



Six SME case studies that demonstrate the business benefit of effective management of occupational health and safety

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Six SME case studies that demonstrate the business benefit of effective management of occupational health and safety

A Antonelli, M Baker, A McMahon & M Wright
Greenstreet Berman Ltd
Fulcrum House
5 Southern Court
Reading
Berkshire RG1 4QS

This report describes the research undertaken to provide information on the business benefits of health and safety initiatives within six SME organisations. A further part of the work was to develop case study material presenting the salient points of the case studies which can be used to persuade SMEs of the wider potential benefits of improving health and safety. This material will be published by HSC separately on the HSE website (at www.hse.gov.uk/businessbenefits/index.htm).

The key finding of the research is that in each of the cases described, whatever the original motivation, the organisations believed that improving health and safety was integral to business risk management. The organisations were motivated to improve aspects of health and safety because of the potential risk to the business if this was not addressed. These benefits included a mix of both tangible and intangible benefits, such as maintenance of reputation, client requirements, controlling insurance premium costs, reduction in absence rates as well as general improvements in health and safety.

Common to other research experience, it was also found that SMEs rarely systematically or comprehensively track the costs and benefits of undertaking a particular initiative, particularly where health and safety is integral to management.

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EXECUTIVE SUMMARY

This report describes the research undertaken to provide information on the business benefits of health and safety initiatives. It outlines the research methodology and presents the information gathered on 6 case studies set within the SME sector across a variety of industry sectors. A further part of the work was to develop case study material presenting the salient points of the case studies which could be used to persuade SMEs of the wider potential benefits of improving health and safety. This material will be published by HSC separately on the HSE website (at www.hse.gov.uk). Material from the case studies was also used in an HSE advertising campaign targeting SMEs.

The key finding of the research is that in each of the cases described, whatever the original motivation, the organisations believed that improving health and safety was integral to business risk management. The organisations were motivated to improve aspects of health and safety because of the potential risk to the business if this was not addressed. These benefits included a mix of both tangible and intangible benefits, such as maintenance of reputation, client requirements, controlling insurance premium costs, reduction in absence rates as well as general improvements in health and safety.

Common to other research experience, it was also found that SMEs rarely systematically or comprehensively track the costs and benefits of undertaking a particular initiative. This had an impact on the final selection of organisations. In general, it proved very difficult to identify organisations within the SME sector that could fulfil the criteria of being able to quantify business benefits as a result of health and safety initiatives.

There is little evidence of SMEs citing reduced costs of accidents and ill health, partly because they do not track such costs and partly because such costs are often not apparent to SMEs because they are too small to have a statistical record of accidents.

Example headline benefits

- Significant reduction in absences from 11.9 days per employee (2002) to 5.2 days per employee (2005) – Cougar Automation Ltd
- Static insurance premiums in a climate where others are experiencing significant increases – Dolphin Printers
- Greater client confidence resulting in less time spent on client inspection of sites – Rosh Engineering
- Reduction in insurance premiums from £36,000 to £15,500 over a four year period – Data Scaffolding Services Ltd
- Access to a wider market and to be competitive on factors beyond just price thereby supporting growth and improved profit margins - Mech Tool Engineering
- 15% reduction in public and employers' liability insurance premiums, providing a saving of around £15k per year - Huntsman Quarries Ltd

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THE CASE STUDY ORGANISATIONS

Dolphin Printers

Mick Martin – Principal Partner

Cougar Automation Ltd

John Purnell – Regional Director

Data Scaffolding Services Ltd

Vince Boytler – Managing Director

Rosh Engineering Limited

Ian Dormer – Managing Director

Mech Tool Engineering

George Hodgson – QA/HSE Manager

Huntsman Quarries Ltd

David Glenn – Managing Director

1 INTRODUCTION

1.1 BACKGROUND

The research and associated case studies are aimed to help promote greater corporate responsibility for health and safety within the small and medium-sized enterprise (SME) sector. The HSE has identified a need to produce robust evidence on the business benefits that effective management of occupational health and safety brings and so the aim of this research is to contribute to fulfilling this need. The research aimed to cut across a range of industrial sectors, and approaches ranging from management of specific risks to the benefits of greater employee involvement.

It is expected that the study will be used to:

- Provide robust evidence on the costs and benefits of health and safety initiatives to persuade other SMEs of the business benefit of health and safety improvements;
- Highlight the costs and benefits of a variety of health and safety initiatives across a range of industrial sectors;
- Provide material which might assist in the development of links that HSE is building with SMEs and;
- Provide material which other actors such as investors, trade unions etc. can use to engage with decision-makers to persuade them of the business case for improved health and safety.

There are a number of important issues that have had a bearing on this study to develop and present a series of case studies where the business case for health and safety initiatives has been persuasive to an organisation. Key drivers have been:

- The necessity to build a business case for health and safety improvements in order for a range of actors to successfully convince others of the business benefits of health and safety;
- The potential of appropriate and well written case studies to tell a “good news” story and promote the idea that health and safety is good for business;
- The opportunity to use such case studies to reach a variety of organizations within the SME sector.

Previous organisation specific case studies have focussed on the costs of accidents and work related ill-health¹, rather than the business benefits of health and safety. Many of the figures produced are either macro-economic or deduced from macro-economic information.

¹ E.g. *The costs of accidents at work HSG 96, HSE Books 1997.*

Many organisations (particularly within the SME sector) fail to see the relevance of such information because it is too high level. It is thought therefore that showing real case studies of organisations that have been convinced of the business case for health and safety initiatives, is likely to be more persuasive to other organisations within the SME sector.

To engage effectively with a range of people requires that a set of case studies cover a variety of types of health and safety issues and of industry settings. Professionally produced material illustrating case studies can be a powerful and positive vehicle for communicating messages since they show what can be done in practice and also generate ideas.

Previous work has produced evidence regarding the costs of accidents and work related ill-health, as well as illustrated the business benefits of health and safety. However, there are few validated examples of fully worked up case studies of the costs and benefits of health and safety within the SME sector. Also, many previous studies have focused on the averted cost of accidents and ill-health, rather than business benefits such as productivity, absence reduction and so on. Hence a set of case studies that provide authoritative evidence of the full range of business benefits will fill a gap in the HSC/E's suite of information.

1.2 AIMS AND SCOPE OF THIS WORK

Thus, the aims of this work were to produce a set of 6 case studies that:

- a) Highlight the costs and benefits of various health and safety initiatives (ranging from management of specific risks, to benefits of greater employee involvement) to the company;
- b) Apply across a number of business sectors, and;
- c) Are focused on SMEs, concentrating on those with fewer than 100 employees.

Along with this HSE research report, a key deliverable was a set of 6 two-page, glossy case studies that are persuasive and authoritative, and produced in a publishable format with the HSC logo and corporate colours, and including the relevant case study organisations' logos.

1.3 THIS REPORT

This report details the development of the case studies showing the business benefits of health and safety. It describes the research undertaken, outlining the research methodology and presenting the information gathered on 6 case studies of the business case for health and safety initiatives undertaken in a range of organisations within the SME sector. It also highlights 'lessons learnt' in recruiting organisations due to the difficulty in identifying SMEs who could quantify business benefits. Details of the information on which each case study is based can be found in the Appendix of this report.

A further part of the work was to develop case study material presenting the salient points of the case studies which can be used to persuade SMEs of the wider potential benefits of improving health and safety. This material is being published by HSC separately on the HSE website (at www.hse.gov.uk/businessbenefits/index.htm).

It is important to note that the health and safety initiatives described in these case studies are not intended to represent guidance from the HSE on how to comply with the law – their purpose is to explore the business case for the initiatives. Also these studies do not set out to address the wider societal benefits accrued by improved health and safety. The intention is only to demonstrate the business benefits and costs identified by the case study organisations concerned.

1.4 CASE STUDY STRAP LINES

Examples from the case studies of headline savings include:

- Significant reduction in absences from 11.9 days per employee (2002) to 5.2 days per employee (2005) – Cougar Automation Ltd
- Static insurance premiums in a climate where others are experiencing significant increases. – Dolphin Printers
- Greater client confidence results in less time on client inspection sites – Rosh Engineering.

2 METHODOLOGY

2.1 INTRODUCTION

The method was designed with the following objectives in mind:

- To satisfy the HSC/E's objectives and method requirements, including a relatively short timescale;
- To pre-empt as far as is reasonably foreseeable the types of problems encountered on projects where cost-benefit information is required;
- To ensure the selected case studies provided useful and relevant material covering modern day issues across industrial sectors and which will interest the target audiences, and;
- To ensure the case studies were written and presented to persuade the key target audience of influential managers.

So a key aim of collecting information for the case studies was to understand the key business drivers for the initiative – what led the organisation to make the decision to improve health and safety? This provides a “story line” for the case study with which readers can identify. Therefore we sought information specifically to assist readers to identify with the case studies e.g. quotes that could be attributed to named organisation executives and other staff including trade union safety representatives, and photographic materials of the workplace.

The emphasis was upon ensuring that a sound method is adopted so that the case studies are clearly authoritative, but without losing the richness of qualitative techniques which provide illustration and evidence of some of the “softer” costs and benefits. This method allowed the case study researchers to identify what actually persuaded the organisations of the business case, the key factors often being less tangible and unquantifiable benefits. The timescale necessitated a search for health and safety initiatives where the organisations already had the information and data. In other words, this was a retrospective study.

