

# Boral: building solid

*Boral has taken an integrated and strategic approach to improving safety and the bottom line. Craig Donaldson speaks with the company's CEO and HSE director about this process and how they work together to drive tangible improvements in workplace safety*

Mike Kane, CEO of Boral, says there is a link between safety improvements and healthier profits



**T**here is a clear link between strong leadership, good OHS and financial performance in international building and construction materials group Boral. In the construction industry where the average Lost Time Injury Frequency Rate (LTIFR) stands at 8.4, Boral's LTIFR for the current financial year to date stands at 1.27. Its Recordable Injury Frequency Rate (RIFR) has also fallen from 17.4 in FY2013 to 8.52 for FY2017 year to date.

Boral, which has operations across Australia, New Zealand, Asia, the Middle East and the US, is also tracking well financially and reported revenues of \$4.41 billion for FY2015, while its profit after tax was up 45 per cent to \$249 million and shareholders received a full-year dividend of 18.0 (up 20 per cent).



# safety foundations



This is no coincidence, according to Boral's CEO Mike Kane and group health, safety and environment (HSE) director, Mike Wilson, who points out that Boral's best-performing business (its NSW construction materials division) is also its safest business. "If you manage safety well, you manage your business well – and vice versa. There is a link between safety improvements and growing and improving profitability. It's a good case in point for what we do here at Boral," says Wilson.

With more than 12,000 employees and 7400 contractors across 172 distribution centres and 565 operating sites across the group's four major divisions (Boral Construction Materials and Cement, Boral Building Products, Boral Gypsum and Boral USA), the group has taken an integrated and focused approach to driving improvements in safety. It established a group strategy in FY2014 for managing HSE to embed relevant activities within operations, with a view to achieving a goal of zero harm. This strategy incorporates 20 improvement programs within five focus areas: capable and confident leaders; an engaged, empowered and competent workforce; fit-for-purpose systems; sustainable solutions; and fit-for-purpose plant and equipment. Championing this HSE strategy falls to Kane, who says he works closely with Wilson in holding line management accountable for safety. "It flows from me, down through the line executives," he says.

## ***"Our focus is on those high-consequence, low-likelihood events which could cause serious injury"***

"The safety department doesn't hold the accountability for delivering the results. They hold the accountability for delivering the imagination, the ideas, the programmatic approaches, and to make sure that we have a consistent penetration across the organisation. The actual results are what line managers are held accountable for. That's how we work together. Mike's job is to figure out where there are gaps in our program, if there are things we could be doing differently, or the latest thinking in the area of safety and health that we need to incorporate in our approach. That's the way I think we can most effectively deliver the results we're trying to achieve."

### **3 key safety drivers**

There are three main ways in which safety improvements are driven throughout the group, according to Kane, who says the first lies in taking advantage of significant progress made in lean manufacturing. "We believe that there's a perfect marriage between lean manufacturing principles

and safety principles in an industrial setting. Those would be 5S standard work, 3C boards, where you engage the workforce in improving the process, the way they deliver their work, and the conditions in which they work. That's the preliminary phase," he says.

A second key pillar is a behavioural-based safety program called SafeStart, and Kane says this cognitive-based behaviour modification program is designed to help employees identify and avoid risky work behaviours, particularly when conditions have been changed or upset in some way. The third key to driving Boral's safety program lies in engagement, according to Kane. "We try to get engagement through a variety of mechanisms. We get a certain amount through the lean manufacturing process. We get a certain amount through the SafeStart process, but then we have executives involved in executive safety interventions throughout the organisation. They meet with employees to discuss safety. We have a safety summit with the top executives in the organisation, where we pull them all in from around the world, for several days each year, just focused on safety. That's to engage the senior team.

"Then they go back and cascade that through the organisation. It's all based on values. Why are we delivering safety? Because it's a corporate value. The respect for human life, respect for the people who work for us, with an eye also to the fact that failure in this area can affect reputational failure for the company and can have dire consequences," says Kane.

### **OHS risks and interventions**

Boral faces a significant and diverse range of OHS risks across its four divisions globally, and the main one of concern is truck safety, according to Kane. Its fleet of about 2500 concrete and tipper trucks presents significant exposure that could jeopardise the company's licence to operate if not managed safely, says Kane. And a major traffic accident involving Boral's fleet is possible – with potentially severe consequences. "This could be the grounding of a fleet. I think I wake up in fear of that happening at any moment, because we have so many trucks on the road which are constantly encountering the general public. There have been a lot of failures in recent history around Australia involving companies with trucks on the road," he says.

