SHARP to VPP — improving your company’s safety and health-management system

April 2, 2009
Session SCH321
Presented by Howard Eberts

EXCELLENCE IN SAFETY & HEALTH
Adds Business Value and Competitive Advantage …

Ability to compete
Enhanced Reputation
Access to Global Markets
Employee morale
Cost and Risk Reduction
Improved efficiency
Improved quality
Improved productivity

WHAT DO ACCIDENTS COST YOU?
Direct vs. Indirect Costs

• Direct - Insured Costs
• Indirect - Uninsured, Hidden Costs - Out of pocket
• Unknown Costs - Human Tragedy/ Morale/Reputation

Safety & Health Management Systems (SHMS)

Critical Elements of an Effective SHMS
- Management Commitment & Employee Involvement
- Worksite Analysis
- Hazard Prevention & Control
- Safety & Health Training

OSHA Cooperative Programs Offer Opportunities to Collaborate

• Alliance Program
• Strategic Partnership
• SHARP
• Voluntary Protection Programs
Growth in Cooperative Program Participation

Two Ways to an Excellent SHMS...

- **SHARP**
  - On-Site Consultation – Ohio BWC

- **VPP**
  - U.S. Department of Labor - OSHA

Consultation Program & Safety and Health Recognition Program (SHARP)

On-site Consultation

- **History**
  - OSHA's preeminent compliance assistance program for small employers for over 32 Years
  - In all 50 states and most Territories

- **Services**
  - Hazard identification and correction
  - Assistance in Safety and Health program development

- **Benefits**
  - Service FREE and Confidential
  - Exemption from OSHA's programmed inspections
  - Training and technical assistance available

On-site Consultation Program

21(d) Private Sector SHARP Sites as of End of Quarter 1 of FY 2009

- Current Total SHARP – 1,281
- 795 Federal
- 486 State Plan

Total End of FY 2008 – 1,217
- 763 Federal
- 454 State Plan

Increase of 64 SHARP Sites
On-site Consultation

• 54 On-site Consultation Project Offices
• 600+ Consultants
• Over 500,000 Visits since inception of the program
• 25 million+ employees Removed from Hazardous Situations

Safety and Health Achievement Recognition Program (SHARP)

• Recognizes small employers who operate an exemplary safety and health management system
• Singles out organizations as a model for worksite safety and health
• Exemptions from OSHA's programmed inspections while SHARP certification is valid

SHARP Success Stories

• Rudolph Bros. & Co.
  - In 2005, $161,402 was spent in worker's compensation claims; however in 2006 and 2007, not a single dollar was spent in worker’s compensation claims. The money not spent in worker’s compensation claims in 2006 and 2007 contributed significantly to Rudolph Brothers and Company’s profit margin.

SHARP Success Stories

• Sierra Lobo, Inc.
  - There is more to SHARP than a flag and a title; there are tangible benefits and results to having effective safety and health management systems. For each of the past 3 years, 2005 through 2007, Sierra Lobo's Days Away, Restricted, and/or Transfer (DART) Rate was 0.0—a perfect score. The Total Recordable Case Rate was 0.0 for 2005, 3.1 for 2006 and 0.0 for 2007. Sierra Lobo paid out no workers’ comp claims in 2007. More recently, Sierra Lobo, Inc. celebrated a very special milestone achieved by very few—500 days without an OSHA recordable incident.

SHARP Requirements

• Request a consultation visit that involves a complete hazard identification survey;
• Involve employees in the consultation process;
• Correct all hazards identified by the consultant;
• Implement and maintain a safety and health management system that, at a minimum, addresses OSHA's 1989 Safety and Health Program Management Guidelines.
SHARP Requirements

- Lower your company’s DART (Days Away Restricted or Transfer) and Total Recordable Case Rate (TRCR) to equal or below the national average; and
- Agree to notify your State Consultation Project Office prior to making any changes in the working conditions or introducing new hazards/equipment/processes into the workplace.

SHARP Requirements

- After you satisfy all SHARP requirements, the Consultation Project Manager in your state may recommend your worksite for final SHARP approval and certification. The state and OSHA will formally recognize your worksite at a SHARP awards ceremony.