2.2 OVERVIEW

An important aspect of the methodology to note is its iterative nature and to ensure that the case study organisations were able to identify and provide relevant information. It also assisted in ensuring that these organisations were happy with the information and its presentation to a wider public. This approach thus also promoted a dialogue with the organisations and ensured that the whole business case was explored, information which was not always held in one place within an organisation.

Key aspects of our method include:

- Agreed criteria for selection of case studies, including a criteria of only accepting case studies where adequate information on costs and benefits is available and obtainable;
- Careful recruitment process to ensure that contacts understand the purpose of the work and the potential commitment they are making;
- Information provided prior to interview to enable company to consider what information is relevant and to facilitate the follow up interviews, the identification of key staff for further interviews and obtaining illustrative materials such as photographs, etc;
- Rigorous and valid handling of the data to provide robust and supported conclusions, and;
- Production of a final report with case studies produced, illustrated and written in a format that can easily be incorporated into HSE publications to persuade and influence key health and safety decision-makers, in other words to “sell” health and safety.

2.3 DETAILS

2.3.1 Recruitment

An extremely wide search for potential case study organisations was undertaken, and criteria for screening and selection agreed.

All team members contacting organisations for screening and recruitment had interview/recruitment experience. In addition they all had either extensive experience as health and safety practitioners or business qualifications or experience of both. This maximised the chances of cooperation and also improved the understanding of the possibilities organisations offered in terms of case study material.

Actions to identify potential candidates included:

- Contacting various organisations suggested by HSE;
- Contacting potential organisations known to GSB staff;
- Contacting Trade Associations;
- Mailing recent RoSPA award winners;
- Mailing a large selection of organisations referenced in the health and safety press and internet;
- Contacting organisations through employer organisations’, via membership publications including the Institute of Directors (IoD).

As with previous case study recruitment experience it was important to allow enough time for candidates to decide whether to be involved in the project. Many were concerned about the time

commitment needed to gather quantifiable data, as it was the exception for SMEs to employ a dedicated health and safety manager / officer.

In excess of 60 contacts were explored during the recruitment process; these were either direct contacts with companies or contacts with organisations or award bodies that might provide leads. Around 35 SMEs were eventually spoken to/contacted directly and from this, there were around 9 offers from organisations who believed they satisfied the self-screening criteria. Six case studies were completed and the others were either not suitable or could not complete the interview process in the time scale required.

The approaches to organisations were managed carefully at all stages to ensure that contacts understood the purpose of the work and the potential commitment they were making. Information was provided (prior to the main telephone interviews) to enable organisations to consider what information is relevant and to facilitate follow up interviews. Key members of staff within organisations were identified for further interviews, obtaining logos and illustrative materials such as photographs, etc;

2.3.2 Screening process

Criteria were agreed for selection of case studies and screening began with initial self-screening questions sent to potential case study organisations. The initial approach letter asked that organisations offer themselves as candidate case studies if they could answer “yes” to all the following:

- “Have you implemented a successful health and safety initiative? (For example, a stress management program, back to work initiative, manual handling initiative, increased worker involvement etc.)”?
- “Do you think you have information which could show the business benefit of the initiative (perhaps with some input from us)”?
- “Would you be happy for someone from Greenstreet Berman to talk to you in detail about this?”, and
- “Would you be happy for the case study to be used in HSE promotional material?”

Following self-selection, telephone contact allowed the researchers to assess the above questions in more detail. Some organisations who generously offered to participate had to withdraw as they did not hold records on health and safety performance indicators, and could not quantify business benefits. Others reported that they did not believe that health and safety initiatives brought about business benefits. Other comments included “We have to invest in health and safety to ensure that we remain compliant, however this is a direct cost to the business which we can ill afford, and to date has not reaped any business benefit” – anonymous.

Final screening criteria applied by the research team ensured that:

- The case study organisation’s initiative had been in progress long enough to have an effect; and,
- A range of sectors, sizes (ranging from 9 employees to 100) and health and safety issues included in the final set of case studies; and,
- The business case did not depend only on putting a monetary value on the lack of injury/ill-health (in order for the case studies to be widely seen as relevant and persuasive). Other benefits needed to be demonstrable as well.

2.3.3 Case study development

For each case study we followed a similar process. We used a range of techniques, as appropriate, for gathering the material, including telephone interviews of key staff, email correspondence, examining the organisation’s accident/health records, and other documentation such as executive presentations, internal organisations’ materials/guidance etc.

In terms of content, where possible, the case studies covered:

- Retrospective information about the business case that persuaded organisations to carry out the initiative;
- Retrospective cost and benefit estimates where they were a part of the business case, split into one-off and recurring costs, tracked by item and time;
- Benefits, including reduction of number and severity of injuries, absence reduction, and intangibles such as retention of staff, improved business reputation, improved staff morale, improved standing with clients, controlling the cost of insurance etc;
- Estimates of costs and benefits for the “life” of the initiative;
- “Story line” and key quotes including the key business drivers for the initiative;
- Illustrative material such as photographs; and,
- Rigorous and valid handling of data where provided, to provide robust and supported conclusions.

In order to gather necessary information we first internally developed a case study information template (see the next section) for the type of information required for a case study. We then carried out open-ended discussions with recruited companies in order to understand their identified initiative and begin to understand how costs and benefits were distributed, who the key stakeholders were, along with the drivers/key persuasive factors for the initiative.

From this we then completed, as far as possible, the case study information template for that organisation, and agreed in as much detail as possible at that stage, what further information was required. Where necessary we then sent the part-completed template to the interviewee to consider further, and agreed a time to call/email back to complete gaps in information.

Directors' and worker involvement

Previous research suggests that leadership and worker involvement enhance any initiative, so we specifically asked what role senior managers and directors played, and in what way workers were involved during the development and implementation of the initiative, either directly or via trade union or employee safety representatives. This was included as a prompt in the case study information questionnaire.

Data collection

Many organisations do not systematically or comprehensively record data on the costs (or benefits) of health and safety initiatives (this is discussed further in the next chapter). However, some did record headline results and it was often possible for organisations to retrospectively estimate the main costs or benefits. Thus we sought data on, for example, before and after injury-ill-health rates along with numerical data on absence, capital investment, employers' liability costs, costs of accidents, downtime, business interruption etc. On absence rates some were able to provide cost information to enable the researchers to calculate savings to the organisation. In some cases it was difficult for organisations to make direct claims on the relationship between improved productivity and specific initiatives, hence we asked for qualitative data and as appropriate, deduced the financial benefits.

To show the health and safety benefits we also gathered accident statistics including any RIDDOR² data.

It became clear, through the early stages of discussion how important many of the less tangible benefits were to organisations in convincing them of the business case for carrying out a health and safety initiative. Thus we sought information on issues such as staff morale, improved reputation, retention of customers (especially where safety performance is a contractor/supplier selection criteria), service quality etc. where these were found to be an important aspect of the initiative to the organisations concerned. For these types of issues we gathered qualitative information on the benefits perceived by the organisation.

Illustrative materials

The exploratory discussions also aimed to solicit quotable statements about what prompted the initiative and the main benefits as perceived by management and the workforce. We also asked for photographic material to use in illustrating the case studies, and logos of the organisations involved. The intention here is to bring the case studies to life for readers so that they can clearly see that these examples are real with real people involved, and not messages from the regulator.

² *Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 1995 (1997 in Northern Ireland) (RIDDOR). RIDDOR legally requires the reporting of incidents leading to defined categories of injuries, illnesses etc to the enforcing authority in the UK.*

2.3.4 Case study information template

The case study information template was developed by the project team and used to guide the process of information gathering. It was simply a series of headings, with prompts concerning the likely issues that might need exploring. In the “blank” version information and data headings were broad, being appropriate for many types of initiatives, but ensured that the researchers and organisations were clear about what information was needed and showed where there were gaps. It covered a range of issues both qualitative and quantitative, aimed at eliciting as much useful cost benefit data as possible as well as to be able to tell the story of what persuaded the organisation to go ahead with the initiative. As discussions and communications progressed the information became more focussed with headings and prompts not relevant being deleted as appropriate.

The template was in two parts, the first part intended to get subjective information about all the headings and the second part, generally filled in later on in discussions, intended to elicit more detailed numerical data about costs and benefits where possible.

A write-up of the completed templates for each of the final 6 case study companies is provided in the Appendix.

Headings/prompts in the first part of the template included:

- What and who prompted the initiative?
- What was the involvement of Directors and workers?
- What did the initiative comprise?
- What was its scale and duration?
- What were the main business benefits of the initiative? (for example, reduced operating costs, staff morale and industrial relations, productivity, reduced working times for tasks, reduced time spent on dealing with problems, reduced lost time, improved quality of products / services, public image – ability to maintain a good public image, staff retention, more sales (e.g. kept on client’s list of approved contractors/suppliers), reduced insurance premiums, fewer employers’ liability claims)
- What health and safety hazards or problems have been resolved?
- What were the main health and safety benefits? (for example, reduced absence due to injury and ill-health, reduction in accidents, reduction in long term illness)
- What were the costs?, for example:
 - One-off expenditures such as consultancy costs, new software, modified equipment, one off training sessions (for operational staff and/or managers), new administration procedures etc, and;
 - Recurring costs such as annual training, employee care programme, training of all new recruits, etc.

