

Special Advertising Section

# THE ROI OF SAFETY

*The bottom line on safety: It starts at the top*



*Savvy CEOs are taking the lead in developing programs that have a positive and lasting impact on their employees...*

**I**n today's intensely competitive business environment, managers must evaluate every product, service or program's contribution to corporate fiscal performance. At the same time, achieving and maintaining competitive advantage often depends on the organization's swift identification of impediments to corporate productivity and fiscal growth.

Increasingly, businesses are discovering that attention to employee safety and health, both on and off the job, positively benefits the workforce as well as the bottom line.

As a nation, we have made considerable progress in dramatically reducing workplace injuries. According to the National Safety Council, deaths from work-related injuries have declined by nearly 70 percent in the last 50 years and by as much as 24 percent in the last 10 years.

But for today's new breed of CEOs, even one injury is too many. More important, they're making the connection between safety as corporate social responsibility and corporate fiscal health. According to the Liberty Mutual Research Institute for Safety, for every \$1 invested in safety, there is between a \$3 and \$6 savings.

"Organizations are beginning to realize that safety pays tremendous dividends in terms of lower workers' compensation and insurance costs, as well as improved employee productivity, morale, and retention," says Alan C. McMillan, president and CEO of the National Safety Council in suburban Chicago.

*(continued on next page)*

Safety isn't just benefiting the organization's employees, it's benefiting the organization's bottom line as well. An increasing number of CEOs are realizing that investing in safety is a sound business strategy.

# THE ROI OF SAFETY

*The bottom line on safety: It starts at the top*

Special Advertising Section

## Q&A

### Alan C. McMillan



President  
and CEO  
National  
Safety  
Council

#### What is your organization's mission?

We were founded in 1913 by leaders from industry, government and labor who recognized the need for a permanent body to promote safety in industry and all aspects of our lives. We received a Congressional Charter in 1953 and today, with the support of our 46,000 member organizations, we continue to educate and influence businesses and society to adopt safety and health practices.

#### How can companies improve employee safety?

By incorporating safety into the organization's leadership philosophy and culture and making safety a core corporate value. Employees must be given the knowledge and training to minimize their risk of injury on and off the job. Finally, safety performance must be measured and integrated into an organization's management systems.

#### What do you see as the greatest challenge to safety?

Our transformation into a global society. It is incumbent upon all of us to embrace safety and health practices to ensure the well-being of workers, families and communities throughout the world.

*(Continued from the cover)* It's a sentiment shared by senior management at companies on the leading edge of workplace safety. "In the daily hustle and bustle, one can easily forget that a safe business is a well-run business," says Edmund F. Kelly, chairman, president, and CEO of Boston-based Liberty Mutual Insurance Co. "Safety is an investment and not an expense because, apart from any moral or ethical considerations, a safer workplace is more efficient and more economical. As an insurer, we see firsthand the immediate cost of a lack of safety."

Another company that has seen firsthand the ROI of safety is Exxon Mobil Corporation. "Safety performance is a critical leading indicator of the overall quality and competence of an organization," says Senior Vice President Ed Galante of Texas-based ExxonMobil, whose safety focus has made it the global oil & gas industry leader in most measures of worker safety. "It has been our experience that a disciplined approach to improving safety performance benefits all aspects of our operations. Our focus on safety has also helped us achieve lower costs, better reliability and higher plant utilization, all contributing to the bottom line."



**Even with workplace injuries declining, annual employer costs for injuries to workers while off the job and their family members are increasing.**

**ALAN C. McMILLAN  
NATIONAL SAFETY COUNCIL**

### Instilling a Culture of Safety

The companies that have been most successful in harnessing the financial benefits of a safe workplace come from varied business environments but share common traits. Namely, they have CEOs who recognize that a culture of safety must be a core value that imbues every aspect of their organization and that safety must start with them.