On-site Consultation Web Pages

Screen Capture of OSHA’s On-site Consultation Program Web Page

OSHA’s Voluntary Protection Program

The Pinnacle of Safety & Health Excellence

VPP Background

- VPP Adopted by OSHA - July 2, 1982
  - 1970: Occupational Safety and Health Act assed
  - 1974: OSHA created and begins inspections

- Systems Approach
  - Simple Compliance Alone Can’t Do It
  - Rulemaking Very Long Process
  - Management Systems Most Effective

- Above & Beyond Compliance
  - Recognized Many Companies Do What’s Right
  - More Hazards Than Standards
What Is VPP?

- Performance-based Criteria
- Beyond Compliance – Role Models
- Self-Sufficient
- Continuous Improvement
- Effective Safety and Health Management Systems
- Cooperation between Government, Labor, and Management

What VPP is Not

- A Recipe Cookbook
- A Paperwork Exercise – Walk-the-talk and Prove it
- Easy
- Get Out of Jail Free Card
- Not A Magic Bullet
- Not the “Flavor of the Month”

Elements of VPP

- Management and Employee Involvement
- Worksite Analysis
- Hazard Prevention & Control
- Training

Tropicana Star Team 2000

VPP

The Basic Tenets

- Focus on Individual Worksites
- Performance-based Criteria
- Effective Safety and Health Management Systems
- Continuous Improvement

Management Commitment

- Responsibility
- Accountability
- Communication
- Planning
- Resources

Employee Involvement

- “Meaningful” Involvement
- Employee Rights
- Assurance of Collective Bargaining Agents
- Access to Records
Worksite Analysis

- Self Inspections
- Comprehensive Surveys
- Routine Hazard Analysis
- Accident Investigations
- Trend Analysis
- Annual Evaluation

Hazard Prevention and Control

- Written S&H Programs (e.g. LO/TO)
- Engineering, Administrative, PPE
- Emergency Preparedness
- Professional Expertise
- Medical Programs

Training

- Hazard Recognition
- Rights & Responsibilities
  - Including VPP
- SHMS
  - Specific S&H programs
    (e.g. LO/TO, Conf. Space)

VPP Approval Process

- Program Criteria
  - Injury & Illness Rates Below BLS Avg.
  - S&H Management System In Place 1 Year
  - Annual Evaluation
- Assurances (Union Buy-In)
- Onsite Evaluation
- Ceremony
- Re-evaluation

VPP Recognition

- Star
  - Highest level of recognition
  - All VPP requirements met
  - System operating at least one year
  - Rates are below the National Average
- Merit
  - Elements and Sub-elements in place
  - Systems May Not All Be at Star quality
  - Rates May Be Above the National Average
  - Limited to one 3-year term
- Star Demonstration

VPP Includes Everyone

- Over 330 Different Industries Participate
- Size Independent
  - Smallest Employer (3 Employees)
  - Largest Employer (18,700 Employees + Contract Employees)
  - 56% Have < 200 Employees
VPP Works….

- TCIR Rate 50% below Industry avg.
- DART Rate 53% below Industry avg.
- Estimated 11,901 TCIR injuries avoided
- Estimated 6,061 DART injuries avoided
- Reduced Worker's Compensation Costs
- Labor, Management, and Government working together
- Increased Productivity
- WORKERS GO HOME SAFE

General Electric
Business Case for VPP

In 1990, GE had 1 VPP site

General Electric in 1996:
- TCIR Rate 5.6 = 13,384 injuries

General Electric in 2005:
- TCIR Rate 1.45 (75% reduction from '96)
- Had the TCIR Rate remained 5.6 in 2005, GE would have incurred approx. 14,000 more injuries and approx. 3,500 more lost time cases.
- GE has realized a cost savings of $61.5 million per year
- GE currently has 106 sites in the VPP

General Electric Company
Tangible Impacts - Productivity vs Recordable Injuries

- GE Consumer & Industrial Decatur, AL
- GE Transportation Erie, PA

Georgia Pacific
Business Case for VPP

VPP Making an Impact at GP….
Workers Compensation Savings:
- 2003: $2.35 million
- 2004: $1 million (16,970 employees working in VPP sites)
GP saves almost $6,000 dollars in workers’ compensation for every employee working in a VPP worksite.
How Much Does VPP Cost?

