

The Value of a Written Safety Program

By **Matthew A. Daecher**

For any business to succeed on its own merits, revenue must be greater than costs. In a passenger transportation operation, more money must be received from paying customers than that which is paid out in operating costs. Hence, the key is to minimize costs so that you can earn profit at the lowest possible revenue amount. Many costs are fixed while others may vary based on the amount of business generated. One cost that is always ambiguous is safety. Most owners associate direct costs of accidents (e.g., insurance deductibles, replacement/repair costs, premium increases) as safety-related costs. Costs of complying with regulations are also often looked on as “safety costs.”

However, safety, and its impact on a company’s profitability, is much more. In reality, the aforementioned costs do not result from safety, but instead, unsafe acts. Regulatory-related costs are just that—they have little to do with an overall safety/risk management program. The costs of compliance are incurred with or without any other facet of a safety effort. In fact, when looked at properly, safety is actually a tool that when used properly will minimize costs in many areas, thus allowing a company to profit at a lower revenue number. A comprehensive safety/risk management program has many facets, and this article examines one of those key ingredients—the importance of the documentation of the program’s key principals and elements.

I visit many passenger transportation operations—small, large and in-between. The smaller companies are usually relatively young with growth aspirations. The mid-size and larger operations usually have a history—starting small and growing steadily to their current size. Many companies are multigenerational family-run operations; others were bought along the way. I’ve learned that usually one does not decide to go into this business one day by buying a large operation without having experience in the business. In fact, almost every company I visit started small and grew to wherever it is now.

Besides the obvious differences in operational characteristics, many companies of like sizes are similar. Larger operations

tend to be more formalized, while smaller companies much less so. By formalized, I am referring to documents relating to the company operations—policies and procedures are usually the terms used. I attribute this to the fact that smaller operations usually have more hands-on involvement by owners who do not perceive the need to establish formal policies and procedures since they have their “hands” in every aspect of the operation.

Also, large operations are seasoned and have had experiences in their history that undoubtedly have played a role in the adoption of formalized safety programs. Mid-size operators are usually hit or miss when it comes to formalization—some have learned from others that documented policies and procedures are important to a cohesive safety program, while others have learned from experience. However, many mid-size operators still do not have formalized safety programs.

I don’t mean to infer that documentation of a safety program is not necessary for a smaller company. While some benefits of a formalized program may not be applicable to a small operation with hands-on owner involvement, other benefits do apply—even to the smallest company. The truth is, it is when a company begins to grow that the documentation pays off. However, another unfortunate truth is that when a company is transitioning, the owners are usually too busy trying to accommodate and manage the growth to take the time to establish a formal safety program. That is why it is important to establish a formalized program early on—so you are prepared for future growth.

Documenting the Risk Management Program

Why is it important to document a risk management program? Four key reasons drive the need to do so. First, establishing a formal safety program documents the company’s intent and commitment to the safety program. It will set the standard for your organization in various areas, and prepare you for future growth and success.

The most successful operations have a documented safety program. Documen-

ting yours will be a step in that direction. It will establish your proactive stance with respect to safety/risk management and ensure that you sustain that position. It will cause you to analyze the various elements of your operation and identify the critical behaviors that are important to minimizing risk for every element identified. Much analytical thought goes into documenting ideals and positions in various areas, and you will have cause to verbalize your ideals and those of the company. Your policies will be well thought out rather than defined on the fly.

A second reason to establish documented policies and procedures is to clearly define and communicate company standards and expectations. What standards must be met to become an employee at your company? How do you expect employees to behave and perform while performing their job duties? What behaviors are critical to them being successful?

A company’s documented policies and procedures define a commitment of behavior by the organization and a standard of behavior for all employees. It establishes a clear expectation of behavior. It specifically expresses the intent of the organization to implement the policies; it defines accountability for managing and maintaining adherence to the policies; and it defines clear expectations of performance and penalties for failure to meet performance standards.

This action also defines the minimum qualifications and skills required to meet performance standards, and indicates whether knowledge and skills must be attained before hire or will be provided through training after hire. Consequences of poor behavior and not meeting standards will be clearly defined as well. These consequences can incorporate the company’s philosophy on how often any individual may fall below required standards and what the company will do each time this happens.

Third, documented policies and procedures ensure a consistent management process in critical areas. While you may know how to handle each situation and your standard process to follow, do all employees? What if you were at an

important meeting and unreachable and an unusual situation arose? Would whoever was in charge know how to handle it? If a key person in the company leaves, would you be able to maintain consistency through the processes that person was responsible for without any documentation of how to proceed? How do you manage your employees? What should be done when an employee fails to meet the standards and expectations of him/her that have been established?

Documented policies and procedures allow you and your managers to make consistent decisions affecting the key elements of risk management. Employees will be hired, trained and disciplined in a consistent manner, leaving no room for politics or favorites; processes to comply with regulations will be consistently performed; accidents and injuries will be consistently investigated and reviewed; and maintenance will be consistently performed to ensure the least amount of unexpected vehicle issues. Providing a consistent service and experience to customers is vital as is consistent management of the various critical elements of an operation. Being inconsistent leads to trouble and lessons learned the hard way.