"Good business leaders understand human nature, care about each worker's well-being, and recognize that a company's employees are its greatest asset," says McMillan. "For them, employee safety is non-negotiable, uncompromising, permanent."

That's why savvy CEOs are taking the lead in developing programs that have a positive and lasting impact on their employees and that tie into their companies' mission.

"At ExxonMobil, no aspect of work receives greater attention than the safety and health of our workers, customers, and the communities where we do business," says Galante. "We strive for an incident-free workplace and an environment that supports our clear and simple program objective: 'Nobody Gets Hurt.' We mean this. Our management, led by Chairman and CEO Lee Raymond, is committed to driving the rate of injuries and accidents as close to zero as possible."

For Liberty Mutual, it's part of its mission statement: helping people live safer, more secure lives. That's why it has implemented policies that back its philosophy.

#### Web Resources

**National Safety Council**

[www.nsc.org](http://www.nsc.org)

**ExxonMobil**

[www.exxonmobil.com](http://www.exxonmobil.com)

**Liberty Mutual**

[www.libertymutual.com](http://www.libertymutual.com)

# THE ROI OF SAFETY

*The bottom line on safety: It starts at the top*

Special Advertising Section

## Q&A

### Edmund F. Kelly



Chairman,  
President,  
and CEO  
Liberty  
Mutual

#### Why is safety so important to your company?

Because keeping people safe is the right thing to do. When Liberty Mutual was founded in 1912, workplace injuries were much more common. Many workers were severely injured or lost their lives, yet companies didn't think to improve safety because they felt workplace accidents were a normal part of business. Today's workplace is considerably safer than it was 90 years ago, but people still get injured.

#### What role does the Liberty Mutual Research Institute for Safety play?

For the past five decades, the Research Institute has conducted research on how to prevent workplace illnesses and injuries and how to get people healthy and back to work. Our research results are not proprietary nor do they sit on a shelf.

#### What did receiving the 2005 Green Cross Medal for Safety Medallion mean to your company?

Receiving the award was especially significant to us. With it, the National Safety Council honored the core of our institution, the essence of our tradition and a commitment that really matters to us.

"Enlightened companies and their leadership understand the risk components of their operations, implement appropriate controls, train their employees on the safety protocols specific to their industry, and regularly and rigorously measure their safety record," says Kelly.

And it's not just the large energy and insurance companies that need to be concerned. Every organization is at risk. "If you operate a business, you need to be concerned about safety," says Kelly. "Slipping, tripping, and falling all happen whether your employee is in the office, on the factory floor, or at the construction site. Repetitive motion injury happens to workers on computers as well as on the assembly line. Any management team that ignores safety because they think injuries don't happen in their line of work needs to open their eyes."

### Extending the Vision

These incidents not only have a devastating effect on employee morale, they have a negative effect on finances. According to the National Safety Council, of the 100,000 injury-related deaths last year, 64 percent involved workers who were off the job or their family members.

"The cost of on-the-job injuries was \$156.2 billion in 2003, of which \$78.3 billion was wage and productivity losses," explains McMillan. "That number is compounded by employee off-the-job injuries that cost society an estimated \$205.3 billion. That's a staggering annual cost to businesses of \$361.5 billion."

These statistics help explain one of the National Safety Council's recent initiatives: to call attention to the issue of off-the-job safety. In the last 10 years, workplace injuries are down nearly 24 percent and deaths on U.S. roads and highways have decreased 15 percent. However, injuries occurring in homes and communities have increased 11 percent.

According to McMillan, with 140 million employees and their family members at risk, off-the-job injuries are having an impact on the cost of doing business. "Even with workplace injuries declining, annual employer costs for injuries to workers while off the job and their family members are increasing," he explains. "The costs underscore the need for businesses to assume greater responsibility in extending safety programs to include off-the-job safety for employees and their families."

Increasingly, businesses are beginning to take action. "Whether your employee sustained an injury at work or at home, the fact still remains that that employee is not at work," says Kelly. "If you support safe behavior as the culture at work, it will most likely become part of the culture at home."

