

INTEGRATING OSH INTO THE BUSINESS STRATEGY

By Joe Wolfsberger and Tom Reeves

To implement an occupational health and safety management system (OHSMS) it is critical to understand the business strategy and align with it. Defining how an OHSMS can support an organization's strategic objectives is a powerful way to gain management support.

One reason strategies are so important is that the world is increasingly volatile, uncertain, complex and ambiguous (VUCA). OSH professionals bridging the plan-do-check-act (PDCA) and VUCA communication gap is critical to the implementation and effectiveness of an OHSMS.

An article by the first author published in the April 2023 issue of *Professional Safety* (pp. 30-34), discusses the importance of integrating OSH into the business and why it is a good idea (Wolfsberger & Zigulis, 2023). That article also presents examples of companies that had successfully brought OSH and operational excellence together to strengthen their management systems. The present article is focused on why it is important to integrate OSH into the overall strategy of the organization. It discusses how to deal with a volatile and uncertain business environment and provides examples of how some companies have achieved this integration in a VUCA environment.

For many years the OSH profession has proclaimed that it must be integrated into the business. What does this actually mean and how is it practically applied? On Aug. 22, 2019, ANSI approved a new revised version of the ANSI/ASSP Z10 standard (ANSI/ASSP Z10.0-2019, Occupational Health and Safety Management Systems). The latest version of the ANSI/ASSP Z10 standard includes specific requirements for integrating OSH into the operation of the business as well as examples in the notes to help with the process. As part of the 2019 revision, an implementation guide was developed to assist in implementing the standard. A revised implementation guide is planned to include a chapter on integrating OSH into the business. This article explores some elements of that chapter.

To integrate OSH into the strategy of the organization, the value of people and their safety and health must be communicated to business leaders. Generally, most business leaders, including top management (e.g., board of directors, C-suite, operations directors), managers, supervisors, and foremen, believe and will say that OSH is a high priority but may question the value of including it in the overall strategy, thinking that it is an add-on to those processes. It is critical that the safety professional demonstrates the value of OSH integration to business leaders, referred to as top management

in ANSI/ASSP Z10. It is important to go beyond the argument of cost avoidance related to incident reduction and to focus on the ways that integrating OSH into the organization's overall strategy will add value and create a competitive advantage.

The set of considerations known as environmental, social and governance (ESG) issues can be an important element of any business but must be viewed through the lens of value creation for the company. Everyone should see the value in protecting the environment, protecting people and operating ethically based on the intrinsic value, but these

actions can also strengthen the overall business strategy. Including the elements of ESG that make business sense into the organization's strategy can help to improve production and manage innovation. Moreover, it can help to create a culture that attracts, retains, and promotes top talent, sat-

isfies the expectations of stakeholders, and offers a competitive advantage. But while pursuing the applicable elements of ESG has value, pursuing an ESG "score" may or may not be valuable to an organization. If the score provides access to financing not otherwise available, gains customers or provides some other benefit, it can make sense to pursue it. In short, helping business leaders see the value to corporate performance by providing a safe and healthy workplace for employees and recognizing the benefits OSH can add to the bottom line.

This article discusses successful real-world examples of how OHSMS elements have been integrated into business strategies, providing a useful road map for the OSH professional. This includes examples of where OSH has been successfully integrated with the three levels of business strategy.

Strategy Factors in OHSMS Business Integration Overview of Strategy

When designing and implementing management systems, consider how the management system integrates and aligns with the organization's strategy. This section of the article offers a brief overview of business strategy, intended to help users of the ANSI/ASSP Z10 standard understand the concept of and factors related to strategy and to encourage further exploration of their own organization's strategy.

The term strategy is derived from an ancient Greek word that roughly translates to "general's wisdom," as

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the concept of strategy evolved from the need to fight and win wars. The modern definition of strategy as it applies in a business context encompasses how an organization wins. In a for-profit enterprise, winning might mean gaining customers and generating profits. Such an organization may also consider its social and environmental responsibilities as part of winning. A not-for-profit organization may have a specific impact it wants to achieve, such as finding a cure to a disease or meeting the needs of a disadvantaged group. While plans are often created as a result of the strategy development process, a plan is not the same thing as a strategy. Strategy is a process that organizations use to identify their critical point of focus and to win in the areas where it competes. Essentially, the strategist identifies that critical, decisive point of focus and concentrates all efforts upon it.

