
OH&S INFO LINE

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Ten Years in Print:

Purcell Enterprises wants your opinion!

Well, it has been ten years of publishing this newsletter first in the mail out form and then in the electronic form. I also have over 30 articles on file from my activities writing for this publication, Worksite News, and Corporate Training Monthly. I am thinking of compiling them into a collection ranging from creating incentives that work to dealing effectively with performance issues arising from Drug and Alcohol abuse. Let me know your burning OH&S issues so I can address them. Drop me a line at:

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Balance Score Card Initiative: Shift Short Term Financial Gain Into Long Term Business Success?

By Barbara Semeniuk

What does a worm have to do with your company's bottom line?

Keep reading to find out.

The truth is, some Companies have struggled with defining how well they are doing and how well they wish to perform. Prior to the 1990's the best way these Companies determined overall performance was by measuring the tangible. That meant measuring with the financial reports. A Company's financial statement was thought to be the best predictor of its survival. If a Company was making money....and was profitable that was excellent.

Hence, the worm theory emerged.

Profitable companies were losing market share due to a lack of knowledge about these types of intangibles: how innovative were they? How adept were they at customer service and gaining new customers? Were they competent in what they were doing and maintaining this competency through training and innovation? For example, a mediocre company manufacturing cars...would usurp the best Company producing buggies in 1910...measuring the tangible was no longer a precursor to success!

Robert Kaplan and David Norton in 1992 developed the "Balanced Score Card Initiative" which was meant to address the problem of measuring the intangibles that were essential to a Company's success...even its very survival. The Balanced Score Card Initiative was quite simply a strategic management and measurement system that measures performance and links these to strategic indicators that provide a comprehensive view of how well a Company is doing.

The balanced scorecard considers traditional hard measurements like financials but also some soft quantifiable operational measures. **These include how well the Company is performing from a Customer Perspective.** Internal measurements or metrics are considered to determine what areas the company must excel in to remain competitive. The last set of measurements is from an innovation and learning perspective: how can the corporation improve and add more value to what it does whether these are products, services, operations or departments like safety and/or quality? Measurements from these four categories create a balanced perspective of how the Company is performing in real time!

The Balanced Scorecard can help Management then, focus on the really important indicators of success rather than short term financial gain. How does one implement the process? Basically this is a 6 step process which covers four areas. In each of these areas, measurements must be selected (no more than 15 or 20) and these tied to the goals or Critical Success Factors. Let's examine the process:

1. Decide What to Measure

There are four areas to measure in the Balanced Score Card Initiative. Let's go over each in turn.

First, there is the **Financial area (shareholder's perspective)**: Reviewing Financial Statements shows which goals were met. Was there increased profitability and growth? If not, what types of measures are needed to meet the set goals? For example, if the Financial goal is increased profitability how does the company measure this? Goals are linked to the measures. For example: increased profitability can be achieved through cost reduction, revenue growth, sales, increased margins, and increased cash flow. The Company strives to quantify these measures so they can be achieved.

The next area of measurement is in the **Customer Perspective**: Here a company sets goals which may include meeting new customer acquisitions, increase customer satisfaction, and increase customer contacts. Customer Perspective is further measured by increasing market share, customer loyalty, determining how well customer service is doing, measuring the number of new, retained and lost customers, and the number of customer complaints generated. Set targets and strive to achieve them....20% increase in market share, 10% decrease in customer complaints through improved customer service training.

Another measurement area comprises an **Internal Perspective**: Again, the company sets goals in this area. Do you want to improve core competencies, streamline the process, enhance the use of technology, and achieve better employee morale? If so what is management prepared to do to improve the quality of our operating processes?

How do you set about measuring this? For one, you can achieve quality operations by efficiency improvements, internal audit standards, more employee suggestions, and more sales per employee. These measures can translate into streamlining a manufacturing or service process, enhancing the technology available to workers and their ability to use it....resulting in more sales per worker.

Finally, look at **Innovation and learning perspective**: Once again set goals like continuous improvement, new product development, and improved employee training. These goals measure indicators like the number of new products, percentage of sales from these, alignment of personal goals with the scorecard. What you want is a climate that supports innovation and growth.