Fourth, documenting safety policy can help mitigate liability and damages when incidents occur. Certainly, you may have some insurance representatives say you should have documented policies, while others may suggest you should not. Some will even tell you both at different times and different circumstances. The truth is this: If you carefully draft the program using policies that you can live with and will follow, it cannot do anything but help. The key is to follow the policies you adopt. By doing so, you will establish your operation as safety-focused and eliminate the opportunity for someone to claim the company doesn't care about safety, or that your actions (or inactions) resulted in unnecessary injury.

What to Document

Which policies and procedures should be documented? There is no definitive answer since it depends somewhat on the specific operation. While certain policies should be adopted by every passenger transportation operation and could be considered "core" components of a safety program, the number of procedures may vary greatly.

What is the distinction? A policy is a statement of practice, whereas procedures

are drafted to accomplish policy directives. Policy is what will be done, procedure is how to get it done. Generally speaking, procedures will greatly outnumber policies and will change or be amended more than policy. Procedures may also include additional materials, such as forms or reports, that are used to accomplish the task specified in the procedure. That being said, following are seven key policies that should be a part of any transportation operation's written risk management program.

Safety Policy

A safety policy is a concise statement of the company's position on safety. It is more like a mission statement. It should outline the company's dedication to the safety of its employees and the general public, as well as the expectation of employees to follow all company safety and health policies and applicable laws and regulations. Safety policies are generally no more than one page in length and should be signed by the owner/CEO.

Employee Management Policy

The management policy dictates how employees will be managed, from the time of their application forward. This policy has several key components that may be separated into individual policies themselves, rather than viewed as an encompassing management policy. These three components are hiring, training and discipline. Procedures, processes and forms are usually developed in connection with each component to ensure consistent compliance with standards and regulations and documentation of activities.

The hiring component sets the standards/minimal qualifications for applicant eligibility for general or specific positions. Setting standards will ensure that only qualified and desirable applicants are hired.

The training component will identify the types and frequencies of training an employee will receive. Some companies hire only experienced individuals, believing this will reduce the need for training. However, even the most experienced individual should undergo orientation training to learn about the company's policies, procedures and expectations. Refresher training should also be conducted to remind employees of important issues and ward off complacency. Finally, remedial training or an employee evaluation should be conducted after preventable accidents and injuries or unacceptable performance.

The discipline component should identify the company's performance expectations and the consequences for unacceptable behaviors/incidents. Define a system of progressive discipline that treats unacceptable behavior in a progressively severe way but which always includes training as a remedial component. While you don't want to keep anyone who is an unacceptable risk, you do not want to lose someone who is salvageable and can remain an acceptable risk. Holding everyone accountable to the same standard in a consistent manner is important, so be sure to consistently apply the discipline policy. If you play favorites, the goal of employees taking responsibility and being accountable for unacceptable behavior will never materialize.

Drug & Alcohol Policy

Documentation of this policy is relatively straightforward since the requirements are contained in the Federal Motor Carrier Safety Regulations. However, even generic policies designed to meet the regulatory requirements must be customized by each company for the policy to be truly compliant. Also, the regulation defines the minimum requirements. A company may wish to add components to the required policy to make the standards more stringent. For example, will employees besides those covered under the regulatory requirements be subject to drug and alcohol standards? What are those standards?

Vehicle Maintenance Policy

Regulators also require documentation of a preventive maintenance program, and evidence that the program is followed. This policy should incorporate the PM schedule as well as other schedules, including major maintenance/repair and tire rotation/retirement. annual/periodic inspections, handling of driver vehicle inspection reports and unscheduled maintenance should also be included. As with other policies, forms, procedures and processes used to accomplish the policy and document activities must be developed.

Accident/Injury Reporting & Investigation

This policy should define what the company considers an accident and other terms it may use in managing employees. It also should specify the standards that

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must be met by employees and management for reporting (when, to whom and how), recording, investigating and determining cause and preventability. Forms and procedures related to reporting, investigation and cause/preventability determination should be developed to accomplish the standards of this policy.

SH&E Policy

This policy defines goals and responsibilities for maintaining a safe workplace and complying with workplace and environmental regulations. These regulations are worth highlighting in a separate policy as they are frequently overlooked in transportation operations. The policy should

indicate employee and management responsibilities in maintaining a safe workplace and meeting workplace and environmental regulations. The policy should detail general, safe work rules as well as other items to be accomplished in conjunction with the policy, such as facility and equipment familiarization, workplace inspections and audits, housekeeping, and provision and use of PPE.

While other policies may be applicable to passenger transportation operations, drafting and adopting the cited policies is a good starting point. Your formal program will change as time progresses and you discover new risks to manage and new ways to manage known risks. Measuring the effectiveness of the program and making necessary changes will likely dictate changes over time also.

Processes and procedures will change as you discover more efficient means of accomplishing the policies.

Formalizing a safety program will take considerable thought and time. For a company without a formal program, now is the time to act and commit it program to writing. The process of doing so will cause you to analyze critical elements that affect how the business performs and may provide insight into areas of opportunity for improvement. At the very least, it will establish your ideals and standards to be met as you move forward. ■

Matthew A. Daecher is vice president of Daecher Consulting Group, Camp Hill, PA.