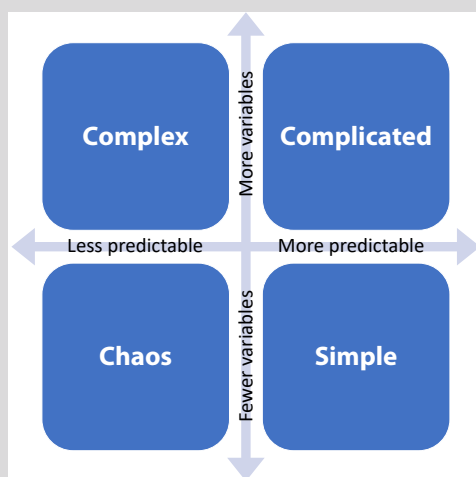
Strategy is also a necessary organizational response to the reality of limited resources and the existence of competition. It is about making choices to focus scarce resources on the few things that matter most. Strategy must answer such questions as:

- Where will the organization compete and what is our objective?
- How will the organization win the competition for creating value?
- What will be the organization's key priorities?

The key to success in strategy is a learning-based process for creating and adapting the strategies to an ever-changing environment (Figure 1). Whether an organization is large or small, private or public, for-profit or not-for-profit, a strategy is necessary for winning.

FIGURE 1 SIMPLE-COMPLICATED- CHAOS-COMPLEX MATRIX

This matrix is used to help determine approaches by comparing events that have more predictability or less, and a high or low number of variables.



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PDCA & VUCA

VUCA is a concept developed by the U.S. military to describe the world. Senior leaders and executives are constantly challenged to navigate and help their organizations succeed in a VUCA world. Consider the opportunities and challenges created by such factors as globalization, interconnected markets, technological advances, complex supply changes and, most recently, a global pandemic.

OSH professionals often advance through their careers in a PDCA world. All management systems are rooted in the concept of PDCA. Yet, most senior leaders and executives navigate a VUCA world. Consider how the language of PDCA might be different from the language of VUCA.

Depending on an organization's size and complexity, the need for OSH professionals to bridge the PDCA-VUCA communication gap may be critical to OHSMS implementation and effectiveness (Figure 2). Identifying ways an OHSMS may help an organization successfully navigate a VUCA world is a critical component of business integration.

Example: Showing How OHSMS Can Be a Competitive Advantage in a VUCA World

An industrial construction company focused on steel fabrication and erection performs work in several states and has gained a reputation as a contractor that is safe, on time, on budget and easy to do business with. The company's revenue growth over the past 5 years has allowed it to increase capacity with new equipment, upgraded construction management systems and additional staff. The culture values input from all workers and has a history of being a good place to work.

The safety and health director of this small yet quickly growing company has been in the position for most of the 5 years of growth. The director has helped the company significantly improve safety and health performance. This began with teaching frontline leaders how to properly perform incident investigations and root-cause analyses. The focus soon shifted to jobsite leaders performing job hazard analyses (JSAs) to be more proactive. Emphasis was placed on both the technical part of the JHA as well as connecting to why each employee works safely. Over time, the culture shifted from enforcing safety and health rules to embracing safety and health as a value.

Because the company was known for being safe, on time, on budget and easy to work with, several area general contractors regularly encouraged this construction company to bid on jobs of increasing size and complexity. The company bid on and successfully won contracts for many of these jobs. It developed the capability to handle increasingly more complicated work. The growth challenged the team, but the team continually rose to the challenge, making complicated work predictable.

Then the pandemic hit. Creating chaos at first, the pandemic shut down some projects. Others were deemed essential, and work continued. It was difficult

FIGURE 2
PDCA & VUCA

Adapting the plan-do-check-act cycle into an increasingly volatile, uncertain, complex and ambiguous world is critical to OSH and business integration.

| | SIMPLE More predictable and fewer variables | COMPLICATED More predictable and more variables | COMPLEX Less predictable and more variables | CHAOS Less predictable and fewer variables |
|-------|---|---|---|--|
| PLAN | Plan | Plan | <i>Probe</i> | <i>Unplanned</i> |
| DO | Do | Do | Do | <i>Rapid response</i> |
| CHECK | <i>Confirm</i> | <i>Analyze</i> | <i>Sense</i> | <i>Assess</i> |
| ACT | Act | Act | <i>Respond</i> | <i>Rapid response</i> |

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for the company to keep people working while maintaining a healthy cash flow. The future was unpredictable, but the company focused on being safe, planning for schedule and budget, and continuing to be easy to work with. Like many, the safety director quickly became an expert on biological hazards and hazard controls. Within a few months, the chaos became more routine. Mitigation efforts were more predictable, essential projects continued and nonessential projects were delayed. This became a new normal.