It should be noted that the balanced scorecard can be adjusted to fit your company's own requirements...different areas can be used as key performance indicators. For example public companies may not be as concerned about customer perspective but may wish to incorporate client's or user's perspectives of the non profit service they receive. They then measure their own intangibles that will drive performance and value to their clients. They customize and develop their own critical success factors.

2. Implement the Plan

Change must be mobilized through Senior Management so they in turn will actively support the Balanced Score Card Initiative. Senior Management must be aware that it is a long ranging plan of action: affecting the way the Company is strategically measured in order to align strategic objectives, management systems and corporate performance to long term success and/or growth. This process may take three or four years to implement!

The Senior Management team must mobilize their organization to affect the change. Once the key metrics and goals are established for each of the four areas of the balanced scorecard further interviews and meetings need to be held to fine tune the initiative and determine the best way to implement it within the organization. Critical Success factors must be considered and defining how, when and where targets set for each factor should be recorded.

3. Process

Once the plan is created and implemented, then the process must be managed to determine its success. The Senior Management team must shift towards governance: to install the new performance model. Employee participation is important so everyone feels involved in the process and has ownership. Thus, employees will be less resistant to change and more willing to support the implementation of the Balanced Score Card Initiative. Their own objectives can be used to set personal scorecards.

4. Analysis

Much like behavioural based safety programs, the results of the measures should be analyzed on a regular basis: daily, weekly, monthly, yearly and distributed to all employees. The data may be complicated but graphs, discussions with department heads, and distributing information on a need to know basis are critical to the Balanced Score Cards success.

5. Use and Analyze the Results

The information needs to be used and implemented...put into practice. Its measurements must be continually refined and adjusted and the results used to improve the organization's performance. What you'll find is that your very large organization acts and responds nimbly... like a smaller company. Management follow up is critical to ensuring this occurs.

6. Feedback

Does this system work? Use the data gained from the use and analyze stage...apply the information and publicize the results to as many employees as possible. The feedback alone is a powerful mechanism improving any current business system. This process is akin to Deming's: Plan, Do, Check cycle.

A clear picture of your company emerges through this process. Here's the important point. As the scorecard is put into action and the feedback systems begin to generate and report on actual results the organization tests the hypotheses underlying its strategy to determine if it is working. Movement occurs and rather than waiting for next year's budget cycle the priorities and the scorecards are updated immediately. Much like aircraft navigating towards a city, the flight is continually adjusted for wind speed, air currents, and the vagaries of the weather in order to reach their destination.... What better way to reach your goals than with the Balanced Score Card Initiative.

The Balanced Score Card Initiative becomes the heart and soul of a Company's strategy....the jet engine of a Company driving it towards long term growth and prosperity.....and your Health and Safety people can use this initiative to drive down injuries, speak to management in metrics they understand and become part of the overall strategy of a company.....rather than a reactive, knee jerk response to injuries, losses, and death. But that is next month's article!

About the Author: Barbara Semeniuk specializes in industrial and high-tech safety and loss management: she delivers workshops and writes articles about how to improve the safety policies and routines in your company. To receive details on how well your company passes audits and safety inspections, contact Barbara at (phone) or visit her at <http://www.purcellenterprises.ca>

Balanced Score Card Approach? Nah, Use This System!

By Barbara Semeniuk

Have you ever been reading something – like stuff about Balanced Score Cards – and then a paragraph or two in, you realize your mind is wandering? You can't remember what you've just read?

Now be honest here – when you read the previous article about Balanced Score Cards were you curious what else that system comprised? Or did you think, too complicated?

The truth is, between that article and this one, I attended a conference in Los Angeles about this very topic. And I have some *great news for you*.

Before I share what Safety experts are heralding as one of the easiest and effective systems available today that helps you identify and solve issues in your corporation, let's review what the Balanced Score Card was about.

The Balanced Score Card, an internal business monitoring system, uses your own company's internal measurements to determine what goals you wish to achieve. You examine your metrics in four areas: innovation, resources such as people, processes (production, quality, safety) and customer service (what the customer thinks of you).

