

ACQUIRING SAFETY

By Robert Pater

Change is always happening in business as consumers, companies, reputations, regulations and markets change. Wise leaders understand how the tides and tsunamis of change impact safety along with everything in organizational life.

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Many of these shifts seem cumulative and gradual. However, one prominent acute and abrupt change erupts when corporations, like many people, take on a new and different partner. These weddings may stem from the desire to seize opportunities to trade and grow, or defensively, to survive in a voraciously competitive orca-hunt-shark ocean.

For some companies, a merger and acquisition (M&A) is relatively infrequent. I've worked with airlines that have merged due to market pressures (United/Continental, Alaska/Virgin America, American/TWA/US Airways). Then there are corporations whose strategic business model aligns with growing by acquisition such as Textron, WestRock (itself a recent merger of MeadWestvaco and Rock-Tenn), Domtar and Rio Tinto.

There are signals on the horizon that M&As might become increasingly prevalent. According to a study of more than 1,000 CEOs:

Acquisitions are a core part of the 2018 growth playbook for U.S. CEOs. More U.S. CEOs (69% of CEOs, up from 55% in 2017) plan to drive growth with new M&As this year, and far more so than for their peers globally. (PWC, 2018)

Why the urge to merge or buy? This might spring from a desire to enter new markets, derive economy of scale (e.g., do more with streamlined resources), make use of emerging technologies or reduce taxes. And some might merge or acquire for reasons that perplex analysts. Lemkin (2013) suggests, "M&A is driven by individual executives at companies, not companies per se . . . it's capricious."

We've seen this in action in several organizations whose safety leaders' professional and programmatic rafts have been thrust into the rapids of M&As. In fact, for some suitors the safety performance of potential acquisitions has actually been a significant decision factor in whether to further explore progressing a company-to-company connection. I recall presenting at a Textron conference where the then-CEO told senior managers, "The first thing we look at when considering whether to acquire a company is their safety record and culture because this is a strong indicator of their overall performance." He explained that a range of safety metrics is typically among the best reflectors of underlying organizational strengths or management issues.

Many who have been through mergers have found that in reality these are frequently acquisitions where one company effectively engulfs the other. For example, when BP initially joined with Arco, the new name of the entity was BP Arco. The rueful joke around

executives was, "How do you pronounce BP Arco? Answer: BP." This could similarly apply to other mergers as well (nonspoiler alert, BP Arco soon thereafter dropped the Arco from its official name). Any takeover or actual merger can result in a battle of the legacies/safety systems between the two entities, as well as surfacing other issues that are mentioned later.

But no matter what drives them, M&As directly affect safety performance and culture. While safety leaders are not typically the prime movers behind M&As, they are always caught in the updraft, whether into a once-in-a-great-while restructuring or repeatedly embedded into their company's culture of Pac-Man-like engulfing.

It seems likely that many professionals already have or will in the near future go through at least one such realigning event. And, for us to practice what most safety professionals advise, it's good to be prepared for high-risk eventualities to avert potentially negative results.

It helps to understand some probable M&A response dynamics specific to safety. For example, those on the acquired side frequently become resentful, especially when they strongly believe that their own safety processes are superior to those of the acquirer. During M&As, turnover often increases, as some who are afraid for continuation of their employment or those who suspect that things will plummet downhill look for safer, greener pastures. Early retirement packages are often dangled to employees during M&As, which can result in loss of stabilizing expertise and safety mentors. These disruptions, along with new (even stopgap) hiring, can adversely impact how much people know about or follow long-standing safety methods.

There's a lot to this. And in a short article not customized for a specific company, I can only provide some overall strategies, methods and approaches for sailing smoothly through the storm of M&As. Yet, here are some practical and proven keys for minimizing negative reactions and maximizing the half-full aspects of M&As to sustain and even grow safety during those potentially tumultuous times.

Merging Seven Leadership Keys

- Don't assume that it's business as usual before, during and after an M&A. As noted, uncertainty about the future, job insecurity and other factors can likely affect safety performance. When risk factors change, whether new equipment, the weather, shifting tasks or M&As, it is important for safety leaders to acknowledge this and help people adjust to perform effectively. Some professionals have reported that an M&A's impact on safety culture and performance can last for much longer than they would imagine.

Defensively, it's critical to proactively take actions that mitigate the potentially wide-ranging negative impacts of an M&A on safety. Offensively, best leaders view any change as having potential to spur improvements. I've noticed that American football teams that resort to "prevent defense" (i.e., trying to hold onto a lead by allowing small amounts of damage) often lose. With this in mind, I encourage professionals to look to make gains, to strengthen their safety performance and culture during and after an M&A rather than simply hold on to previous improvements. Redoing what you've done is not enough during an M&A.

- Ramp up communications. When in doubt, it's better to overcommunicate rather than undercommunicate about safety. The tendency during M&As is to "play it close to the vest" and not communicate until everything is completely figured out. First, nothing will ever be fully figured out. Even the best-planned M&A is a continued work in progress. Second, lack of communication fuels rumor mills and can stoke fears. It's okay to say, "This is what we know now. While I can't talk about specific systems at this time, I'll let you know as soon as it's clear. Here is what I can tell you right now." Even telling people you can't offer a complete picture is better than saying nothing, which allows fears to run rampant.