Just as the firm began to emerge from the chaos, within the 200-mile radius around its location, \$40 billion dollars in industrial construction projects were announced over the course of 4 months. That level of construction was unprecedented in the area, and everyone on the team scrambled. The companies coming to the area were big and sophisticated. These owner-companies hired some of the country's largest general contractors. These general contractors spent a lot of time assessing contractors in the area and consistently heard of the construction company's reputation.

All the general contractors asked the construction firm to bid on their projects. The firm was invited to "buy day"—the day the general contractor decides who wins the bid—on almost every project in the area. But this construction company had not worked for large general contractors before, nor had it worked on projects with such sophisticated owners.

The firm's president informed the safety director that the company had been invited to another buy day, bringing the total to four, giving the company an opportunity for four projects that were bigger than any it had done before. The president was excited about the opportunity but had concerns. It was great for the team and for the company, and the company could certainly perform the work. But winning all four projects would test the company's systems. All the general contractors included elements of safety programs in their bid packages and expected things to be done differently. The president needed to understand the new requirements and was relying on the safety director to provide guidance.

Upon review, the safety director recognized that the requirements addressed elements the team had wanted to implement for years but never felt the organization was ready. The general contractors were asking for the company not only to work safely but also to demonstrate great safety and health performance and compliance to standards. The general contractors were also asking, albeit in different ways, for an effective OHSMS. If the company could not demonstrate the existence of such a system, there was a high probability it would not be awarded the bids.

The safety director considered purchasing software to allow access to OHSMS processes on mobile devices in the field, which had previously been deemed too expensive due to the financial

challenges of the pandemic. The software would give site leaders and safety professionals immediate access to processes such as JHAs, management of change, site safety plans, emergency action plans, permits, training, inspections, audits, incident investigation, root-cause analysis and corrective action. It required little information technology support and integrated with the construction management software platforms that the general contractors used.

The software provided a big opportunity to engage site leaders and safety professionals while they had time available. A small team was assembled for each process to implement the software and the OHSMS. Each team mapped out the existing processes, then determined what the new processes should look like. Each team presented to the others for their feedback.

The safety director outlined the entire OHSMS structure for the buy-day presentations so that the general contractors understood the system. The software got the OHSMS process to the teams in the field and the safety professionals and leaders to improve existing processes, building ownership for the program. The software integrated with the systems used by all four projects' planning software and paid for itself with winning just one bid. More importantly, it was a cornerstone of the new OHSMS and supported the business strategic objectives.

Three Levels of Strategy

There are three levels of business strategy: corporate (or enterprise) strategy, market strategy and functional strategy. Depending on the size and complexity of an organization, it may have strategies at all three levels or only two.

Corporate Strategy

Larger, complex organizations often have a corporate-level strategy that may include:

- portfolio of businesses and identification of different markets where the organization competes,



An organization can ask many questions to help align OSH with its business strategy.

- allocation of financial resources,
- securing investment, and
- sustainability through ESG responsibilities.

Corporate Strategy Example

A company incorporates ESG principles into its business strategy to attract socially responsible investors and pension fund investors, and to gain access to financial resources. Some banks and investors use an ESG score to evaluate companies for lending and investing. In this case, the company was able to secure funding and investment that it would otherwise not have access to.

Market Strategy

Market strategy defines:

- how an organization will compete and win customers (or donors for a not-for-profit organization) within a specific market, and
- what benefits, products and services the organization will offer in the market that will create value.

Market Strategy Example

Recognizing the intrinsic value, a manufacturing company began to integrate the sustainability concept into its operating system. The company's successes increased, along with the recognition it received from nongovernment organizations and its customer base. Many of the company's products supported the overall sustainability efforts of its customers, making it a preferred supplier. As its reputation grew and sales increased, the company recognized the value of operating sustainably and created a new division to focus on products and services that supported customers' efforts to protect the environment and employees. The firm developed a new marketing strategy to address this new avenue of product sales.

Functional Strategy

While the first two levels of strategy focus on factors external to the organization, functional strategy focuses on winning within the organization. Functional strategy may focus on:

- internal factors that enable market strategies,
- engaging workers, and
- organizational change initiatives.

Functional Strategy Example

One company recognized the value of sustainability, including OSH, and began to leverage the successes for other disciplines within the organization. Working with human resources, the company incorporated sustainability into the human resources functional strategy for attracting and retaining top talent. The head of environment, health and safety became a frequent participant in campus recruiting, and communication related to this function was included in company

publications to make employees aware of the company's efforts around ESG.

