From Formal to Real Behaviors: How to Improve Performance in H&S Management by the Implementation of a Leadership Based Approach

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Fiat Chrysler Automobiles
Overview

FCA Overview
A global automaker

1 responsible global Group

4 operating regions[1]

15 brands

4.4 million vehicles shipped

40 countries of operations

150 national sales markets

78 research and development centers

18,700 employees directly involved in R&D

159 plants

225,600 employees worldwide

FCA Overview
Mass market brands
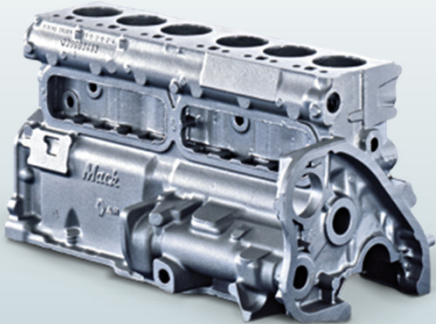
Sustainability:

doing well by doing good

Sustainability: building a better tomorrow

A strong business is not measured by financial results alone.

For more than a century, dedicated men and women have contributed to building Fiat Group into a global automaker capable of competing with the very best.

For the Group, **achieving such success responsibly** has always meant putting people, local communities and the environment at the center of what we do. Important elements in the creation of long-term value for stakeholders are our commitment to research and development of innovative and environmentally superior products and processes, enabling social and cultural progress, and applying a governance model that assures the principles of sustainability are an integral part of the development process.

The entire organization is committed to this ambitious challenge, because we understand that our actions today are vitally important to the well-being and success of future generations.

A long story of excellence in Sustainability

1992: Fiat Group First Environmental Report

2004: Fiat Group First Sustainability Report

2008: First Publication of the Strategic Sustainability Plan

2009: Fiat is admitted in Dow Jones Sustainability Index World, Europe

2010-11-12-13-14: Fiat is confirmed in Dow Jones Sustainability Index

Some H&S figures

H&S figures

€194mn
spent on **safeguarding health** and **safety** of employees

+15.5%
over 2012

**Spending on Occupational Health and Safety**
Fiat Group worldwide

	2013	2012	2011
Spending on Occupational Health and Safety[1] (€ million)	194	168	270
Percentage of personnel costs[2]	2.1	1.8[3]	3.5

OHSAS 18001 certifications
Fiat Group worldwide

	2013	2012	2011
Plants certified (no.)	110	107	103
Employees working at certified plants (thousands)	147[4]	123	121

Frequency rate[5]
Fiat Group worldwide (accidents per 100,000 hours worked)

Year	Value
2011	0.28
2012	0.22
2013	0.19
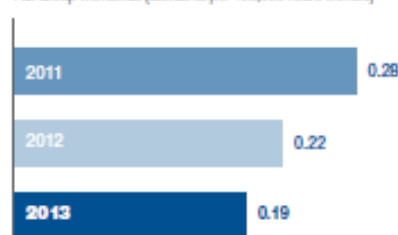
Severity rate[5]
Fiat Group worldwide (days of absence due to accidents per 1,000 hours worked)

Year	Value
2011	0.08
2012	0.07
2013	0.06
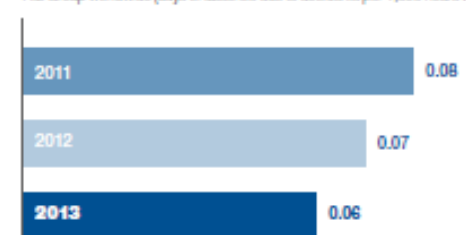
Health and safety training
Fiat Group worldwide (thousands)

	2013	2012	2011
Hours of training provided	1,184	1,079	699
Employees involved in training activities	155	215	149
of which hourly	116	154	102

2013 Data

What is working and what not!

What is our "real" final objective?

Reduce incidents?

Reduce H&S risks?   Change people behaviors?

Create a safety culture?

And HOW?

Culture: some definition

"*The set of values, opinions and knowledge that are shared by members of an organization and taught to new members as the* correct way of thinking and behaving*"*
Daft, 2010; Duncan, 1989; Smircich, 1983

"*A set of basic tacit assumptions about how the world is and ought to be that a group of people share and that* determines their perceptions, thoughts, feelings*, and, to some degree, their overt behavior"* Kinicki, Kreitner, 2008; Schein 1996

"No culture is static *because it's continuously strengthened by the way in which we live with one another day after day"* Senge, 2006

Culture: some definition

"*A set of values, beliefs, assumptions, symbols that define the way in which a company conducts its business; reflects the history and the specific route of an organization*" Barney 1986

"*knowledge shared by members of an organization and taught to new members as the correct way of thinking and behaving. The enduring assumptions, values and beliefs that are shared by members of an organization, that operate unconsciously, and that define in a basic "taken for granted" fashion an organization's view of itself and its environment*" (Schein, 1992)

"*a pattern of basic assumptions-invented, discovered or developed by a given group as it learns to cope with the problems of external adaptation and internal integration-that has worked well enough to be considered valid, and, therefore, to be taught to new members as the correct way to perceive, think and feel in relation to these problems*" (Schein, 1985)

What do we mean by safety culture?

