

Compliance

Magazine

Serious Safety Dividends

By Greg Shaw

The importance of safety in manufacturing plants is not a new concept. However, knowing how a safety program affects the bottom line can bring the subject of safety into the forefront of a company's strategic plan.

In 1999, Republic Windows & Doors found itself in a new 375,000 square foot, award-winning facility in Chicago. The company was rapidly growing in sales, employees, production and, unfortunately, accidents. But costs associated with an inferior safety program were undermining significant productivity improvements gained through an aggressive implementation of cellular manufacturing principles, skill-based pay and gain-sharing programs.

As a risk-averse mid-size company, Republic historically insured itself under a guaranteed loss program, which came with a flat premium for its workers' compensation insurance. After several years of increasing accident trends, workers' compensation premiums were rising to painful levels. Because of the company's poor experience and a hardening insurance market, a guaranteed loss program was no longer financially feasible. In 2001, Republic switched to a retroactive pre-



Republic's emphasis on education, rewards and measurement reduced injuries and costs associated with workplace accidents.

a company shares risk with the insurer through a sliding premium scale that is adjusted retroactively against incurred losses until that year's claims are closed. This program galvanized Republic's resolve to reduce upside risks and reap the rewards of a substantial premium rebate opportunity.

The Story Is in the Stats

The new program worked. The following statistics demonstrate Republic's reduced injuries and lower costs. Republic's payroll increased 25 percent from 2000 to 2001, which should have had a negative impact on the company, because workers' compensation premiums are based on a charge per \$100 dollars of payroll with charges varying by job category risk. In addition, in 2001, the insurance markets continued to harden, a situation that significantly inflated insurance renewal rates. Under these difficult conditions, Republic reduced workers' compensation costs

competitive advantage.

Teaching Safety

It was impossible to pave the company's way to a safety culture through corrective action. Republic stopped issuing discipline for accidents and safety violations and emphasized analysis and coaching. The company felt punishment alienated employees and shut down dialogue and reporting of near misses and other hazards. Within months of implementing the new safety philosophy, there was a dramatic increase in the reporting of hazards, first-aid injuries and near misses. The company began to understand root causes of accidents and instituted bi-weekly inspections and rigorous investigation practices related to near misses and accidents. These inspections and investigations were documented through digital photographs and reports, which were distributed to supervisors and process engineers who held pre-flight meetings with employees to discuss ideas. These tools helped

teach the management team and employees the art of seeing safety problems and allowed the company to establish credibility with its employees by demonstrating that safety is a way of life and a top priority.

Rewards

Because one injury can wipe out months of hard work and capital investment in equipment and programs to gain manufacturing efficiencies, it is easy to understand why creating strong incentives for safe work performance is essential. Republic offers a gain-sharing program to employees with teams organized by production lines. The program pays an incremental hourly wage every two weeks based on the achievement of throughput, quality and safety goals. For the safety component, employees can earn up to an additional 50 cents per hour if they operate accident free for a period of time.

The increment grows over time. If the team experiences an accident, they start again from zero. The psychology of rewards and interdependence has a multiplying effect on other important outcomes besides safety.

Defining Safety

Rigorous standards were established for Republic's safety program. These include an annual safety program booklet of goals, metrics, standards and program elements that are reviewed and signed by the com-

pany president and 12 other senior managers. The program is re-launched each year through meetings with production supervisors and process engineers.

One example of a written standard is the company's method of accident reporting and investigation. When an accident occurs, the supervisor sends an immediate alert to 14 identified persons including the president and senior management team. The process engineers, supervisors and safety managers must complete a full investigation documented with digital photographs within 72 hours and submit a written report. The report shows what went wrong and how to correct it. It serves as a safety work order and a coaching tool. The supervisors and process engineers then conduct coaching sessions with all affected employees to re-sensitize them to the issues of concern.

Measurement

Each week, Tom Ayala, Republic's safety manager, publishes an exhaustive list of safety reports that provide the details, graphs and measures on the company's safety performance - tracking near misses, first-aid incidents, OSHA recordables, vehicular accidents, costs and incurred losses. Republic knows where its safety problems are occurring and now has four years of solid data for comparison. This weekly data measurement emphasizes a relentless message that safety comes first.

Leadership

There is no substitute for the involvement of senior management. Republic disbanded its safety committees and then re-established them as safety councils, made up of leaders. Safety suffered because of a lack of leadership, not employee participation. Now the company's president reviews weekly safety reports, then questions and encourages the management team. The safety manager is a tireless advocate for prevention, and the manufacturing management team is equally dedicated to realizing safety goals. The company advocates the principle of 100 percent responsibility. No one person leads: Every employee assumes leadership.

Conclusion

Republic is proud of its accomplishments and hopes that its ideas can help others to prevent the unnecessary costs and human suffering associated with workplace injuries. **CM**

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Republic's OSHA Recordable Injuries, 1999 - 2002

Year	Number of Injuries
1999	129
2000	76
2001	45
2002	21



10,000 Square feet of Republic's own Heat Mirror™ windows were installed on the face of its award-winning plant to reduce energy use on a grand scale.



Republic was one of the first vinyl window manufacturers to incorporate Super G Warm-Edge technology into all of its window lines. Here, an operator assembles a tin-plated u-shaped steel spacer, the integral component in Republic's Super G™, warm-edge insulated glass.



An operator checks a piece of finished T.U.F.® glass for waviness and quality as it comes out of Republic's in-house tempering oven. Republic tempers hundreds of pieces of glass per day.