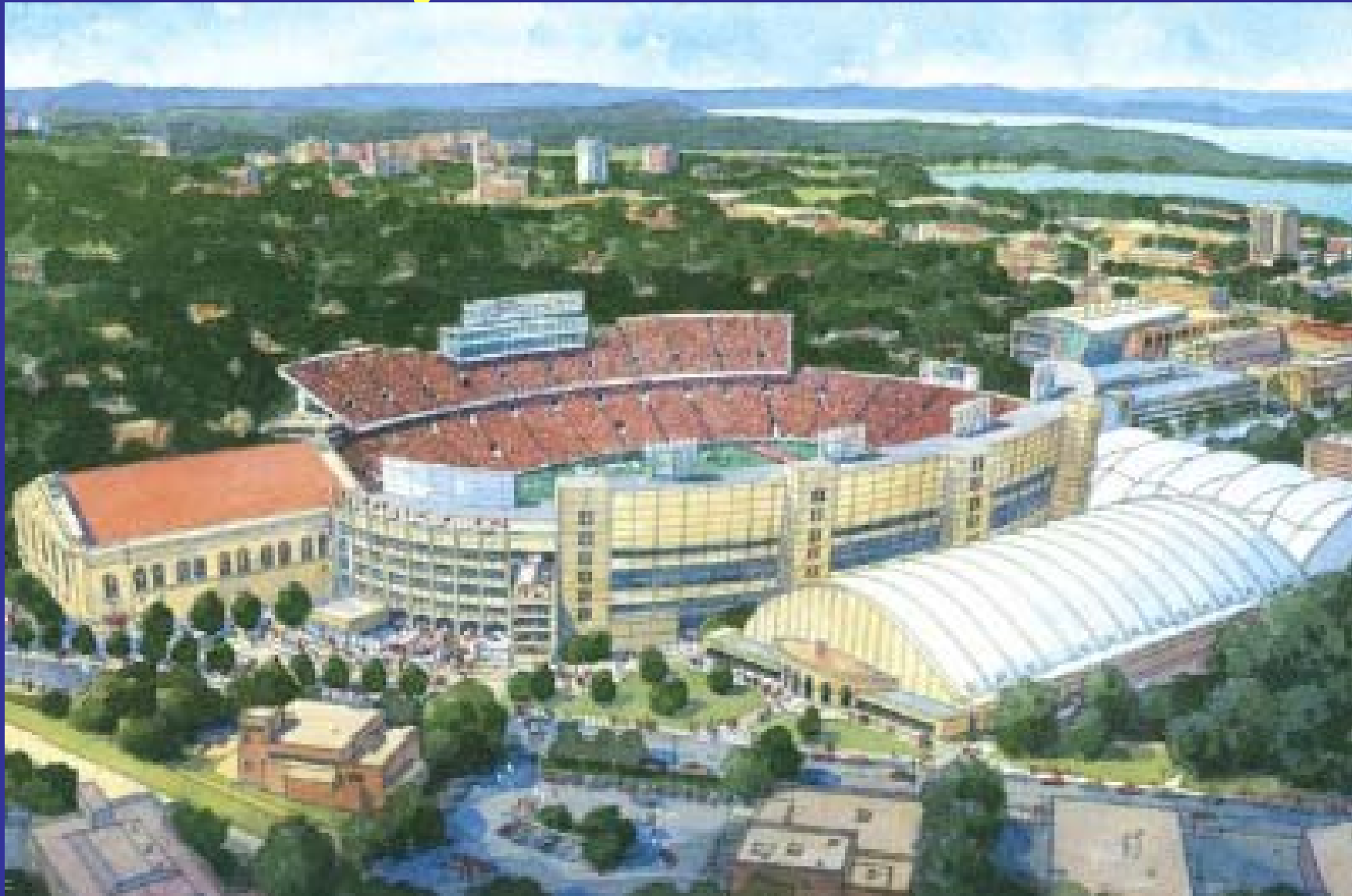
Soldier Field



Results

- The Days away from work cases were at 1.7 per 100 workers, the national average was 3.4.
-
- This partnership has demonstrated the cooperative effort that can exist between labor unions, construction management, state consultation, insurance carriers/brokers and OSHA.