❑ A «safety culture» exists when the health and safety protection values are fundamental values for the organization.

❑ Safety culture is part of the organizational culture.

❑ It is not possible to create a stand-alone safety culture

❑ The evidence of a safety culture is the commitment of each - individually and in groups - for safety, to preserve, increase and communicate it. The commitment to learn, adapt and change (at individual and organizational) behavior based on what they have learned from the mistakes and in line with these values.

How can we create a real (not formal) safety culture?

OHSAS18001: low effect   Campaign: low effect

Special Project: medium effect

The <u>answer is:</u>

The integration of health and safety aspects in the production system!
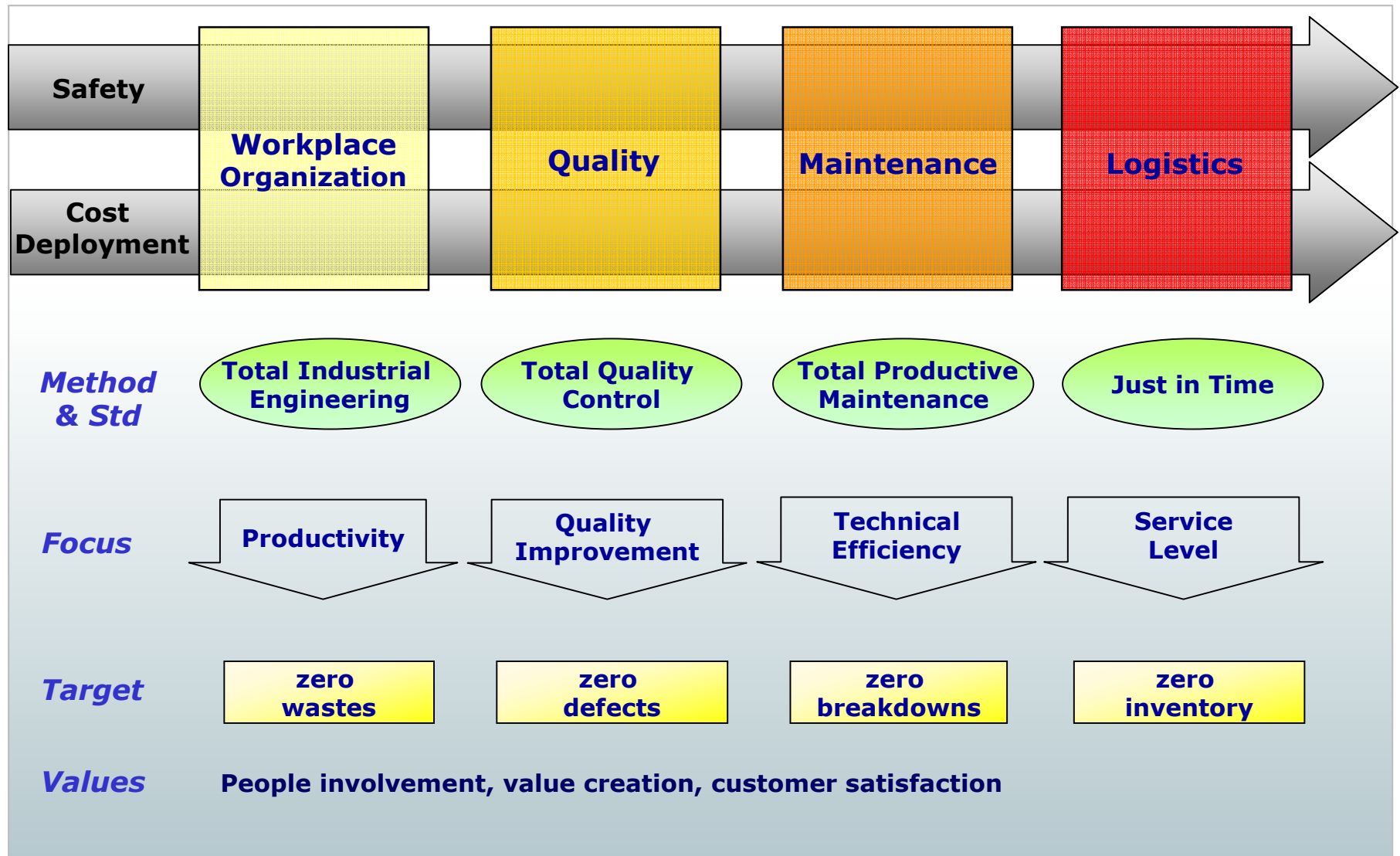
This is the magic principle implemented in the «World Class Manufacturing»