- Leaders must lead themselves first. Most high-level safety leaders value maintaining a calm, problem-solving approach, rather than giving in to impatiently bulldozing their ways onto new company members or becoming closed off. While it may be possible to force others to minimally comply with a replacement culture and interventions, this typically generates resentment and can result in minimal performance for quite some time. Persuade others rather than dominate them to immediately drop their old methods and replace them wholesale. Here, it's critical to set adoption timelines that account for continually building acceptance of new approaches. A great way to do this is to research winning safety strategies on both sides, looking to integrate a "best parts" version from each company. Finding methods or interventions from the acquired company validates and reassures those who believe their safety processes are strong. Planning for this amalgamation can begin before the merger is complete.

When acquired, safety professionals themselves must first come to grips with and find ways to accept changeovers before they can help others embrace these changes. Enlist peer support of other professionals to reduce negative stress and move toward problem solving (e.g., within your company, even from other departments, fellow ASSP members) to confidentially surface and work positively through fears, resentment or concerns.

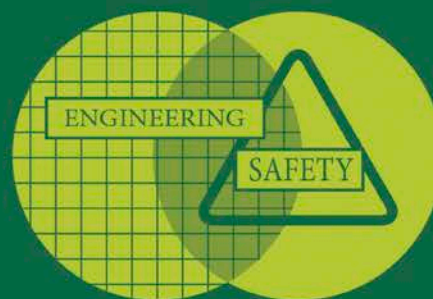
- Elevate mind-sets and skill sets for personal control, especially in safety.

Stress is one thing that most people experience during M&As. Before founding MoveSMART systems, I coordinated the Stress Management Center of a Portland, OR, hospital. From my practical work there and readings, I believe the definition of *stress* is "the feeling of being out of control." When stressed, people can have difficulty doing what would otherwise be simple actions such as falling asleep when they're tired, concentrating on a task, eating only until full and discerning indicators of things beginning to go awry.

A leader's main objective during M&As is to help workers and managers gain personal control where many feel little or no control over their own fate. This simultaneously reduces health-lowering stress and helps avert potential spikes in incidents. A reduced sense of personal control seems to especially affect injuries of a personal nature: strains and sprains, slips/trips/falls

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and hand injuries. During the stressful times of M&As, safety leaders should be particularly attuned to implementing methods for preventing these injuries, along with others that are strongly affected by misdirection or loss of attention (e.g., motor vehicle incidents, struck by/struck against, bodily reaction). Emphasize mind-set and skill sets that actually help both managers and workers take more personal control of their own safety, and encourage others to enlist peer support.

Think of enlisting the power of discovery, the best practices the other side has achieved, along with their learning curve, strengths and limitations, to further communication and trust between both parties. This also focuses everyone on what they might gain from the other side's safety culture, not just what they'd be losing.

- Pay special attention to attention. Physiologically, when people become stressed, the body consistently perspires more, shunts energy away from its immune system, activates increased catecholamine/adrenaline flows and causes the heart to beat faster.

Perhaps what's likely more critical for OSH leaders to understand is that when people are stressed, such as during M&As, the initial mental effect is for attention to narrow (tunnel vision). This can often occur to the point where people may do unusual things such as run into stationery obstacles, be unable to find PPE or parts that are right in front of them, and don't know what they're holding in their offhand. Such narrowed attention span can result in people not noting hazards and therefore experiencing avoidable incidents. Not surprisingly, these seem to peak during the course of M&As. Distraction stemming from financial, career or relationship worries can lead to overly emotional or less rational decision making, which may also contribute to slipped-attention injuries.

Go beyond just reminding people to "pay attention," "think before you act" or "work safe." In more than 3 decades of seeing companies default toward these slogans, I've found their effect short-lived at best as people become preoccupied or consumed with fears about losing their future security or decisions they'll have to make. At worst, people feel their

concerns are not being taken seriously, or they just ignore what they see as empty messaging.

Proactively, let everyone know that distraction is possible during times of change. There are simple methods for better directing attention that everyone can learn, which can help them in many aspects of their lives. For example, see my articles, "Paying Attention Leads to Better Safety, Productivity" (Pater, 2001; <https://bit.ly/2jpcwZZ>), "9 Keys To Directing Attention To Safety" (Pater & Bowles, 2007; <https://bit.ly/2JRaa1j>) and my webinar "Raising Practical Safety Mindfulness" (Pater, 2015).

- Make sure the two companies' systems talk to each other so they can share data back and forth. While this may sound basic, the ship can take on excessive water for want of a nail.

- Change the energy while working out the systems. I've found that raising positive energy/excitement provides fear-reducing perspective. Give people something to look forward to. Provide new and practical methods that everyone really wants to learn and use. Safety is a dynamic vehicle for acculturating, easing and facilitating changes during an M&A. It helps here to incorporate an exciting, highly involving approach that simultaneously helps people at home.

- Nothing unifies others like shared success or accomplishment. As soon as possible, look for scenarios where people from both sides can work together toward common goals or on single projects and utilize previous expertise to solve new problems. Remember that both sides will experience stress, concern, distraction and other potential contributors to incidents, and both can join toward solutions that help everyone in the new entity. With the right strategic and action approach, safety leaders can greatly improve their luck before, during and after an M&A to help all acquire higher-level safety performance and culture. **PSJ**

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