- Request for counterfactual information (to compare health and safety performance with other parts of the business where the initiative was not introduced or with performance in the rest of the sector)

Following the initial discussions, specific prompts from the above not relevant to the case study were deleted or adapted before sending to the organisation (where necessary).

After the qualitative information was established, more directed questioning was possible to elicit numerical data where it was available.

This process identified many gaps in the information available amongst SMEs in relation to quantifiable data regarding business and health and safety benefits. In general, it proved very difficult to identify SMEs from a range of business sectors that satisfied the selection criteria. The majority of organisations screened agreed that there may be business benefits to be gained from effective health and safety management; however they could not validate this because they do not record this information. This led to some candidate case studies being screened out, some after considerable effort in trying to obtain their involvement and other information.

2.3.5 Analysis of data

Once data had been collected, it was analysed to determine costs, benefits and key drivers. In several cases we were able to present this as either “lifetime” benefits outweighing the costs, or estimate a pay back period.

However, it is important to note that many organisations were not simply, if at all, persuaded by the financial benefits. The business benefits that were considered important and persuasive were often the intangible ones. Benefits needed to be seen more broadly in terms of the organisation’s aims. For some this could be quality and flexibility of service delivery or controlling the cost of insurance. For others, client requirements were crucial, and for others overall image as a good employer were key (particularly in small family run businesses). Thus this research allowed us to determine the key messages in terms of business benefit, and to conclude that a business case is not all financially driven for the case study organisations concerned.

This quantitative and qualitative analysis formed the basis of the case studies. Details appear in the Appendix of this report.

2.3.6 HSE and case study subject review

Feedback was obtained from HSE on early versions of the case studies with a clear understanding that these were draft versions and not for further dissemination. HSE provided feedback on the content, presentation and structure which were taken into account in the production of the final case studies. One comment that was made at the initial subject review was that the final six case study organisations were ‘atypical’ and therefore may not be representative of the wide sectors that SMEs work within. This is a crucial point – after extensive research, the conclusion was drawn by the researchers that SMEs who actively

manage health and safety and have rigorous systems in place are often ‘atypical’. They tended to work in sectors where clients demanded excellent standards and management of health and safety, or where insurance companies had the potential to refuse to provide cover or significantly increase premiums. In essence the short to medium term viability of these companies relied on excellent health and safety performance.

Prior to our formal submission of the case studies to the HSE, the case study organisations were invited to review their case study to ensure they were happy with both content and presentation. Aside from accuracy, this was particularly important since organisations are publicly named and may need to be ready for any queries it may generate.

2.3.7 Production of “promotional” case studies and supporting research report

Some difficulties in obtaining information from organisations within the timescale required by HSE were encountered and so draft versions of the final published 500-word versions of the case studies were produced. These showed the organisations more clearly what the ultimate product was, and what the relevance and importance of their information was. This was found to assist the organisations in identifying and providing further information.

Thus the final production was well underway at the end of the information collection and analysis phase. The text of these focussed on the key messages about business benefit including “soft” issues such as business reputation etc. The text was written to “sell” health and safety and to persuade decision-makers of the business benefits of making health and safety improvements.

In order to effectively communicate and to persuade, the material needs to be presented in a visually interesting and relevant way, with illustration, diagrams and the text broken up with strap lines etc.

These case studies were supplied to the HSE in electronic form such that the HSE can edit and reproduce them as they see fit. These were supported by the production of this report including methodology, learnings and detailed information about the individual case studies.

3 LESSONS LEARNT AND CONSIDERATIONS FOR THE FUTURE

3.1 INTRODUCTION

In the process of compiling the case studies Greenstreet Berman has observed a number of characteristics in many of the initiatives that have contributed to their success.

3.2 NATURE OF THE BUSINESS CASE

The perception gained by the researchers is that most responsible SMEs have a good health and safety record. The final six case study companies work in industries where the clients are seeking both an excellent past health and safety record and very low health and safety risk, and are prepared to pay for it. The perception of low health and safety risk can only be demonstrated by management systems and effective record keeping etc. These systems can require management time to implement and maintain. The companies featured in this study are generally responding to the expectations of their clients who, in turn, are paying increased rates for contractors with more comprehensive health and safety management systems which might require a full time health and safety manager.

Having said this, many of the initiatives were regarded by organisations as an appropriate course of action as they were expected to bring both business and health and safety benefits.

SMEs do not generally do full quantitative cost-benefit analysis and it is not clear if they need it to be convinced of the case in hard financial terms. A significant point that differentiates the SMEs involved and previous case studies for large organisations is that SMEs are equally motivated to improve health and safety for employees. However, they are not always in the position to put capital investment towards this unless there are business benefits to be gained.

In general, the key motivators centered around the following:

- Health and safety is an integral part of being a “good business”;
- Maintaining reputation etc.;
- Higher productivity – especially absence reduction;
- Keeping within the law, hence avoiding the likelihood of having action taken against them from local HSE Inspectors;
- Avoiding cost of accidents,
- Containing insurance costs;
- Meeting client demands;
- Being a ‘good’ employer.

3.3 IDENTIFYING THE COSTS & BENEFITS

The research found that few firms track or record the costs (or benefits) incurred in health and safety initiatives, particularly time-based costs such as staff training. Many costs are subsumed within, for example, maintenance budgets, general staff time, new capital expenditures, etc. In general, the SMEs that were interviewed in the initial stages do not have a specific budget for health and safety per se. In addition, few firms keep track of how much time is spent on safety in general. This in part was attributed to the business demands placed on the MDs of small to medium size enterprises. In essence, they did not feel that they could justify the time needed to track such information.

3.4 MORE EFFECTIVE HEALTH AND SAFETY PERFORMANCE

3.4.1 Summary

It is apparent that:

- Although some organisations are convinced of carrying out health and safety initiatives, this tends to be driven by the need to manage costs (mainly insurance premiums) or by demands made by customers (to ensure they are eligible to participate in tendering processes, and also to maintain existing business), or by the risk of being non-compliant and the adverse effects this may have on the prospect of winning new business.
- Presenting the financial benefits of initiatives in terms of e.g. reduction in absence rates, business interruption, labour turnover, productivity, quality etc. may change attitudes to health and safety, showing that it is not simply a compliance or staff welfare issue - a view of health and safety that was held by many of the organizations that were initially contacted.
- The SMEs that were involved in the development of the case studies emphasized the importance of gaining employee involvement in ensuring the success of almost all these initiatives. Where ownership and direction is given by employees, with visible support for this at senior levels, there is a marked increase in commitment to making improvements throughout the organization. This is particularly important within the SME sector, where employees may enjoy a greater sense of belonging; hence expect their opinions and input to be considered.

3.5 WHAT DO THE EXAMPLES DEMONSTRATE?

These are a small sample of organisations drawn from a recruitment process which involved contact with a large number of organisations (about 35 SMEs). As such then, conclusions that are drawn are specific to these organisations, and should not be generalised without further work. Thus, the findings above lead to the following conclusions about what the case studies demonstrate. They show:

- The case study organisations tell a story that has the potential to be compelling and convincing within the specific sectors they represent, or where other organizations can relate to similar issues;
- That a combination of tangibles and intangibles convinced these organisations of the business case;
- That the cases are so convincing these organisations did not require a full numerical cost-benefit analysis.

3.6 CONSIDERATIONS FOR THE FUTURE

With these conclusions in mind the publication of these case studies offers an opportunity for further understanding about what does work and for whom. We know these 6 case study organisations were convinced by the business case to carry out these initiatives and all considered the improvement of health and safety a compelling business case in itself. Others remain less convinced as they may lack the knowledge / finances / time / or may simply not believe that health and safety is that relevant to their business activities. A clear message that came out of the initial screening process is the belief that organisations ‘do what they have to do’ to remain compliant – hence keep the inspectors ‘at bay’. Health and safety is seen by some of our respondents as a burden in terms of cost.

Thus consideration might be given to the following in making full use of this work:

- Evaluate the impact of the case studies – who do they work for, who don’t they work for and why;
- Deduce what more may be needed for those ‘hard to convince’ stakeholders;
- Consider using the ‘power of the supply chain’ to influence and improve health and safety within SMEs;
- Use these findings to further test the ‘market’ if necessary i.e. systematic research on what convinces organisations to change their behaviour;
- Consider the potential for drawing on the extensive knowledge and experience of Health and Safety Inspectors to identify ‘more typical’ SMEs who manage health and safety well.

APPENDIX 1:

1 COUGAR AUTOMATION LTD – TRAIN TO GAIN

1.1 BACKGROUND TO THE INITIATIVE

1.1.1 What prompted the initiative?

The Directors at Cougar Automation Ltd undertook a complete overhaul of the company in 2002 following a management buyout. The restructuring programme included a comprehensive review of the health and safety systems. The Company was experiencing fairly rapid growth (recruiting approx 1 employee per month), without enjoying increased profits and there was the potential for a decline in health and safety performance because of the manner in which it had previously been managed. Because of the potential high risks involved with their business activities (working on customers sites with high voltage electricity), the reputation and safety of employees was paramount to the future growth and financial success of the company.

The Directors changed the structure of the organisation and refocused the business following the buy out. The Operations Director became responsible for health and safety and undertook NEBOSH training. The aim was to change the culture within Cougar, and it was felt that to best achieve this, a Director needed to drive this forward.