The path towards the excellence in manufacturing

World Class Manufacturing

WCM Structure

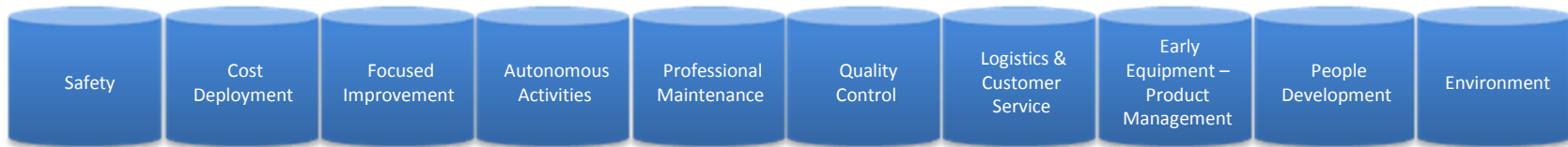|				
Safety	**Workplace Organization**	**Quality**	**Maintenance**	**Logistics**
Cost Deployment				
Method & Std	Total Industrial Engineering	Total Quality Control	Total Productive Maintenance	Just in Time
Focus	Productivity	Quality Improvement	Technical Efficiency	Service Level
Target	zero wastes	zero defects	zero breakdowns	zero inventory
Values	People involvement, value creation, customer satisfaction			

WCM Structure

10 Technical Pillars in a 7 seven steps approach

Safety	Cost Deployment	Focused Improvement	Autonomous Activities	Professional Maintenance	Quality Control	Logistics & Customer Service	Early Equipment – Product Management	People Development	Environment

10 Managerial Pillars

Management Commitment	Clarity of Objectives	Roadmap to WCM	Allocation of Highly Qualified People	Commitment of Organization	Competence of Organization	Time & Budget	Level of Detail	Level of Expansion	Motivation of Operators

7 Steps in: Safety

Management initiated — Self-initiated

Step 7 — Fully implemented safety management

Step 6

Step 5 — Autonomous safety standards (*Overall inspection of safety levels *Reevaluation if safety control)

Step 4 — Autonomous inspection (Predictive countermeasures against safety problems)

Team initiated

Step 3 — General inspection for safety (Train and grow people in such a way that they care for safety)

Step 2 — Setting tentative standards for safety (Listing all safety problems)

Analysis of accidents (Analysis of causes)

Step 1 — Countermeasures and horizontal expansion (Countermeasures at the similar areas) Risk assessment

Reactive — Preventive — Proactive

FIAT GROUP
Strictly Confidential 9

Audit System

Bronze	50-59 points	Gold	70-84 points
Silver	60-69 points	World Class	85-100 points

Pillar : 0-5 points

WCM Expansion Approach

MODEL AREA → **EXPANSION AREA** → **PLANT WIDE**

Expansion

LEADERSHIP DEVELOPMENT

- Team-Leaders/Supervisors
- WCM Engagement at All Levels

KNOWLEDGE CREATION & TRAINING

- Advanced Methods
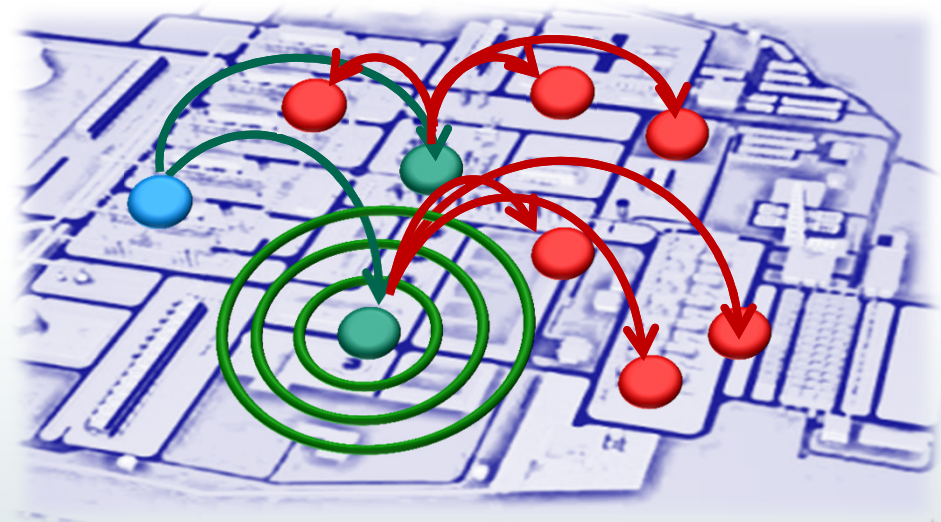- Advanced Waste Identification

Depth

STEP1-3
STEP 4
STEP 5
STEP 6
STEP 7

CURRENT INTERVENTION AREAS

REMAINING PLANT AREAS

Why WCM?