As well as having workplace programs, Liberty Mutual has dozens of programs that promote safety at home and in the car, including an exhibit at Epcot. "To move the message of safety beyond the workplace, we teamed with Disney last year to introduce the nation's largest home fire safety exhibit," says Kelly. "*Where's The Fire?* helps families recognize and reduce the likelihood of fires in their homes – it is one way that we can make a difference."



**Employees who work in a safe environment feel valued and are inclined to want to produce a quality product, increase productivity, and make customers happy.**

EDMUND F. KELLY  
LIBERTY MUTUAL

# THE ROI OF SAFETY

*The bottom line on safety: It starts at the top*

Special Advertising Section

## Q&A

### Ed Galante



Senior Vice  
President  
Exxon Mobil  
Corporation

#### What are your unique safety challenges?

We are committed to taking on the world's toughest energy challenges. We do that safely and in an environmentally responsible manner to meet the needs of a steadily growing world economy. Consider this challenge in terms of how we bring a gallon of gasoline to the consumer. It's possible that the fuel you pump into your car or truck has been transported safely across oceans and land masses, through refineries, pipelines, and terminals, and then been driven by truck to your local service station. At ExxonMobil, we're focused on safety every step of the way.

#### Has focusing on safety helped your company?

Our corporate wide Operations Integrity Management System sets the highest standards for safety, health and environmental protection. In the past decade, we have reduced injuries by a factor of 10 and lead our industry by most measures of safety performance. Our disciplined, rigorous systems benefit all aspects of our operation and have also led to better productivity and profitability.

In addition to extending its commitment to safety and health into the homes and communities of all their workers, ExxonMobil believes that companies must also help create a safer environment in workplaces and communities throughout the world. To help promote the sharing of best safety practices internationally, ExxonMobil co-sponsors the Robert W. Campbell Award with the National Safety Council. The award honors companies that demonstrate a link between outstanding safety, health and environmental performance with improved productivity and profitability.

ExxonMobil also understands that poor sanitation and disease can have a devastating effect on local economies. The company works with a number of leading international health organizations in the effort to reduce the incidence of preventable diseases. Its efforts in fighting malaria, for example, include funding drug-research programs and providing insecticide-treated bed nets to local villages in the hardest-hit regions of Africa.

The National Safety Council agrees that improving workplace safety and creating a healthy environment is emerging as a significant challenge of the 21st century.

"Safety is not a luxury reserved for developed countries," says McMillan. "As populations and economies continue their rapid growth and development, millions through-

out the world are taking on new jobs and new risks like never before. The well-being of workers and their families must be at the forefront, a core business value, in all industries, in every corner of the world."

International safety and health leaders meeting at the World Congress on Safety and Health at Work later this month hope to bridge the international safety gap. This gathering, which is being held in the United States for the first time, will serve as an international forum for bringing greater visibility to the emerging safety and health issues in our increasingly global world.

One topic of discussion is this idea that safety and health programs benefit a company's bottom line. For McMillan, the bottom line is simple:

"The CEOs 'who get it' recognize that a corporate commitment to safety has its costs, but, more important, it pays tremendous dividends in business and human capital."

"Employees who work in a safe environment feel valued and are inclined to want to produce a quality product, increase productivity, and make customers happy," concludes Kelly. "Additionally, safe workplaces are uncluttered and efficient; this combined with a good attitude helps make a business profitable. So there is a clear connection between safety, quality, production, and profitability." ■



**It has been our experience that a disciplined approach to improving safety performance benefits all aspects of our operations. Our focus on safety has also helped us achieve lower costs, better reliability and higher plant utilization.**

ED GALANTE, EXXONMOBIL

For more information on the 17th World Congress on Safety and Health at Work in Orlando, FL, September 18-22, 2005, visit [www.safety2005.org](http://www.safety2005.org)

Written by Jill Colford. Design by The Mighty Design Shop.