Currently 52% of the major corporations in the USA are using this system. What that means is these companies measure productivity in more ways than the standard financial tests of the past. In 1992, two Harvard professors proved that by using this system, companies could

measure key performance indicators, completely and in great detail (and I repeat) great detail.

Now here's the good news. I used to think that the Balanced Score Card was the best system because of its complexity and detailed analysis. I still do, however, since writing that last article, I learned that there is a simpler, ***easier system available and it works!***

The Safety Index System developed for Baxter Healthcare Corp by a lovely and helpful man named Javier J. Ruiz-Mendaz, P.E., offers this leading indicator: It prevents incidents before they happen because you can correct a low score before it results in losses. In fact, these indicators can predict if you are more likely to have an incident!

What this means for you, as the Health and Safety Manager, you can stay current with legislation, write new training programs and standards, sell safety to management, and more because you now have more time. Sound impossible? Here's how you implement it.

You delegate this simple and easy safety system to the proper people – your supervisors and other managers. You can now act as their resource person and not as the only one responsible for Health and Safety in your Company. Interested?

Here are more details:

This system is so easy and simple to use. In fact, everyone can be held responsible in their designated areas. And the best part, the Safety Index system is easy enough so that your supervisors really could get to like doing this.

Here's how it works. First, you create a list of to do's....you know, those unfinished or critical items arising from job safety hazard analyses, training sessions, inspections, accident investigations. Next, you track how many get corrected, how many get corrected late, or not corrected at all. All your Safety Managers have to do's. Now you put a percentage weight on it. This To Do element should have the most weight in the system because if left uncorrected, to do's will result in incidents.

After you have the number of inspections completed, the number of incidents investigated, the number of training sessions attended, you then assign weighing to these additional items. Here's what your list with weights looks like:

To do's.....40%
Inspections....15%
Incident Investigations15%
Training Sessions Completed....15%
Compliance to Standards.....15%

You could put different weights to different elements depending on how you view them in terms of preventing incidents and their importance in your organization. Once you have a rating in place, you determine the completeness of the metrics. Did the area supervisor finish 60% of the assigned task, 40%, 30% or 100%?

The next step is just as simple. Pick someone, the first Supervisor you had applying the system for example. Determine the level completion by the Supervisor on the metrics or key performance indicators you are holding him accountable for: Since a table is worth a thousand words.....

Area Supervisor One:

To do's 60% complete. $.60 \times .40$
(weighing factor) = 24%
Inspections 30% complete $.30 \times .15$
(weighing factor) = 4.5%
Incident Investigation 75% complete $.75$
 $\times .15$ (weighing factor) = 11.25%
Training Sessions Completed 90%
complete $.90 \times .15$ (weighing factor)
= 13.5%
Compliance to standards 80% complete
 $\times .15$ (weighing factor) = 12%

Add up the scores $24\% + 4.5\% + 11.25\%$
 $+ 13.5\% + 12\% = 65.25$ or 65% (round
down from 0.4, round up from 0.5)

The Safety Index is 65.25 or 65% out of
a 100%.

Now set a standard. Let's say you're
satisfied with 80% Safety. Compare this
score along with your other supervisors
or managers and see how each compares
to the standard. The score of 65% we
just compiled is well below your 80%
standard. This supervisor's score gets
color coded as red or critical. On the
other hand, if your supervisor gets
between 75 % and 85 %, then the color
code becomes yellow as a warning. If the
supervisor gets between 85% and 100 %
the color code becomes green and
acceptable. Always look for a sea of
green.

Think of all the extra effort you used to
put into Safety. Now with this simple and
easy to apply system, your supervisors
and managers take responsibility for their
own areas. One thing you could consider
is rewarding green scores with pay
increases. You could tie salary with
achieving and maintaining these metrics
...Just a thought.

The fact is you will notice that the lower
the score, the more likely an incident will
occur. And now your management team
has a tool to prevent serious incidents.