By the implementation of specific methodologies and tools provided by WCM an organization begins a trip towards the development of a new «organizational culture» focused on the objective to increase the efficiency and effectiveness of the production taking into consideration the material and huma resources involved.

It's a long trip, probably a never ending process, but you will be able to become a real world class company only when the organization will adopted the new values and changed is culture.

WCM Principles

1. World Class **Safety** is the **foundation** of World Class Performance

2. It is introduced and deployed top down with the constant commitment f the management

3. WCM **Leaders** have a **passion** for **high standards**

4. It is based on the constant, widespread contribution of all those who work at the company (and not consultancy driven)

5. It is a way of working (and not a project). WCM **takes place in the workplace**, not in the office

6. Under WCM, **no inefficiencies of any kind are acceptable** (goal is always Zero: accidents, service & quality defects, inventory, breakdowns)

WCM Principles

6. It requires methods, tools and standards and rigorous application of these

7. In a World Class plant **all abnormalities** are immediately **visible** (dust & contamination free, tracking, control charts…)

8. WCM is **most effectively learnt by practicing** the techniques with the teams in the plant

9. The **power** of WCM comes from the **involvement of people**

10. It results in the setting up of a visible, transparent system. It is effective as it aims to "keep it simple"

11. World Class companies create **crisis-level energy even in the presence of continued success**

Process life cycle management

The processes that can not be measured, can not be improved
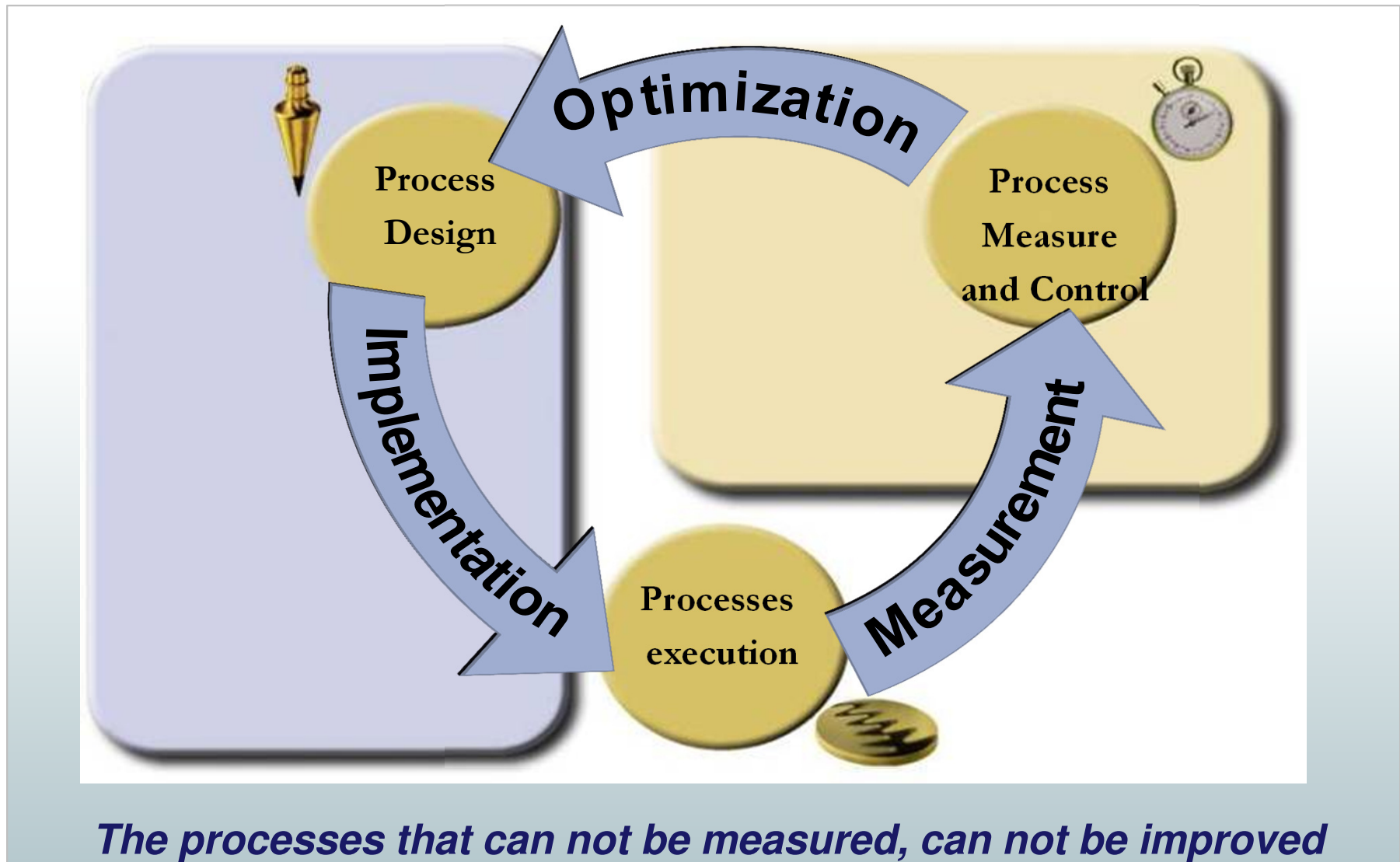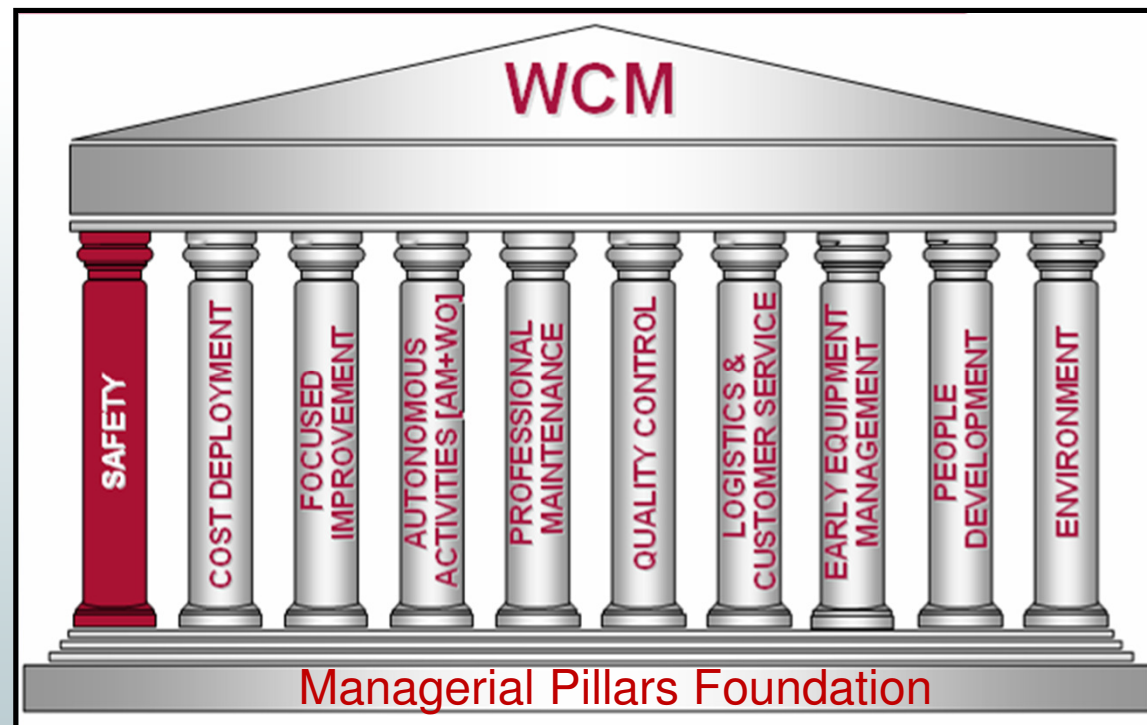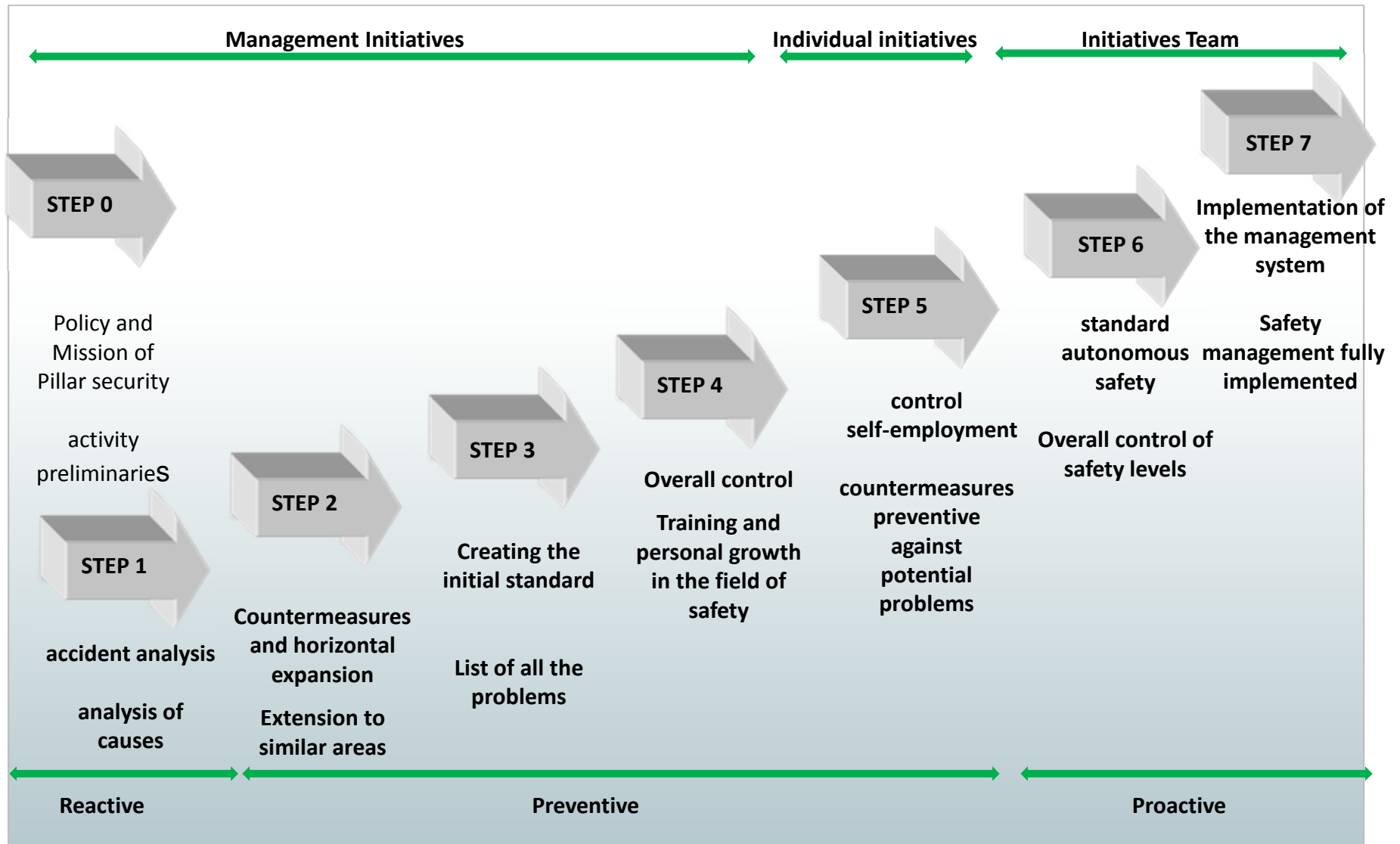
The Safety Pillar