Strategy Considerations in Business Integration

OSH is a subset of an organization's functional strategy, and this is the level at which business integration will most likely need to be considered. However, corporate- and market-level strategies may also impact OSH. For instance, if a corporation makes human capital and sustainability a critical component of the corporate-level strategy (increasingly a requirement from the investment community), the OHSMS will be a critical system in executing that strategy. In a market strategy, changes in product or service offerings may greatly impact the OSH business function.

For instance, a maker of complex, highly automated conveyor systems may choose to expand its offering to include customer location-based service technicians as an alternative to customers using their own maintenance personnel. While this additional offering may make sense commercially, embedding service technicians within customers' operations may introduce new risk and additional hazards to these workers. It is critical that the OSH function be connected to the organization's strategy so that risk can be identified early and mitigated effectively utilizing the OHSMS. In fact, a highly integrated OHSMS that is aligned with the organization's strategies can even create a competitive advantage for the organization while reducing risk to worker safety and health.

Within the organization's functional strategy, consideration should be given to how the OHSMS affects and is affected by organizational factors. Organizational factors may include:

- The organization's mission and values.
- The organization's culture: Consideration should be given to both the organization's espoused culture (what the organization claims its culture is) and the culture in use (what the culture actually is). Risk can be amplified or reduced by an organization's culture.
- People and their capabilities: What skills and abilities exist within the organization, where their gaps lie, and the impact that leadership and management may have on risk.
- Processes and structures: Other systems that exist in the organization (e.g., human resources management, environmental and quality management systems, enterprise resource planning systems) and how the OHSMS integrates within these processes.

Measurements & Accountabilities

What is the organization measuring to determine performance? What are workers and leaders accountable for producing? How do these measurements and accountabilities impact the OHSMS?

To support effective business integration, it is critical that the OHSMS be aligned with and connected to the organization's multilevel strategies. OSH professionals and other users can serve both the strategic needs of the organization and reduce risk to workers by advocating for strategy integration and for OSH needs to be considered in

all aspects of strategy development. OSH professionals and other users of the Z10 standard should familiarize themselves with how their organization develops and executes strategies and study business strategy more deeply as they implement and manage the organization's OHSMS. As a help in this process, the implementation guide includes a tools section with sample questions.

An organization can ask many questions to help align OSH with its business strategy. The following section outlines a series of questions that can be considered when evaluating the alignment of OSH with the three levels of strategy.

Sample Questions for Aligning OSH With the Organization's Strategy

1. Corporate strategy

- a. What are your organization's corporate-level strategies:
 - for the portfolio of business and markets where the organization chooses to compete?
 - in allocating capital?
 - for engaging investors and securing investment?
 - for ESG and sustainability considerations?
- b. How might corporate strategies impact the OHSMS?

2. Market strategy

- a. In your division or unit of the organization, how is the organization:
 - competing to win customers or donors?
 - offering value to the market through products, services or solutions?
- b. What drives the organization's financial success in the marketplace?
- c. How might market strategies impact the OHSMS?
- d. What changes to market strategies might impact or be impacted by the OHSMS?
- e. How might the OHSMS help create or support competitive advantage for the organization?

3. Functional strategy

- a. Measurements and accountability:
 - What are leaders and workers in the organization accountable for?
 - What measurements does the organization use to determine performance in all aspects of the business?
 - How might the measurements and accountabilities impact or be impacted by the OHSMS?
- b. Processes and structures
 - What other processes and systems impact or may be impacted by the OHSMS?
 - How is the organization structured with regard to business units? Leadership and personnel?
 - How might the other processes and the organization's structures impact or be impacted by the OHSMS?
- c. People and capabilities:
 - What knowledge, skills and abilities are critical to the success of the organization?
 - How have people developed within the organization?

- How might the OHSMS impact or be impacted by the development of people and their capabilities?
- d. Culture

- How does the organization define its espoused culture?
- How might the culture in use differ from the espoused culture?
- What risk might the culture amplify or mitigate?
- How might the culture impact or be impacted by the OHSMS?

4. Insights

- a. Using this analysis, consider critical areas of business integration within the strategy factors of the organization.
- b. What factors may aid business integration with the organization's strategy?
- c. What factors may inhibit business integration with the organization's strategy?

Conclusion

As you begin the journey to implement an OHSMS, it is critical to align with the overall business strategy. Understanding what is important to the organization's strategy can help to align the desired outcomes of OSH with those of the business. Knowing the language of business can facilitate OSH getting a seat at the table when decisions are made and priorities are set. Finding opportunities that support the strategic direction of the organization allows OSH to become a critical business partner. Identifying areas where there are common business tools will strengthen the relationships between OSH and other disciplines within the business and expand the ownership for OSH throughout the entire organization. **PSJ**

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