From now on, as each supervisor holds
responsibility for achieving these metrics,
you can ensure accountability for
correctness. Some Safety Managers
share these scores with all their
supervisors and discuss them as a group.
How you decide to monitor and delegate
this system is your choice. That's the
beauty of this simple system. Design your
items, weights and standards with your
company goals and objectives in mind.

This system could easily save you hours
per day in your already busy work
schedule. Tracking is easy. Coding is
simple. You will know immediately which
items of the index are being completed.
Compare your results biannually or
annually. By tracking and measuring
safety activities or leading indicators, see
how much of a difference each area has
made. Good luck. And aren't you now
glad you read through to find this even
simpler system? And have a Happy
Easter!

Barbara Semeniuk is President of Purcell Enterprises Ltd. an innovative consulting firm whose mandate is to "enhance health and safety in industry through education, research and application in order to prevent incidents, meet legislative requirements and reduce related expenses". In the spirit of her mission statement, Barbara respectfully presents this article on performance metrics in Health and Safety : a system that is not widely known or understood for small to medium companies in Canada. For information on other topics check out her website at www.purcellenterprises.ca or e-mail her at firstbesafe@shaw.ca with questions.

Web Notes

There is a really cool website with free resources on how to improve your business. They do not sell you anything and these metrics can be the difference between running a successful business and one that fails. They have free teleconferences every Monday to discuss some of the metrics and they also have free online webbased resources that you can access. Check it out at www.masterstream.com

Mr. T. Falcon Napier and his wife, Mrs. Linda Napier are just delightful and most helpful to deal with. I give this site a WOW aka Tom Peters.

So You Wish To Become A Health and Safety Consultant..... A Game Show

By Barbara Semeniuk

The music blared, the lights flashed, balloons and streamers streamed down in front of the glaring orange neon set, where on a podium stood Howie....the Game Show Host. Welcome to So You Want To Become A Safety Consultant...it is a game of thrills and chills and money to win...lots of it.

"Hey!" Howie yelled out "Our Three Contestants are all clones...studio audience let's give a warm welcome to Clone #1 Barbara Semeniuk: I want to Pick your Brains! Barbara rushed into chair brushing back her short, red hair, "Wow!" she screamed. "Am I really, really here...this is my chance of a lifetime.....".

Howie smiled and pointed to the question emblazoned in neon yellow that appeared on the screen. Now, all three contestants will be asked the following three questions...the best answers wins the game!

Alright, Question #1: "Why do you want to get into Health and Safety?"

"That's where the money is...isn't it. Plus, you do not need many credentials to be Health and Safety consultant and credentials are so, so, well, boring...you have to work to get them. They are so, so, yesterday!" gasped Barbara Clone #1. Question number two: "What's your approach towards Health and Safety?"

"Errr...can I take you to lunch...you buy but you get my undivided attention and company and I get to pick your brains as to your strategy, income, obtain your client list and all the painful lessons you have learned the hard way...through experience! I get to pick your brains on everything you've learned in a lifetime at your expense and on your dime! Isn't it wonderful?"

Howie shifted and stated "That's another game show!" "Let's move on!" He pointed to question #3 which flashed bright blue and green....here's your reward....you get to pick three outcomes:

Outcome #1: You get to continually pick this safety practitioner's brain forever and make lots and lots of money.....a picture appeared of a grimacing Health and Safety practitioner chained to a chair with A Welcome to Hell sign flashing above him.

Outcome #2 You get the client you deserve! A scene flashed to Low Ball Consulting Group Inc. A man in a plaid suit, bright yellow pooka dot tie was smiling like a great white and screaming "Welcome! Welcome! There's a sucker I mean client born every minute!"

Outcome #3 You achieve perfect peace! You understand that you have to build a relationship with someone and they will gladly help you in any way and any manner. Go back to school...get some credentials'...see if Health and Safety is what you really want to do."

Outcome #1 screamed Barbara Semeniuk Clone #1. In a puff of smoke she disappeared...a fire and brimstone odour lingered wafting throughout the studio.