What is the "Safety Pillar"

Safety is always first.

Nothing is more important than the health and safety of workers.

The path to implement the Safety Pillar

Management Initiatives | Individual initiatives | Initiatives Team

STEP 0

Policy and Mission of Pillar security

activity preliminarieS

STEP 1

accident analysis

analysis of causes

STEP 2

Countermeasures and horizontal expansion

Extension to similar areas

STEP 3

Creating the initial standard

List of all the problems

STEP 4

Overall control

Training and personal growth in the field of safety

STEP 5

control self-employment

countermeasures preventive against potential problems

STEP 6

standard autonomous safety

Overall control of safety levels

STEP 7

Implementation of the management system

Safety management fully implemented

Reactive | Preventive | Proactive

The Safety Pillar

The Safety Pillar regards all health and safety aspects

It aims to meet the needs of employees, ensuring the **continuous improvement** of safety in the workplace with the aim of eliminating the conditions that could cause incidents, injuries and diseases.

The primary objectives of the Safety Pillar are:

➢ The drastic reduction of accidents and incidents

➢ The development of a culture of accident prevention

➢ The continuous improvement of ergonomics of the workplace

➢ The development of specific professional skills

The ultimate goal is zero injuries, zero near misses, zero unsafe conditions and zero unsafe acts!

The Safety Pillar

The needs to achieve excellence in the Safety Pillar are:

- ❑ Strong Commitment of Top Management
- ❑ Clear responsibilities defined for the line organization
- ❑ The involvement of all workers: the successful implementation of the system depends on the achievement of awareness for all employees of the responsibility for their own safety and the safety of other employees
- ❑ Communication and training: safety comes from a proper communication and training of all employees
- ❑ Skills: the staff shall achieve a level of skills regarding the provisions of the law and how to work safely
- ❑ Aggressive safety objectives and goals
- ❑ High standards of performance
- ❑ Supportive and competence safety specialist personnel
- ❑ Continuous audits and observations system in place
- ❑ A comprehensive Occupational Health and Safety Management System integrated in the production system