Specific actions included:

- Director became NEBOSH trained, which allowed him to develop and run ‘in house training’, hence reduce the business cost of contracting external consultants;
- Introduced new generic risk assessments and created a set of 16 safety instructions (user friendly and appropriate to the business);
- Formed health and safety committee involving 2 employees as safety representatives;
- Introduced intranet sites and notice boards in canteens;
- Every 2 months all staff attend a meeting (called a Compass Meeting) chaired by the Directors (they are offered free bacon rolls and coffee to entice them!);
- Introduced in house health and safety induction and each employee went through one day health and safety training. Very focused approach to the specific needs of the business activities.

The MD and Operations Director have a quarterly meeting specifically targeted at health and safety. All the Directors take part in the Compass Meetings where health and safety is part of the agenda (these are general meetings held every 2 months where all employees attend). The MD will also deliver health and safety training for new recruits.

As part of the reorganisation a health and safety committee was established. Two Cougar employees have been appointed as safety representatives. All employees are encouraged to give open feedback regarding health and safety concerns, and are fully consulted regarding any changes / initiatives.

1.1.2 Directors' and workers' involvement

The Director is extremely proactive in leading health and safety. He has written all the documents (including method statements, risk assessments, training courses etc). As previously mentioned, it was identified that the best way to control costs, whilst at the same time increasing the quality of health and safety provision is to provide training 'in house'. This provides greater flexibility and the opportunity to react quickly to any potential risk.

Time and cost was given to this. The initial cost of NEBOSH training was approx £1200 and 10 working days away from office, however this has led to substantial financial savings and increased efficiency because the training is now conducted in house.

A consultation committee was set up prior to changes in systems. This is an on going process. Employees were given a clear vision where Cougar wanted to be and how they will get there.

The Director's view;

"By bringing health and safety expertise in house, Cougar have reduced their overall overhead costs, produced a system that is user friendly and focussed on the business, and given the Cougar team the confidence that the Directors really believe in keeping them healthy and safe, and are not just paying lip service to legal requirements" John Purnell.

1.2 OVERVIEW OF THE INITIATIVE

1.2.1 What was it?

The initiative was aimed at changing the culture from a starting position that health and safety, although important, was not seen as the biggest business priority, to one that health and safety of employees is the key driver for Cougar, as this will allow business growth because they will stand out from competitors.

- The Operations Director took charge of refocusing and managing health and safety and was responsible for overhauling systems, procedures, introducing incident reporting for near misses and training. Alongside this, he introduced the following:
- Stress initiatives –All employees underwent training in how to identify stress related behaviours in themselves and colleagues. This has been followed up by one to one meetings with all employees once every 2 months to identify any issues or concerns that individuals may have. A return to work procedure has been introduced to identify how to help individuals and to establish if any refresher training is required. This has led to a significant reduction in absence rates over a three year period.
- Site competence assessment and electrical competence assessment has been introduced. Without this, people can't work until they have received targeted training and mentoring to ensure they are competent. To achieve this they have to successfully

complete a questionnaire and competency based interview. If they are not successful, training and mentoring is put in place. After this period they are interviewed again to check for competence. This is fairly unique within this sector and Cougar are not aware of any one else within the sector that has anything similar – including larger companies.

1.2.2 Scale and duration

The project covers all of Cougar Automation's 41 employees.

1.2.3 Main types of costs

The main costs in terms of time and finance are centred on initial NEBOSH training. The Operations Director found that the Nebosh training alongside his prior experience enabled him to competently direct the initiatives. Further to this, attending the NEBOSH training gave the opportunity for excellent networking with other delegates from different business sectors. This has led to a great conduit for sharing information.

Capital was invested to make minor improvements in work stations. The cost of this was approximately £500. The main investment was the time of Directors and employees. Health and safety representatives were given more time for training. This amounts to approximately one week per year per representative.

1.3 DISCUSSION OF BENEFITS

1.3.1 Business benefits

As a result of training being brought in house, Cougar no longer employ the services of external health and safety training consultants. This has resulted in significant savings to the company. Morale has improved vastly amongst the workforce. The changes have also led to employees being empowered to act upon health and safety concerns. The training programmes, which are ongoing, have raised employees' awareness and knowledge of health and safety and they now take responsibility and are accountable for their own and their colleagues' actions.

Net profit has improved since 2003. Prioritising health and safety has led to culture change within the business. It is now an integral part of this and has contributed to Cougar's growth and stability.

Cougar have won RoSPA gold awards for two years in a row (2004/5). They were also highly commended by Norwich Union in 2005 for excellence in health and safety at work. This has helped raise their profile and sets Cougar apart from competitors. They accredit this success to them sharing a similar culture regarding health and safety to large multi-nationals. As a result, large multi-nationals have confidence in Cougar.

The business is growing because of their success winning new business. Cougar have recently been put on Thames Water framework for the next 5 years. This success is attributed to health and safety differentiating Cougar and their competitors. Cougar are also on the utilities vendors' database. To achieve this, the company undergoes rigorous assessment and is scored out of a potential 100%. Cougar were assigned a score of 79% which is in general much higher than competitors (on average they score below 70%). Cougar also wins lots of repeat business (Rank Hovis; major pharmaceutical companies etc). The Directors at Cougar are confident in their

belief that they wouldn't win business without managing health and safety competently and within house.

The 5 main business benefits cited are as follows:

- There has been a substantial reduction in average absence rates from 11.9 days per employee in 2002 to 5.2 days per employee in 2005;
- Significant savings have been achieved by bringing health and safety training in house;
- Cougar enjoy a high level of repeat business from existing clients who demand excellent health and safety management. Furthermore, they are now winning new business because of this which sets Cougar apart from competitors;
- Excellent staff retention, hence reduction in costs of recruitment and training;

1.3.2 Health and safety benefits

Cougar have never had any reportable accidents or any claims against them. As such it is difficult to validate if this initiative has directly improved health and safety. However, the Directors were concerned that prior to these new initiatives the potential for accidents was increasing.

1.4 ILLUSTRATIVE QUOTES

1.4.1 Quotes

“The benefits to our business of revolutionising our health and safety systems and placing it at the heart of what we do are very extensive. Not only do we now have higher staff morale and lower sickness, it also significantly benefits the retention of existing customers, and it is a real differentiator when winning new business and helping the company to expand” John Purnell – Regional Director.

“It is a novelty working at Cougar, where health and safety really takes first place. It keeps us safe and secure in our jobs because we really do stand ahead of competitors. It keeps the company both financially and physically healthy.” James Clarke – Employee Safety Representative.

1.5 DATA

1.5.1 Costs

The principal cost has been the initial NEBOSH training for the Regional Director which equated to approximately £1500. This training has benefited Cougar by allowing a level of expertise to be brought in house. More specifically, it has enabled Cougar to focus on the specific health and safety risks that their business activities create, rather than taking a generic approach.

Further costs were incurred training employees in house. This was estimated at approximately £150 per employee; however this has been seen as a normal part of staff development.

1.5.2 Business benefits

The main business benefits cited are as follows:

- Substantial reduction in average absence rates from 11.9 days per employee (2002) to 5.2 days per employee (2005);
- Significant financial savings achieved by bringing health and safety training in house;
- Maintaining a high level of repeat business from existing clients;
- Winning new business because of excellent health and safety management which sets Cougar apart from competitors;
- Excellent staff retention – hence reduction in costs of recruitment and training.

Cougar Automation believe that the comprehensive approach they adopt to health and safety management sets them apart from the majority of their competitors. The award of contracts is generally confidential, hence data is not available.

2 DATA SCAFFOLDING – INVEST IN THE BEST

2.1 BACKGROUND TO THE INITIATIVE

2.1.1 What prompted the initiative?

Vince Boytler (MD) has worked in the scaffolding industry since leaving school at the age of sixteen. He has witnessed many serious accidents, which in part he has attributed to poor scaffolding materials that had not been maintained properly or were not appropriate to the demands of the job at hand. When he set up Data Scaffolding, Vince wanted to ensure the quality of scaffolding components were suitable to the rigours of a wide range of jobs and would offer workers the safest conditions alongside standing up to inspections by clients. Alongside this, he was motivated to expand the business by moving from the domestic housing market towards winning business from major building contractors.

Vince has been in the industry for approx 28 years and is aware of the potential risk of working with faulty equipment. He is also acutely aware that if he wanted the company to expand, the equipment provided needed to promote the company image of representing quality. As a result of this, and him personally witnessing one of the site agents falling through a defective wooden board, Vince was determined to get steel boards because this would lessen the risk. Above all, Data Scaffolding is a very close knit company and the impact of any employee being involved in a serious accident would cause distress to all.

2.1.2 Directors' and workers' involvement

Initially, Vince Boytler led the initiative after consultation with employees. The Contracts Manager and employees were also heavily involved in the choice of equipment to ensure its suitability for the different purposes and environment. All aspects of the initiative were discussed with employees to establish what would make their life safer and easier to work with. All staff were trained in the use of the new scaffolding.

