

Employee Owned



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People & Culture: Key Components of Successful Risk Management

I recently heard a quote from a Safety Director for a client with nationwide operations in a business where taking risks occurs daily. He said, **“People don’t quit jobs ... people quit people.”** This philosophy has driven a commitment to continuous improvement and investment in people; a commitment that has drastically impacted the company’s risk management strategy.

Just like most companies, this client cannot afford a habit of workplace accidents. Their end-clients operate in one of the most compliance-based industries, and their ability to win opportunities is heavily based on their risk management efforts. The footprint of their operations and the complex, deadline-driven nature of their industry create significant safety challenges. In spite of these challenges, they have developed a remarkably safe organization. How? Their strong leadership and a people-centric culture have been the key. Their management and safety leaders are coaches, not enforcers.

“Culture will eat process for lunch.”

This quote also came from a Scott client and I couldn’t agree more. At Scott, we enjoy working with companies to help build, maintain and enhance cultures that understand that people and culture are critical components to a safe and successful organization. We believe there is a direct correlation between culture and risk management results. Every business is unique and has unique risks; but, no matter the industry or business risks (financial, physical, etc.), a company’s culture can profoundly determine:

- 1. Whether an employee is more tempted to fraudulently report or exaggerate the extent of workplace injuries;**
- 2. If the company will have effective communication between employees and the Management team;**
- 3. If employees feel comfortable being proactive to stop an unsafe act from occurring;**
- 4. If corners are cut and traits like dishonesty and apathy pervade the company.**

While compliance is certainly important, and rules and regulations can help provide a framework, business challenges – just like people – don’t have a one-size-fits-all solution. Working with our clients reinforces the idea that employee-centric efforts, backed by an engaged management team, is a winning combination. A management team that only focuses on compliance and streamlined processes will struggle to be effective.

How does culture impact risk performance?

Employees want to know that they are valued. Without that feeling of value, turnover skyrockets, communication suffers and unsafe behaviors become more common. While most business leaders understand this intellectually, most struggle to turn philosophy into action. Execution is everything. In order to succeed, you must have a plan that is:

- 1. Specific to your company and the culture that already exists;**
- 2. Focused on reality, rather than “silver bullet solutions”;**
- 3. Full of genuine hard work and commitment;**
- 4. Measured (“What gets measured, usually gets done”).**

What starts as an initiative to improve safety and lower Insurance costs, if properly executed, can create many other positive results. Improvement in retention and quality are just two examples.

If you are struggling with a safety initiative or are experiencing high turnover, I challenge you to analyze the quality of your leaders and your company culture, because "People don't quit jobs, they quit people," and "Culture will eat process for lunch!"

Written by John Pendleton

John Pendleton joined Scott's Richmond office in 2012, after spending several years in a sales role while also pursuing a career in Foreign Affairs. At Scott, John advises businesses in high risk industries on navigating the troubled workers' compensation system. He partners with Scott's Risk Performance Group to help clients build robust risk prevention and claims management strategies that reduce the demand for insurance and turn a historically sunk cost into a profit center.

Call John at **804-441-6819** if you have any questions or need any additional assistance.