- Depends Upon Starting Point
  - No standard method of costing S&H
- No Set Cost
  - Varies by Complexity
  - Necessary Documentation for Confidence
  - How Comprehensive Site System Already Has
- Several VPP Sites have anecdotally reported that after start-up up costs, it is small (less than 1% of gross operating expenses typically)

VPP Benefits the Organization

- Cost savings through reduced Injuries & Illnesses
- Significant Reductions in Workers Comp costs
- Reductions in Insurance EMR
- Increased productivity
- Exempt from OSHA programmed inspections
- Networking with the best
- Community recognition
- Models of excellence
- Competitive edge

VPP Benefits Workers

- Involvement in safety and health
- Positive Changes in corporate culture
- Pride in work
- Improved morale
- Improved labor-management relations
- Workers go home SAFE

VPP Benefits OSHA

- Partners in Excellence
- Accomplishes OSHA's mission
- More successful than mere compliance
- VPP partners serve as role models for their industries
- Helps OSHA promote value of safety and health
- Leverage resources

Growth of VPP

Federal & State
As of February 28, 2009

Region V VPP Sites – As of 2/28/2009
345 Total (Fed and State)
International Paper Business Case for VPP

• International Paper (IP) currently has over 100 sites in VPP since 1992

• Safety performance at VPP sites was compared to non-VPP sites for years 2000 and 2001

International Paper VPP vs. Non-VPP

• Total Incidence Rate (TIR) 2-year Difference: VPP sites = 28% lower

• Lost Workday Incident Rate (LWIR) 2-year Difference: VPP sites = 48% lower

• Workers Compensation costs: VPP sites cost 58% less

International Paper Opportunities Missed

If non-VPP sites had performed as well as VPP sites for the 2 years:

• 18% or 165 Recordable Incidents would have been prevented

• 45% or 56 Lost Workday cases would have been prevented

• $16,523,181 would have been saved in Workers Compensation claims

International Paper Opportunities Missed

• On average, VPP worksites produce 69% lower injury rates; with some at least 90% below the industry average.

• VPP sites were shown to improve more year to year than the Non-VPP sites suggesting that VPP helps to instill a discipline of continuous safety improvement.

US Postal Service Rate Comparisons Industry, USPS & USPS VPP

US Postal Service Average Workers Compensation Costs per Site

• 61 Sites

• 50% Reduction in WC costs from 2003

• 2005 DART Savings of $5 Million
VPP Success
Milliken and Company

• All 44 Milliken Sites in VPP
• 68 Percent reduction in I/I incidence rates since 1992
• Ranked 38th Best Company by Fortune Magazine in 2006

VPP Star
Rohm and Haas Powder Coatings
Reading Plant

• Before VPP in 1991 injury rate was 10.2
• After VPP Plant production increased by 97%
• Injury rate fell to a low of 0.9

VPP Navy Shipyard Results

<table>
<thead>
<tr>
<th></th>
<th>Portsmouth</th>
<th>Norfolk</th>
<th>Puget Sound</th>
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<tbody>
<tr>
<td>Number of Employees</td>
<td>4,070</td>
<td>8,345</td>
<td>11,000</td>
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<tr>
<td>Injury Rates Compared to the Industry Average (Total Case Rate)</td>
<td>-33%</td>
<td>-57%</td>
<td>-42%</td>
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<tr>
<td>Workers’ Comp Savings Attributable to VPP Participation</td>
<td>$600,770</td>
<td>$1,036,834</td>
<td>$367,898</td>
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VPP Are you ready???

Self Assessment

• A self assessment checklist is included in the VPP information kit. The checklist is designed to allow the applying company evaluate their program to determine if it meets the criteria for participation.

How To Apply

• Submit a written application to OSHA
• Application is reviewed for acceptance.
• After the application is accepted you will be scheduled for an on-site review.
• Team of 3-4 people for about one week.
Are you a STAR?

- The team will recommend STAR if:
  - All program requirements have been met.
  - The site is judged to be self-sufficient in its ability to identify and control hazards.
  - All systems have been in place and operating for at least one year.
  - The team agrees that the safety programs, employee morale, and the overall feeling at the site are at STAR quality.
  - Both the 3-year Total Case Incidence Rate (TCIR) and Days Away, Restricted Activity or Job Transfer (DART) are below national average.

Congratulations... You are a STAR Site!

Key Take-Aways – Top Ten
(From Coca-Cola Syrup Plant)

1. Employee Driven process
2. Management support and commitment
3. Accountability across all levels
4. Paper, paper, paper
5. Courtesy inspection (outsider)
6. SMS foundation
7. Resources
8. Work Orders with movement and feedback
9. Working relationship with OSHA, BWC
10. Training

GOOD LUCK!!!

QUESTIONS

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