From a reactive to a proactive approach

The Seven Steps of Safety Pillar can be grouped in three areas related to the approach in place:
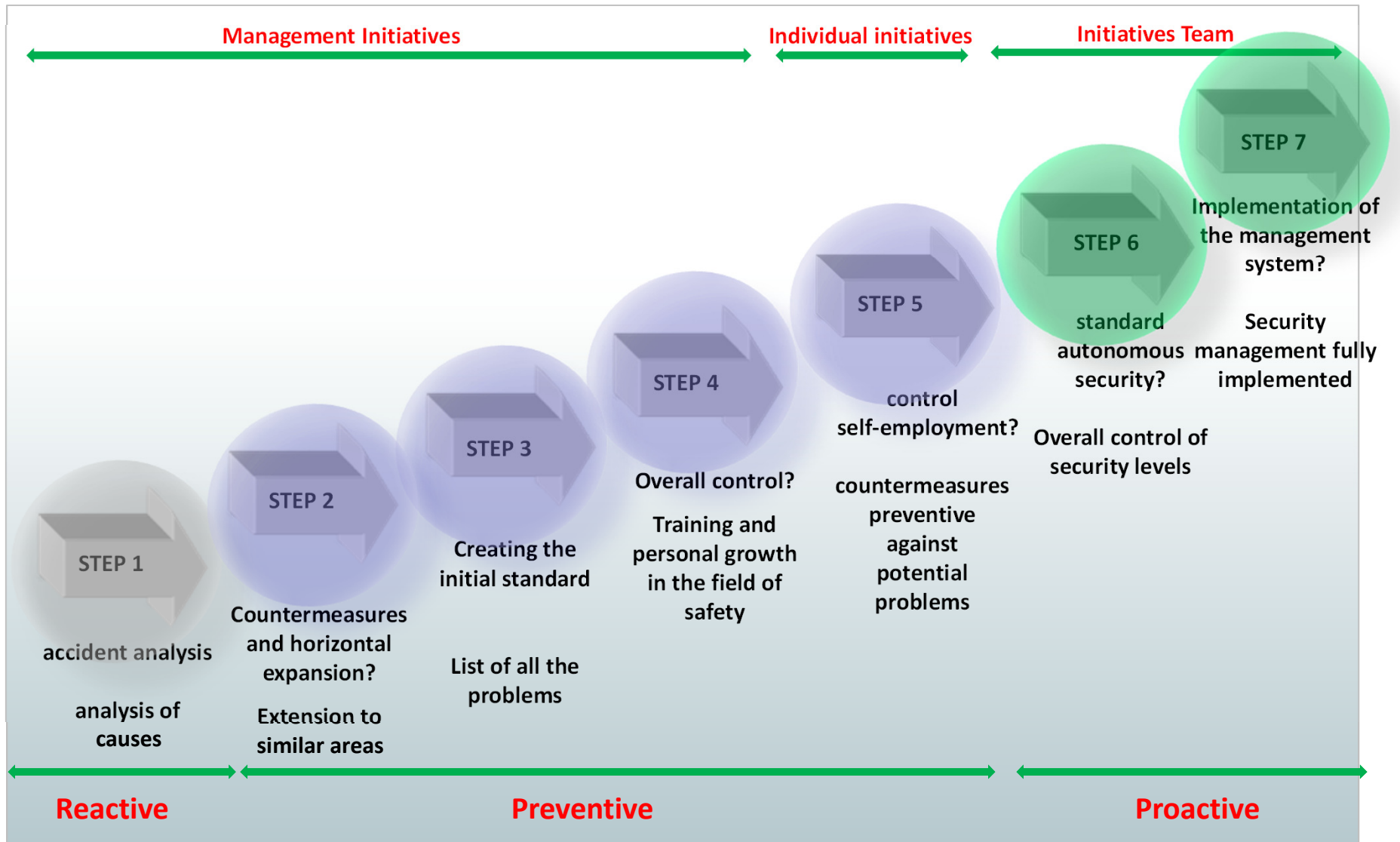
- ❑ Reactive
- ❑ Preventive
- ❑ Proactive

Going ahead with the implementation of WCM tools and methodologies means to be able to pass from a reactive to a proactive approach.

This change can be demonstrated by the effective step's tools implementation and exstension
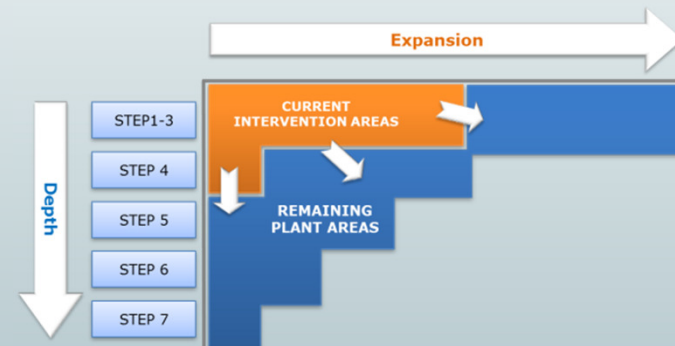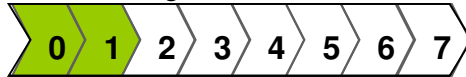
From a reactive to a proactive approach