Camp Randal Renovation University of Wisconsin Madison



The results at Camp Randall

- The first year analysis of the OSHA partnership showed a very low rate of injury with a 0.0 lost time incident rate, well below the national average of 3.8 per 100 employees.
- The total case incidence rate of 4.5 per 100 employees below the national average of 7.1 per 100 employees.
- The insurance carrier indicates that the costs are well below half of those expected for the industry.

Lambeau Field

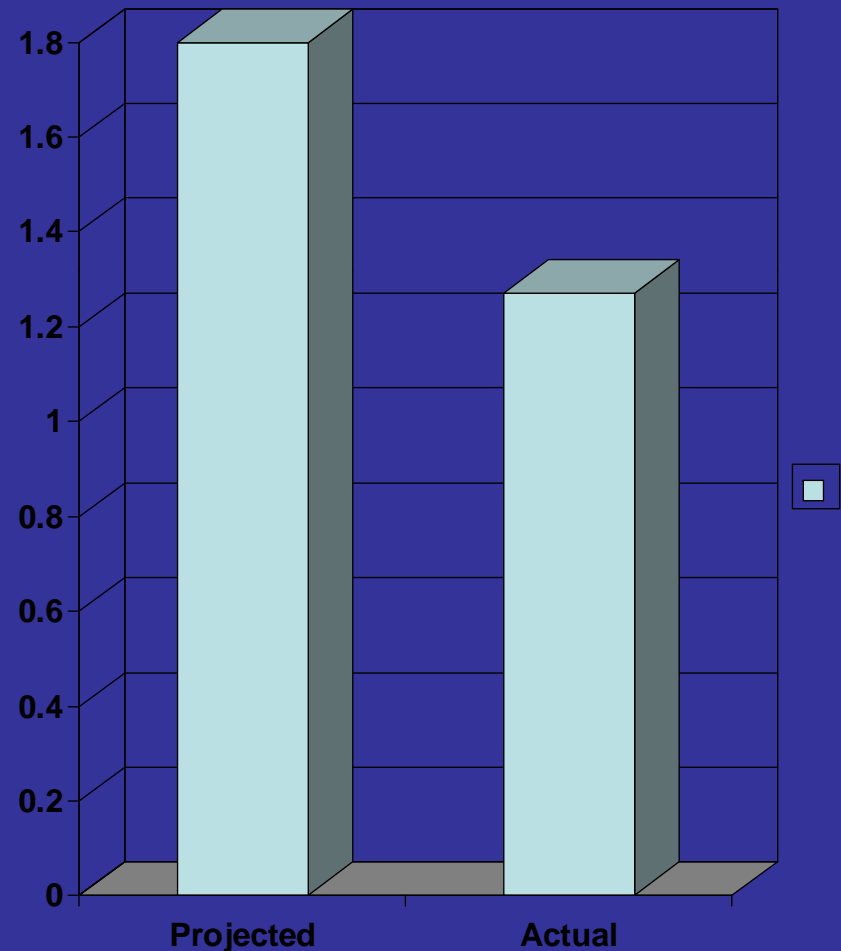
No Fatalities

- Expansion of the existing Stadium, completed on time with construction and football coexisting for two seasons.



Costs of Lambeau Stadium Injuries

- Projected \$1.8 Million
- Actual incurred costs including reserves
- \$1.27 Million
- A savings of over a half a million dollars



OSHA teams with roadway & pipeline construction groups

OSHA added to its portfolio of alliances in late January as the agency formed new pacts with two industry groups.

More than one million employees who are exposed to roadway hazards will benefit from a new alliance signed between OSHA, the National Institute for Occupational Safety and Health (NIOSH) and the Roadway Work Zone Safety and Health Partners.

The Roadway Work Zone Safety and Health Partners is made up of the American Road and Transportation



Builders Association (ARTBA), the International Union of Operating Engineers (IUOE), the Laborers International Union of North America (LIUNA), and the National Asphalt Pavement Association (NAPA) and the Associated General Contractors of America (AGC).

Additionally, OSHA signed an alliance with the American Pipeline Contractors Association (APCA), whereby information, guidance and access to training resources will be provided to employees in the pipeline construction industry.