“We erect the scaffolding on behalf of contractors. This ensures that we not only keep our men safe, but the contractors that work on it. Reputation is vital to the continuing success of the company” Vince Boytler

2.2 OVERVIEW OF THE INITIATIVE

2.2.1 What was it?

The initial stage of the initiative involved capital investment in purchasing high quality scaffolding components. Once purchased, all staff were trained in the safe erection and dismantling of the scaffolding. Further to this, Data Scaffolding have started to employ the services of an external safety advisor who visits approximately once a month to provide specific

health and safety advice, and also to ensure that they remain updated regarding any changes in legislation.

2.2.2 Scale and duration

The project covers all employees (8) within Data Scaffolding. Furthermore, any contractors who are employed have to undergo training in the erection and dismantling of the scaffolding. There is no formal health and safety committee; however this is discussed on a day to day basis with all employees. As such, the initiative is on going.

2.2.3 Main types of costs

Initially, no external consultants were used as Vince Boytler conducted all the research himself. Hence initial outlay on advice was zero. Advice was sought from their main contractors and the HSE, which again incurred no costs.

The major cost to the business was the outlay for new high quality scaffolding components. This amounted to approximately £30,000. Alongside this, a further initial outlay of £400 was paid to the scaffolding supplier, who trained all employees' in the safe use of the equipment.

Data Scaffolding have recently started to employ an external safety advisor who visits approx once a month, to provide specific health and safety advice. This was driven by client requirements (specifically major contractors) who expect this level of focus and detail. The cost of this is approx £50 per visit. This includes the cost of reports (occasionally insurance companies ask for this information).

2.3 DISCUSSION OF BENEFITS

2.3.1 Business benefits

There have been significant savings on labour costs. It now takes approx 2 men to erect the scaffolding whereas before it would have taken 3 men (at approx £70 per man day). It also enables Data Scaffolding to remain highly competitive without cutting profit margins.

The job gets done quicker, hence saves further on labour costs. This allows the main contractor to start work without delay which is crucial to both Data Scaffolding's reputation and the contractual company.

Anecdotal feedback suggests that staff morale has increased significantly because the men feel they are working with a safer system. It has also allowed Data Scaffolding to keep their core staff because of the way they operate. Self employed contractors have now started to approach Data Scaffolding; hence they rarely have to advertise for scaffolders.

Data Scaffolding have also won awards for safe working. Last year they won the 'Miller construction major projects division certificate of excellence in recognition of outstanding accomplishment and achievement for quality and safety 2005'. This recognition enhances their reputation and employees get satisfaction from it. Furthermore, it enables the company to win

major building contracts which attract greater profit margins. Major contractors will invite them to tender because they know that the service they offer is efficient and that they are equipped to provide materials that are suitable to the demands of the job. At the end of the day, the contractor's reputation is at risk if this level of service is not provided.

The major business benefit has been the significant reduction in insurance premiums. These have reduced from £36,000 per annum in 2001 to £15,500 in 2005. In part, this may be attributed to the fact that Data Scaffolding have never had any insurance claims made against them.

2.3.2 Health and safety benefits

Data Scaffolding have never experienced any major injuries, long term sickness or any reportable incidents. The investment that has been made ensures and safeguards the company from this.

2.4 ILLUSTRATIVE QUOTES

2.4.1 Quotes

“Reputation is everything in the construction industry. I have always wanted to provide the best quality materials to ensure the safety of employees and people working on site. From a business perspective, we are beginning to reap the rewards from the initial investment. Our reputation is excellent and has allowed us to move from the domestic housing market and expand towards commercial larger scale projects, which reap higher returns. Furthermore, we have saved thousands of pounds on insurance premiums.” Vince Boytler – Managing Director.

“The ability to gain insurance has proved very difficult for many of our competitors. Insurance premiums are a significant cost to any small business working in high hazard environments. The fact that we have significantly reduced insurance premiums because of the focus we have is testimony to our decision to make health and safety our number one priority” Joyce Brown – Company Secretary.

2.5 DATA

2.5.1 Costs

The principal cost was £30,000 for the new scaffolding components. A further additional cost of £400 was incurred for training employees. The only ongoing cost is employing the services of an external health and safety advisor. This equates to approximately £50 per month.

2.5.2 Business benefits

The main business benefits cited are as follows:

- Reduction in insurance premiums from £36,000 to £15,500 over a four year period.
- The initiative has enabled Data Scaffolding to move the focus of the business from the domestic housing market to major construction projects which attract higher premiums.

- More efficient working because the ease of use of the components enables two men to complete the same work as three men, hence saving approximately £70 per man day per job.

Anecdotally, it is unusual for a scaffolding company never to have had any incidents. This would suggest that Data Scaffolding's health and safety performance is amongst the best. This however is very difficult to quantify.

3 DOLPHIN PRINTERS – BETTER THAN THE REST!

3.1 BACKGROUND TO THE INITIATIVE

3.1.1 What prompted the initiative?

The key prompt to introducing the initiative came from Phillip Doe of the British Printing Federation. Prior to this contact, the MD of Dolphin was highly cynical of external consultants “trying to sell their services”. At this time, Dolphin had not seriously considered overhauling their health and safety systems because they had not experienced any serious incidents or health and safety breaches.

When Phillip Doe offered his services at no cost, the MD (Mick Martin) felt that the company had nothing to lose by accepting his assistance. During this time, a fellow competitor of Dolphin was unable to renew their insurance because of inadequate health and safety provision. This in essence could jeopardise the viability of the business. This brought home the realisation that good health and safety management will bring business benefits.

The advice that was offered to Dolphin was very well received and acted upon. The benefits this brought included an increased awareness of the importance of health and safety amongst the Directors and employees. It also contributed to insurance renewal premiums remaining static.

The MD worked very closely with Phillip Doe and was the key driver in making the changes to health and safety systems. Initially, employees did not have a lot of input into the initiative. However, once the ‘ball got rolling’ they were encouraged to give a lot of input. This was important because it raised the awareness of the importance of health and safety amongst all employees.

3.1.2 Directors’ and workers’ involvement

Even though Dolphin has always had a working committee for health and safety, it was not considered as high up the list of priorities as other business commitments. However, once the changes took place, the working committee became a lot more into focus. The committee is comprised of the MD, Fire Officer, First Aider and Safety Officer.

The main support from the Director in making the changes was time. The initiative did not require much capital investment. All employees were consulted about the changes made. They were openly encouraged to give their opinions and offer feedback on new systems.

3.2 OVERVIEW OF THE INITIATIVE

3.2.1 What was it?

Dolphin Printers received free advice from the British Printing Federation on how to improve health and safety. They worked closely with a consultant who assisted them in rewriting the COSHH manual to address the specific health and safety risks posed by their business activities.

Further to this, they revitalised the health and safety working committee (this comprises of the Principal Partner, the Fire Officer, the First Aider and Safety Officer.) This ensures that employees continue to be consulted and raises the awareness of health and safety within the company

3.2.2 Scale and duration

All employees were covered by the initiative (21), and the time period involved was approximately 6 months.

3.2.3 Main types of costs

Phillip Doe from the British Printing Industry Federation was the external consultant involved in the initiative. As previously stated, there was no charge to Dolphin for his services.

Approximately £500 was spent on new equipment or altering existing equipment to ensure the safest possible working environment.

Dolphin considers communication between employees to be an essential aspect to the success of the company. As such, this continues to be an ongoing investment but is difficult to quantify in terms of financial cost. No further training budget was required, as employees were involved from the outset in altering the COSHH manual

3.3 DISCUSSION OF BENEFITS

3.3.1 Business benefits

The main business benefit to Dolphin Printers is the control over insurance premiums. As previously mentioned, one of their competitors was refused insurance renewal because of inadequate health and safety provision. Insurance renewal premiums have remained static this year, and this can in part be attributed to their health and safety management. Insurance premiums can be a significant outlay for small businesses, and in a market which in general experiences increases year on year, this represents a saving to the company.

Indirectly there have been reduced operating costs because the new manuals allow employees to work more efficiently. To a certain extent, there may be a reduction in working time for tasks because employees have clear guidance on the health and safety risks associated with individual tasks.

From a good starting position, it is felt that the initiative has improved even further the morale within the company because employees genuinely feel that the Directors care about their well being. From the Principal Partner's personal viewpoints, the major improvement is the satisfaction felt by himself that Dolphin continue to do a good job, hence keep themselves safe from litigation and employees safe from harm.

Dolphin has always maintained a good public image with their customers. However, they now enjoy a good public image from their insurers and the British Printing Industry Federation.

Staff retention has always been exceptionally good at Dolphin. Only 15 people have left the company in the 36 years since it started up. It is felt that this can be attributed to the caring culture within the company. Employees feel safe and are happy working for Dolphin.

Sales have remained stable. However, most of their customers do not enquire about health and safety performance. In the event of a health and safety breach, this may have the potential to harm Dolphin's reputation, and this has been safeguarded against.

3.3.2 Health and safety benefits

Dolphin has always experienced very little absence due to injury or ill health. The health and safety initiative safeguards this position.

Dolphin has never experienced a reportable incident. Once again, their safety systems further safeguard this position.

3.4 ILLUSTRATIVE QUOTES

3.4.1 Quotes

"If advice on how to improve health and safety within your business is available – I would fully recommend that you take it. I started from a point of being fairly cynical, to one that fully embraces health and safety as a result of the help I have received and my awareness of how it impacts positively upon the business" – Mick Martin – Principal Partner.