From a reactive to a proactive approach

Management Initiatives

Methodological Standards

0 1 2 3 4 5 6 7

1. Management initiated safety activities

2. 5S

3. 5W + 1H, 5Whys

4. Knowledge of all safety legal requirements and company standards and compliance analysis

5. The Heinrich pyramid

6. S – matrix

7. Accident analysis, safety RCA of injury incidents and their countermeasures

9. Basic safety standards for pedestrianization, control of vehicles, work at height, machinery safety guarding, etc.

10. Emergency plan and facilities for accident, fire, explosion, etc.

Methodological Standards

0 1 2 3 4 5 6 7

1. Safety standardization and horizontal expansion

2. Safety standards gap analysis

3. Safety responsibility matrix, safety communication system, green cross

4. Visual safety standards, PPE, Risk assessment

5. Safety RCA inclusive of near misses and unsafe acts + TWTTP and suitable countermeasures

6. Incident trend analysis

7. Periodic safety audits by senior management, Management SMAT, shift manager SMAT

8. Effective reporting of non-injuries incidents

10. Occupational health checkup and follow up

# From a reactive to a proactive approach

How to go beyond reactive approach to get widespread pro-activeness through effective management leadership and accountability.

Example of tools and standards:

- ➢ General Inspection for Safety - Smat Audit
- ➢ Check list Supervisor
- ➢ Visual Management

How to extend the capacity to highlight unsafe acts and unsafe conditions in order to get risks assessment and events prevention effectiveness.

Individual initiatives

Methodological Standards

0 1 2 3 4 5 6 7
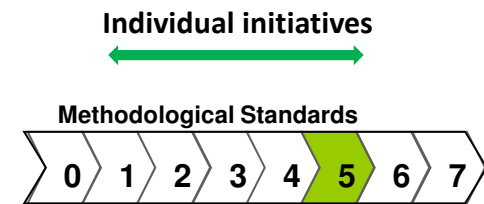
Example of some tools and standards:

➢ Operator SMAT: Safety Management Audit Training
➢ Human Error Root Cause Analysis (HERCA)
➢ World Class Level Root Cause Analysis - Recognition, Judgment and Act (WCL RCA – RJA)
➢ System to prevent people from making mistakes

Motivating people and develop leadership

Increase personal involvement by motivating people to change:

- ✓ Ask for opinions
- ✓ Give feedback – Always!
- ✓ Coherence throughout the organization
- ✓ Recognize results
- ✓ Implement initiatives focused on people needs
- ✓ …………………………..

Develop personal leadership:

- ✓ Promote personal leadership attitude creating the right ambient
- ✓ Stimulate leadership by creating conditions
- ✓ Create team activitites
- ✓ …………………………..

Example of tools and standards:

- ➢ TWTTP
- ➢ Visual Management
- ➢ Motivating initiatives
- ➢ Health Promotion Programs

Autonomous and Team initiated safety

Workers analyze existing or potential problems and define necessary solutions directly where they are present

The objective is to attack the Unsafe Conditions and Unsafe Acts by the total involvement of the organization with the use of specific tools. It means the implementation of a constant process of independent verifications at the work-place

Example of tools and standards:

Attack the base of the pyramid

➢ Autonomous inspections

➢ Safety Captain

➢ Risk Prediction

➢ Risks Hunting
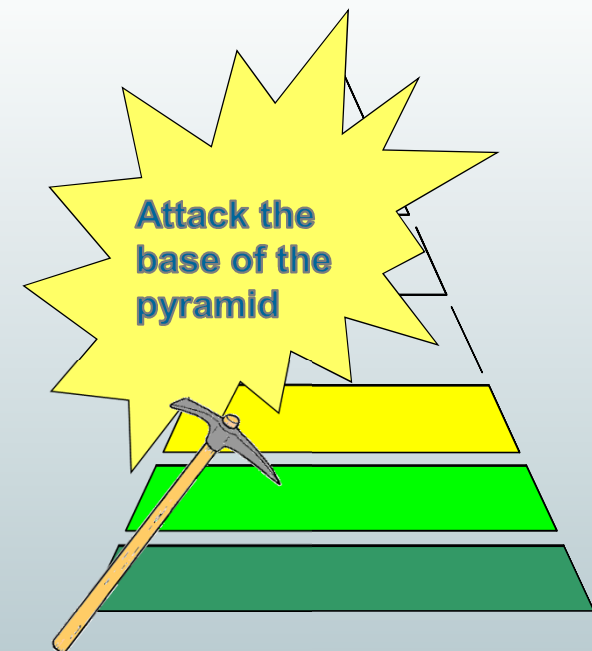
In conclusion

To build a true safety culture we must create an environment where safety is a core value of the business organization, and more importantly, within the hearts of the individuals.

The approach we have implemented to obtain our results is based to:

- ✓ The **involvement** of all people who work at all levels of the organization
- ✓ The guidance of an appropriate **leadership**
- ✓ The application of methodologies and tools typical of **WCM**
- ✓ The continuous verification according to a system of **KPIs** and **Audit**
- ✓ The dissemination and standardization of results

We are aware that is a long and demanding process but our experience is demonstrating that it is possible …….

Thank You
for your attention