Howie smiled brightly, "I'm Canadian you know, eh." he stated brightly.....Clone #2 I'm in it for the Money Barbara Clone #2 Barbara Semeniuk looked identical to Clone #1 except she talked like her mouth was full of cotton batten in a gravelly tone. "That's a nice watch you have there Howie, can I have it?"

Howie looked at his Rolex, "Well" he said uncertainly. "My boys will convince you to give it to me", stated Barbara adjusting her black pinstriped suit. Two big burly men emerged carrying semi automatics .They confronted Howie, lifted him upside down and removed his watch. Carefully, they placed him back on the podium and patted him on his bald head which was now glistening with sweat.

Howie glanced feral like at the two burly men beside him who had given Clone #2 his watch. Now I will ask you three questions he said uncertainly "No," Barbara Clone 2 said putting on the watch I'll ask the questions.....Question #1 What time is it". "I don't know", Howie said furtively staring at the two men beside him, "You've got my watch".

"2.52," replied Barbara, "and I'll keep the watch. Anytime you need to ask me the time, just ask but I bill out at 50,000 a minute and that's 25,000 so far."

Howie gulped and trembling, said "Question #1 Why did you want to get into Health and Safety". "For the money, Howie, the money, HOWIE, SHOW ME THE MONEY!"

“Ok,” Howie gasped, “Outcome #1 All the money you’ve ever wanted and dreamed off but you have to pick between Outcome 2 and Outcome 3?”

“What’s outcome 2?” asked Barbara
“The Taxman!” A man in a business suit stood up in the studio audience and cried, “I’m here from the Federal Government and I’m here to help you.”

“No, No!” cried Barbara

The Taxman continued ruthlessly, “at 50,000 per minute with capital gains tax, your breathing tax and the special mobster rate you owe me 2 billion dollars. Do you want to pay me now or later?” he smiled, brushed the big burly men aside removed the watch from Barbara who was sobbing uncontrollably, and gave it back to Howie

“Thanks”.said Howie

“I owe you big time,” smiled the tax man “I just love outcome 2 and 3 because they are both the same!” a sobbing, sniveling Barbara was lead offstage.

Contestent #3 I love humanity and I want to make a difference Barbara

Howie looked up, a serene Barbara Semeniuk, her rotund form swathed in white glided to the contestant’s chair Howie pointed to Question #1, “Why are you in Health and Safety?”

Barbara Clone Number 3 smiled sweetly and said. “To help all the poor, possibly at risk of being injured workers”.

Question #2 “What is your approach to Health and Safety”

“Well, I believe that you should have all the necessary credentials and if you have work experience like being on a Health and Safety committee or assisting in Health and Safety activities...all the better. As well, education is life long...if you don’t have the credentials, work on getting them and if you do, don’t sit back and think you are so smart. Continually educate yourself because Health and Safety is continually evolving! Clients should be taught to fish rather than you doling out the fish and the money is very good in Health and Safety but should not be a means to an end. You should enjoy making a difference and even better...getting paid well to make a difference. Work diligently, be fair and objective in all your dealings, and enjoy what you do!”

“Ok”, Howie said, smiling “here’s your Outcomes:

Outcome #1 “By utilizing this approach you are more likely to excel and prosper. You create your own security because you love what you do and are good at it. You prosper on all

levels of Maslow’s Hierarchy of Needs, you become one with the universe”.

Outcome #2 “You take an abundance philosophy and help and assist those you decide have the wherewithal to get into Health and Safety and you mentor the young, are respected by your peers and work for a long, long time. Incidentally, your clients love you and you get lots of repeat business.”

Outcome #3 “You become the Health and Safety Officer of a Leper Colony in the outskirts of Lithuwanianear inner Slobovia. You tackle Health and Safety issues as to why attendance keeps dropping off at Health and Safety meetings and the fact that every time you play hockey for charity there’s always a face off in the corner. You receive the Mother Theresa Award for working with the poor and down trodden. “You make a difference”.

“I’ll pick Outcome #3”, cried Clone# 3 Barbara, “I love you Howie, I love you all. She disappeared in a cloud of white doves circling into the sun.

“That’s it”, said Howie, “Now, Deal or NO Deal!”