"After the completion of the process, and now having an updateable policy, the main economic advantage has been the static cost of insurance premiums. It has been very satisfactory to achieve what we believe is a system which is possibly ahead of our competitors" Mick Martin – Principal Partner.

"The new health and safety initiative with the in house committee has proven to staff that their input is invaluable, and that duty of care is the responsibility of all employees, not just employers." Tracy Burge – Company Fire Officer.

"Introducing a rigid health and safety policy and having arrangements for implementing them shows our staff, and anyone else, that hazards have been identified and risks assessed, eliminated or controlled" Samantha Elliott – First-Aider.

3.5 DATA

3.5.1 Costs

The advice given by the British Printing Federation was provided free of charge. The only costs that were incurred were £500 to adapt existing equipment, alongside the time of the Principal Partner.

3.5.2 Business benefits

The main business benefits cited are as follows:

- Reduction in operating costs because of fully documented and therefore more efficient procedures.
- Static insurance premiums in a market which in general is experiencing increases.
- Great morale shared by all who work at Dolphin because the employees remain confident that the Partners genuinely care about their well being.
- Safeguarding the company from the potential for employee liability claims to be made against them.

3.5.3 Health and safety performance data

Dolphin Printers have never experienced any incidents or long term sickness, hence data is not available. However, they strongly believe that the improvements they have made safeguard this position.

Dolphin believes that they are better than their competitors within their industry sector. This keeps them safeguarded from experiencing significant increases in their insurance renewal premiums.

This information is confidential, hence it is difficult to quantify.

4 MECH-TOOL ENGINEERING LTD – INTEGRATION OF HEALTH AND SAFETY INTO BUSINESS SYSTEMS

4.1 BACKGROUND TO THE INITIATIVE

4.1.1 What prompted the initiative?

Mech-Tool Engineering Ltd design, fabricate and install products that protect personnel and equipment from the hazards of explosion, fire, heat and noise for the off-shore gas and oil industry.

As Mech-Tool's customers work in high hazard industries they expect high standards in the management of quality and health and safety. Mech-Tool has always given emphasis to these and had developed a culture of continuous improvement. This was recognised in their being ISO 9000 accredited and regular RoSPA and EEF award winners, including winning the 2004 Norwich Union Trophy in their industry sector.

Until 2003 Mech-Tool's operations were managed by means of a quality management system to 9001:1994 and health and safety by a series of improvement initiatives and activities.

Whilst this management approach ensured good quality and health and safety standards, the activities were not linked by the same business process and drivers and there was a significant administrative burden. In considering the benefit of reviewing their management systems to ISO9000:2000 the Board of Directors saw the opportunity of addressing these shortcomings.

4.1.2 Directors' and workers' involvement

The Board of Directors decided that there was a need to review the Mech-Tool management processes in 2003 in light of ISO9001:2000. They had two options, the easiest being simply review their existing ISO9001:1994 system or to take the opportunity to conduct a complete review and seek a fully "joined up" approach covering all activities, including health and safety and to facilitate continuous improvements in all areas.

The Board decided that a fully integrated system, although involving more work, would result in a system that was easier to understand, more focused on the business and which by simplifying record keeping would reduce the administration burden of the current separate systems.

The Directors empowered the Quality, Audit and Safety Manager to manage the change with their full support. Engagement of the workforce in continuous improvement was a key objective and whilst the Company Council and Management Review meeting provided a forum for formal consultation, the QAS Manager engaged the workforce in developing and implementing the new management system. This was supported by regular briefings by the Managing Director, tool box talks and safety audits.

The Director's View:

“The company adopted a core business philosophy that its products, manufactured to comply with safety assessments at locations like oil and gas platforms or nuclear power stations, should be fabricated with a cultural approach aimed at minimising the risks of all types of accidents in the work place.

Health and safety therefore, has always been a priority issue at Mech-Tool. This approach is embraced by the Board of Directors and is overseen by a full time HSE Manager. Every employee is encouraged to be safety conscious at all times wherever they are working and regardless of their role.

Continuous awareness initiatives include regular meetings, toolbox talks and safety audits. The Safety Management review meeting is held every 4 months and is attended by representatives from staff and hourly paid employees and the Managing Director. A Company Council meeting takes place monthly and this forum allows representatives the opportunity to raise health and safety matters on a regular basis.

In recent years Mech-Tool has received formal recognition of its health and safety record from the EEF and RoSPA.” - John H Swain Director General Manager.

4.2 OVERVIEW OF THE INITIATIVE

4.2.1 What was it?

The initiative was to conduct a complete review of Mech-Tool's ISO9001 management system to bring it to the current ISO9001:2000 standard. In doing so, Mech-Tool extended the scope to cover all of their business activities, including health and safety, in order to create one fully integrated management system.

The review was initiated by the Board of Directors and managed by the Quality, Audit and Safety Manager with the full involvement of all employees. This ensured their input, support and full understanding of their role and duties under the new integrated management system.

A Safety Management review meeting is held every 4 months and is attended by representatives from staff and hourly paid employees and the Managing Director. In addition a Company Council meeting takes place monthly and opens with a briefing by the MD and a review of health and safety performance. This forum allows representatives the opportunity to raise health and safety matters on a regular basis and it is supported by continuous awareness initiatives that include regular meetings, toolbox talks and safety audits.

A scheme to reward shop floor initiatives has also been implemented. Ideas to reduce health and safety risk are submitted and reviewed. If they are considered promising a trial is conducted and the results submitted to the Safety Management Review meeting for assessment of an award. The scale of the award reflects the perceived level of health and safety risk reduction and ranges between £50 and £200.

4.2.2 Scale and duration

The review of the management systems and upgrading to ISO9001:2000 covered all of Mech-Tool's activities with the objective of providing one fully "joined-up" system. The review was started in 2002 and was completed in 2003.

The management system covers the activities of all employees - the production workforce varies between 50 and 80 including supervisors and managers and the administration, engineering, sales and marketing staff between 30 and 35 depending on the workload.

4.2.3 Main types of costs

As Mech-Tool already employed a full time Quality, Audit and Safety Manager, the project was managed in house with the full support of the Board of Directors and with the full involvement of all employees. This approach limited the external costs to a third party audit whilst developing the understanding and ownership by the employees.

4.3 DISCUSSION OF BENEFITS

4.3.1 Business benefits

Mech-Tool's clients work in high hazard industries and hence expect high standards of health and safety management of their suppliers. The new management system ensures excellent standards in terms of quality and health and safety which, with third party accreditation gives prospective clients confidence in Mech-Tool and has led to repeat orders.

Mech-Tool subscribe to the Achilles and Verify database which is used by some clients to assess and select companies to tender for their work. The *Achilles* Utilities Vendor Database is a formal, centralised assessment process used by the electricity supply industry to aid in the selection of contractors. It requires subscribing contractors to provide health and safety, capability, organisational, quality and financial data. *Verify* is an audit process that provides independent verification of the data reported to Achilles. Contractors are expected to achieve a specified level in order to pre qualify to be invited to tender for work. *Achilles* and *Verify* have thus established a benchmark for excellence in terms of health, safety, environmental and quality performance. The new management system has resulted in a high score on this database both for quality and health and safety. The benefits of a high score are two fold:

- It ensure that Mech-Tool are invited to tender for work (health and safety carrying a heavier weighting than quality);
- Where prices are similar, clients will favour that company with the higher health and safety score.

This enables Mech-Tool to access a wider market and to be competitive on factors beyond just price thereby supporting growth and improved profit margins.

4.3.2 Health and safety benefits

Mech-Tool already had high standards of health and safety management and an excellent health and safety record, being repeat winners of regular RoSPA and EEF awards, including winning the 2004 Norwich Union Trophy in their industry sector.

The initiative has resulted in three main areas of improvement:

- Reduced the management burden associated with the administration of health and safety releasing management and supervisors to spend more time on the shop floor;
- Encouraging a more proactive approach to the management of health and safety with managers and supervisors being fully involved in the assessment of health and safety risk and safe systems of work;
- Greater clarity of health and safety performance and engagement and empowerment of the whole workforce to improve health and safety performance.

All three areas support Mech-Tool's culture of continuous improvement.

4.4 ILLUSTRATIVE QUOTES

"Health and Safety has always been a priority at Mech-Tool. Many of our customers now put as much importance on health and safety as they do on price. By incorporating health and safety into our QMS we are able to benchmark our health and safety processes against the competition." John H Swain, Director General Manager.

"Mech-Tool Engineering Ltd has consistently demonstrated continual improvement in its standard of health and safety. The integration of health and safety in our ISO9001: 2000 management system has ensured that safety is considered as a 'Core' process and this is reflected in our customers' confidence that we operate in a safe manner and this is demonstrated during client audit visits. Our successful RoSPA awards over the years have given us the confidence and the pride in our company to continue the process of improvement". George Hodgson, QA/HSE Manager.

"The inclusion of health and safety into an Integrated Management System, assists the company in demonstrating their commitment to health and safety, to both customers and employees simultaneously. Due to the more standardized systems and processes there are numerous benefits including:

- *Greater system standardization;*
- *Improved customer base;*
- *More harmonized workforce;*
- *Reduced risk/s to business, customers, employees and the environment."*

Steve Sheridan, Production Supervisor.

"Integrating the management of health and safety into our existing management systems has raised the profile of health and safety throughout the organisation. It has provided management with confidence in the controls they implement and addresses many of the risks associated with the business providing a seamless safety net in which to operate". Ian Farquharson, Production Manager.

"Management involvement demonstrates that they are very approachable in matters of health and safety. This sends out the message to the workforce that continual effort is being put into providing a safer working environment." Kevin Quinn, Representative of Workshop Safety.

4.5 DATA

4.5.1 Costs

The principal cost was in an external audit of the ISO 9001:2000 management system for accreditation - <£10k. During the project the additional management time probably accounted for 50% of a full time equivalent but, as the project motivated the workforce, it was accommodated by the QAS Manager and across the workforce at no extra cost.

4.5.2 Business benefits

This has not been quantified but is significant in that the initiative has enabled Mech-Tool to retain access to a major part of its market (where clients either use the Achilles database to select vendors or who conduct their own audits). By increasing its health and safety rating Mech-Tool is also now more competitive in this market.

The initiative has also resulted in process improvements. One example is in the cleaning of stainless steel by acid prior to finishing. A study to try and reduce the safety risk and improve the quality of the finished product resulted in the adoption of a new process which achieved both of the original objectives whilst increasing the productivity of the acid wash process by ten fold.

4.5.3 Health and safety performance data

Mech-Tool already had an excellent health and safety record and no improvement in absence or accident rates can be identified as a result of the initiative. Mech-Tool does, however, consider that the health and safety risk has been reduced and that the morale of the workforce has been improved.

The initiative was launched company wide and as noted above, whilst there is no measurable improvement in health and safety performance the associated risk is now considered to be lower and employee morale has improved.

Mech-Tool work in a highly specialised sector and have, perhaps, only three major competitors. The sector demands high health and safety management standards and Mech-Tool believe that

the initiative has improved its Achilles database score. It also enables Mech-Tool to demonstrate high standards in all aspects of its management via its ISO9001:2000 system.

Details of tenders and contract awards are confidential and Mech-Tool is unable to demonstrate any instances where the initiative has given them direct competitive advantage over their competitors.

Improvement in the business processes resulting from the reduced administrative burden and specific improvements in the business and production processes has not been directly measured.

5 HUNTSMANS QUARRIES LTD – HEALTH AND SAFETY INNOVATION

5.1 BACKGROUND TO THE INITIATIVE

5.1.1 What prompted the initiative?

The market for quarry products is highly competitive and there is a constant pressure to keep the operating costs down. The quarrying and processing of stone, however, involves heavy machinery and manual handling and thus involves significant health and safety risks.

Huntsmans Quarries is a small business that constantly tries to improve productivity in order to remain competitive. As well as his legal responsibility, the Managing Director, David Glenn, feels a personal, moral obligation to take all reasonable care of the health and safety of his employees and thus refuses to compromise health and safety in order to reduce cost.

A series of health and safety improvement initiatives led to Huntsmans Quarries winning a prestigious Quarry Products Association Health and Safety award and yielded significant business benefits.

David Glenn is not complacent and continues to work at embedding a positive approach to health and safety into the company culture and to further reduce health and safety risk.

5.1.2 Directors' and workers' involvement

The Managing Director has taken a lead in actively encouraging the employees to identify health and safety risks and to implement improvements. As an example, it is necessary to conduct routine maintenance on the machines used to crush rock. The maintenance is heavy and involves the need to enter the machine. This is a hazardous activity and the Managing Director empowered the employees to identify and implement changes to the maintenance of the machines. Changes were identified and implemented that obviate the need to enter the machine to carry out routine maintenance. These changes also speeded up the maintenance, thereby increasing productivity.

The Director's View:

"We were always positive about operating a safe business but since we started actively engaging with our staff on the issue and more importantly acting on their suggestions, we have reduced our accidents per employee by 50% and for the last 18 months eliminated any RIDDOR reportable accidents achieving a 100% improvement" – David Glenn, Managing Director

5.2 OVERVIEW OF THE INITIATIVE

5.2.1 What was it?

A simple assessment of health and safety risk identified a number of improvement opportunities. The Managing Director involved the employees in both understanding the health and safety risks of their quarrying and associated operations and in the identification and implementation of pragmatic controls to reduce these risks. The key health and safety innovations covered manual handling, plant maintenance and slips, trips and falls.

Huntsmans Quarries is a small company and the Managing Director is keen to make health and safety management simple and to avoid unnecessary bureaucracy. He has thus taken a pragmatic approach based on talking, listening and most importantly, being seen to act on the comments and recommendations of the employees.

The health and safety improvement initiatives are supported by:

- Initiating a safety committee and regular site safety walks;
- Fully involving the workforce in identifying innovations to reduce health and safety risk;
- Providing training in manual handling.

The approach is kept simple and paperwork is minimised. This approach supports health and safety as part of the company culture.

5.2.2 Scale and duration

The health and safety improvement initiatives focused on the key health and safety risks involved in the quarrying and processing of stone to produce the various stone products that Huntsmans Quarries sell.

Huntsmans Quarries employ around 40 people and the initiatives started around two years ago based on a review of a simple health and safety risk assessment.

5.2.3 Main types of costs

The main costs are for external consultants to conduct an annual external health and safety audit and to provide training to the employees.

There are also internal costs associated with the loss of production whilst employees are receiving training.

5.3 DISCUSSION OF BENEFITS

5.3.1 Business benefits

The health and safety initiatives have yielded the following principal business benefits:

- Changes to improve the safety of the maintenance operations on the rock crushing plant has also reduced the production time lost each day for routine maintenance.
- Employee productivity has increased because of reduced time lost through accidents.
- Winning a prestigious Quarry Products Association Health and Safety award has instilled a sense of employee pride and improved moral.
- The award and good health and safety performance has resulted in a reduction in the premiums for public and employers' liability insurance.

In addition, quarrying is a very visible operation involving heavy transport and which has an impact on the surrounding countryside and villages. A high level of health and safety has helped to improve the public perception of Huntsmans' quarrying operations.

5.3.2 Health and safety benefits

Huntsmans Quarries always enjoyed a good health and safety record for their industry sector and the initiatives have resulted in some notable health and safety benefits:

- The accident reports per employee halved in the last 18 months (0.18/employee compared with 0.38/employee);
- There have been no RIDDOR reportable accidents in the last 18 months compared with 4 for the previous 18 months.

The initiatives have also reduced health and safety risks associated with the maintenance of the process plant and of injury from slips, trips and falls.

5.4 ILLUSTRATIVE QUOTES

5.4.1 Quotes

"I am a passionate believer that a safe business is a happier and profitable one. When you can actively engage everyone in the process, it is very gratifying what can be achieved. Our aim is to have zero accidents every year" - David Glenn, Managing Director Huntsmans Quarries.

"We were always aware that health and safety was important but it always seemed to be somebody else's responsibility. However following the recent changes you feel much more

involved and it is important to know that our ideas count." - Mr D Oliver, Walling Stone Forman.

"We are now encouraged to report all near misses not just accidents in a no blame atmosphere and suggest ways this can be improved" - Claire Smith, Admin Supervisor

5.5 DATA

5.5.1 Costs

The cost for external consultants to conduct an annual external health and safety audit and to provide training to the employees varies from year to year according to the amount of training required but averages around £4,000 per year.

There are also internal costs associated with the loss of production whilst employees are receiving training. By targeting the training to address the key health and safety risks this loss is minimised.

5.5.2 Business benefits

The key business benefits gained from the initiatives are:

- Reduced routine maintenance time for rock crushers has given an extra 5% productive time each day;
- Employee productivity has increased because of reduced time lost through accidents;
- The QPA award and good health and safety performance has enabled the public and employers' liability insurance premiums to be negotiated down by 15%, providing a saving of around £15k per year.

5.5.3 Health and safety performance data

In comparing key health and safety measures for the 18 months prior to the initiatives, with the 18 months following the initiatives, the following improvements have been achieved:

Period	Accident Reports	RIDDOR	No of Employees
05/03 to 10/04	11	4	29
10/04 to 04/06	8	0	45

In addition to the zero RIDDOR, the accident reports per employee have halved - 0.18/employee compared with 0.38/employee.

Huntsmans Quarries have always taken health and safety seriously and the Managing Director is keen that in winning the QPA award and achieving health and safety performance improvements, the company does not become complacent with regard to health and safety management.

Huntsmans' good health and safety record has not directly led to an improvement in the public's perception of the business. The Managing Director believes, however, that a poor health and safety record could be used against the business by any local pressure groups who may object to quarrying operations in their area.

6 ROSH ENGINEERING LTD – ACHILLES AND VERIFY

6.1 BACKGROUND TO THE INITIATIVE

6.1.1 What prompted the initiative?

Rosh Engineering Ltd repair, refurbish and maintain transformers and high voltage equipment. The company is an approved contractor to the UK and Dutch electricity distribution, generation and transmission companies as well as major companies in the steel, oil and chemical and process industries.

As a contractor working on high risk sites such as isolated electricity substations, oil and chemical plants and for the nuclear industry, Rosh has always had to pay keen attention to the management of health and safety and are repeated RoSPA Gold Awards.

To aid in the selection of contractors, the electricity supply industry developed a formal, centralised assessment process through the *Achilles* Utilities Vendor Database. This required health and safety data to be compiled from the subscribing contractors in addition to the capability, organisational, quality and financial data.

Led by companies such as the National Grid, an audit process called *Verify* was introduced to provide independent verification of the data reported to Achilles. Contractors wishing to work for the National Grid Company and other key members of the electrical supply industry, were required to pay for this audit and were expected to achieve a specified level in order to pre qualify to be invited to tender for work.

Achilles and *Verify* have thus established a benchmark for excellence in terms of health, safety, environmental and quality performance. Rosh Engineering recognised that achieving approved contractor status with the NGC would give them credibility in the rest of the electrical supply industry as well as manufacturing and process industries.

Rosh thus saw this as an opportunity to use their high health and safety performance to give them a competitive advantage in the market by being able to pre-qualify to tender to major clients in the industry, using excellent health and safety performance to differentiate themselves from their competitors and hence show real business benefit in terms of increased market, market share and net profit.

6.1.2 Directors' and workers' involvement

With the leadership of the Managing Director, a project was established with the objective of ensuring that Rosh Engineering would pass the independent Verify audit first time. As Rosh is a small business, with only 6 office staff, the Managing Director remains a driving force but success depends on the full engagement and participation of all staff. An in house Quality, Safety and Environment Manager (QSE) was recruited to lead and facilitate the development of the new policies and systems and to provide ongoing support for continuous improvement.

Application of the policies and systems by site staff is a key success factor. It was recognised that these policies and systems needed to be user friendly and easy to apply otherwise the whole project would fail. This was supported by an incentive scheme that recognised the acquisition of new skills and qualifications by the staff and rewarded excellent health and safety behaviours and performance. In addition, the culture of the organisation needed to reflect that the systems and policies applied to all – the Managing Director as much as the ground level operative.

A staff health and safety review committee was established to increase the two way communication of health and safety issues. Two members of the site staff sit on the committee with the Managing Director and QSE Manager with meetings taking place every quarter. The minutes and action points from the meeting are posted on the staff notice board so others can contribute or feed into the system as they wish.

The Director's View:

“Rosh Engineering has always paid keen attention to health and safety as we are employed on high risk sites such as isolated electricity substations, oil and chemical plants and the nuclear industry. Our customers expect a high level of health and safety awareness at all levels in the company.

Adoption of the Achilles Utilities Vendor Database and the Verify audit by key members of the electrical supply industry has raised the performance benchmark for health, safety, environmental and quality. Participation has enabled us to improve our competitiveness whilst improving employee relations.” Ian Dormer, Managing Director.

6.2 OVERVIEW OF THE INITIATIVE

6.2.1 What was it?

The Managing Director set the objective of the initiative - to pass the Verify audit at the first attempt and to then seek continuous improvement in health and safety performance thereafter. As Rosh Engineering already worked to a very high health and safety standard, as reflected in their RoSPA Gold Awards, the key change was to more formalise the approach and to maintain records to prove compliance. A Quality, Safety and Environment Manager was appointed to facilitate the development, implementation and maintenance of health and safety documentation and processes that would exceed the needs of the Verify audit.

To ensure that the whole business operated and adopted the systems, effort was made to ensure all documentation and procedures were user friendly and incentives were introduced to encourage personnel to acquire new skills via training and to reward the use of the new systems.

The incentives were in three parts:

1. Health and safety skills, qualifications and authorisations were recognised through the company pay scales;

2. The Managing Director established bonus criteria for site staff - the more safety related documentary evidence that was generated on sites, such as tool box talks, site safety self audits etc the larger the amount of money that entered a bonus pool. The bonus pool cash is distributed evenly between all site staff twice every year – before Christmas and in the summer holidays;
3. The QSE Manager also had boxes of chocolates to give to particular teams that demonstrated a pro-active approach towards health and safety management and documentary evidence.

Review and improvement was encouraged by the formation of the staff health and safety review committee.

6.2.2 Scale and duration

The project covers all of Rosh Engineering's 23 employees although the focus has been on the 14 site workers as those who work in high hazard activities. The site workers' skills range from painters to electricians, welders and mechanical fitters.

The first audit was made 4 months after starting the project and the second audit two years later, following a change in policy future audits will be conducted every year. Improvements were made after the first audit and Rosh Engineering recognise that improvements can still be made and are now seeking to continuously improve their system processes and procedures.

6.2.3 Main types of costs

The largest overall cost was in the employment of a full time Quality, Safety and Environment Manager – unusual for a company of Rosh Engineering's size and a significant overhead.

External consultants were used to ensure an independent view point and some additional training of office and site staff was needed. However, these additional costs fitted in with the general overall dedication of the company for continuous improvement.

The Managing Director spends more time and effort in promoting and encouraging the project culture but as the importance of achieving the high standard is an essential part of the business' growth strategy, it is not regarded as an additional burden but an extension of the sales and marketing strategy.

6.3 DISCUSSION OF BENEFITS

6.3.1 Business benefits

The overriding benefit was ensuring Rosh Engineering was a contractor of choice for the National Grid Company and the Electricity supply industry. Whilst this status ensures that Rosh

Engineering continue to win contracts from these clients it also gives Rosh Engineering greater credibility with clients in other market areas enabling Rosh Engineering to achieve further business growth.

Rosh Engineering's excellent health and safety performance also provides a competitive advantage in that where tender prices are similar the contract award will favour the contractor with the highest health and safety score.

Rigorous systems and policies that are readily adopted by staff throughout the organisation, and can be seen to be part of the culture when working on site, provide reassurance and confidence to clients and customers. For this reason they are less likely to delay works and hold up projects to inspect and check on Rosh Engineering's operations. Most of Rosh Engineering's works are on time limited shutdowns where unscheduled delays or interruptions have a significant impact on the success of the contract.

The employment of a full time QSE Manager has freed up the Project Engineers' time away from QSE activities where they are not specialists, enabling them to focus their skills on engineering and the safe delivery of contracts. This has enabled Rosh Engineering to excel in contract delivery, building greater client confidence and further differentiating Rosh Engineering from its competitors.

Further training and increasing the skills of the workforce has yielded benefits in terms of greater resource flexibility. Having a greater number of employees with specific skills or qualifications has reduced the reliance on those employees with specific qualifications to undertake certain tasks. It has also reduced Rosh Engineering's vulnerability to losing key employees.

6.3.2 Health and safety benefits

The project has not shown a reduction in accident and incident rate in Rosh Engineering as it was already low. The policies and systems are, however, ensuring that the reporting and alert processes are identifying potential risk areas before they become an issue thus reducing the probability of future accidents and incidents.

The record keeping and visibility of health and safety performance informs the employees and ensures that health and safety always has their attention. It also increases awareness of the company values and ideals, and that it cares for their well being.

6.4 ILLUSTRATIVE QUOTES

6.4.1 Quotes

“Our key customers assess tenders on factors other than price alone. Their inclusion of health and safety targets means that Rosh Engineering must prove our high levels of health and safety performance to win more contracts” Ian Dormer, Managing Director.

"More clearly defined roles and responsibilities has enabled us to focus our core skills where they are best used, and our input where most needed." Jim Butler, Engineering Manager.

"Health and safety skills, qualifications and authorisations are now recognised through our pay scales which, combined with the bonuses for improved health and safety documentation, is a welcome recognition" David Black, Electrical site supervisor.

"Maintaining the constant drive to keep health and safety at the forefront of all our staff's efforts is challenging but at the same time when they come back to me with their suggestions for improvement in our health and safety systems without prompting there is nothing more personally satisfying" Phil Sparham, Rosh Engineering QSE Manager.

"For National Grid, health and safety are paramount and we're committed to working with our supply chain partners to deliver high standards. We will only give work to those companies, such as Rosh Engineering, who are willing to join with us in continually improving health and safety performance." John Duckworth, Safety Health and Environment Manager – UK Transmission, National Grid.

6.5 DATA

6.5.1 Costs

The principal cost has been the employment of a full time QSE Manager; this with the employment of external consultants to advise and conduct audits is costing around £35k/yr. Training in the new policies, systems and processes has been undertaken in house by the QSE Manager.

Costs have also been incurred in increasing the general qualifications and skills of the workforce however these have been seen as a normal part of further developing the business. The initiative has, however, enabled this training to be better prioritised and targeted.

6.5.2 Business benefits

The project has enabled Rosh Engineering to become a preferred contractor in a market area which accounts for 20% of its turnover. This status is also enabling Rosh Engineering to access new clients and market sectors and thus facilitate further business growth.

The dedicated QSE Manager provides a new level of expertise which supports and releases Project Engineers from administrative burden. In addition less time is now spent on completing health and safety returns to support tenders. This has released more than 20 employee days per year enabling the Project Engineers to concentrate on the delivery of contracts safely and to quality, time and budget.

6.5.3 Health and safety performance data

As noted above, Rosh Engineering was already repeated RoSPA Gold Award winners and thus worked to very high health and safety standards. They have thus been unable to show any direct improvement in health and safety performance although they are confident that the more proactive approach to health and safety risk management is reducing the probability of future accidents and incidents.

Other Contractors who compete with Rosh Engineering in the electrical supply industry sector also need to adopt the same standards but none have taken it on board with as much vigour as far as Rosh Engineering are aware.

The award of contracts is generally confidential and therefore Rosh Engineering is unable to prove that they have been awarded contracts due to their high standards of health and safety although there is circumstantial evidence.



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