"So we put a lot of work into driver safety. We put a lot of work into the mechanics of how we're changing the performance of the vehicles that we buy so that they're safer than they ever have been." Examples of this include lowering the centre of gravity of concrete trucks so that they are less subject to tipping, putting cameras in every vehicle cab to help understand circumstances should an accident occur, and installing monitors (similar to a black box) on every vehicle to provide real-time

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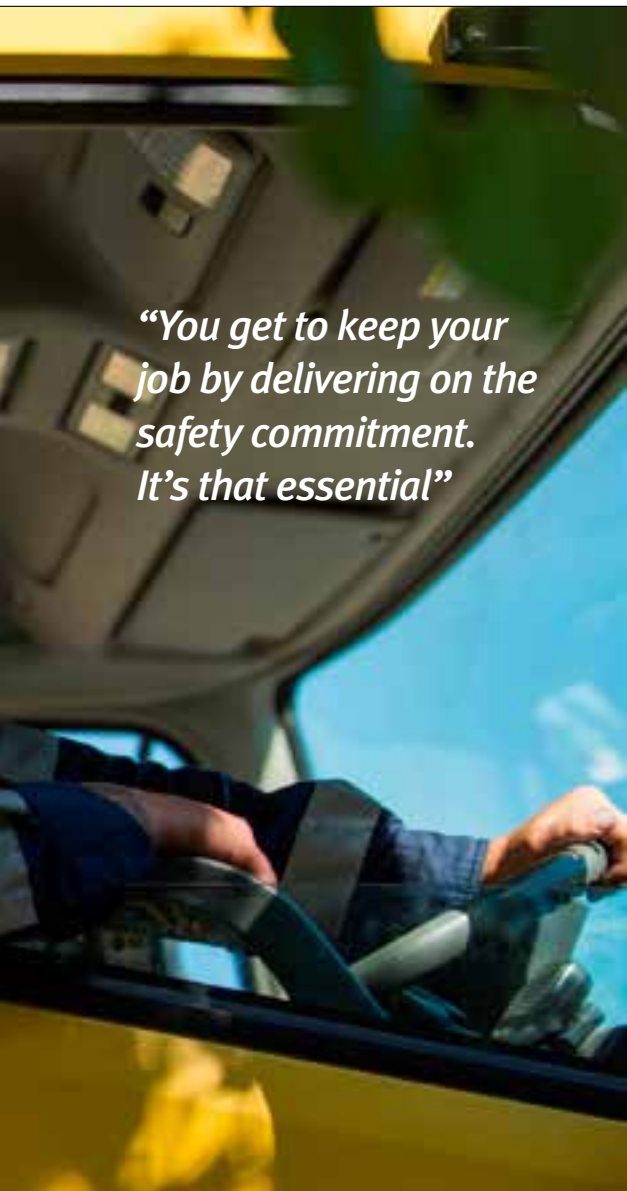
data about how the trucks are performing outside the view of supervision. These send alert reports if a truck is clearly speeding and are also able to provide speed reports as adjusted for conditions such as rain.

Another recent development is the introduction of stabiliser technology, which is being trialled in concrete truck fleets around the world. “Mack Trucks is working with us on introducing the safer design, and we’re going to be the guinea pig for this. We’re rotating a wet cylinder with heavy material inside as we’re driving down the road, and the centre of gravity is constantly changing on the truck as it’s moving. It’s a rather unique challenge, so we spend a lot of time looking at truck safety and a lot of time on safety training for the drivers themselves,” says Kane.

“When it comes to our fixed-plant operations, we have much better long-term performance because we have a lot more control over the setting of employees in a factory within four walls. So there’s a lot that goes into safety for our trucking fleet. Every day we send thousands of

drivers out on the road with our concrete. They show up on job sites and we’re not there. They might experience uneven surfaces and maybe some poor construction practices, or materials strewn around the area when they get out of their trucks. The hazards are multiplied for this group of employees, so it’s probably the one area we double up our efforts to make sure that we’re in good shape.”

Road transport is the most dangerous occupation by far in Australia, according to Wilson, who notes that Boral has been successful in bringing down injury rates for truck drivers. “The challenge for us is while that rate is coming down, we need to make sure we don’t have any fatalities or any events that cause people’s lives to change forever. It’s managing the dynamics between getting our injury rates down through all the environmental issues that we have around poor conditions where we deliver, but not tolerating these. I’d say our focus is on those high-consequence, low-likelihood events which could cause serious injury – we just can’t have those at all. We’re being quite relentless



*“You get to keep your job by delivering on the safety commitment. It’s that essential”*

around our controls and the review of controls in those areas,” he says.

### Zero harm today

Boral has embraced zero harm as a safety philosophy but has a slightly different take on it to make it more real – and practical – for employees and the broader organisation. Last year Boral held a two-day safety summit, where zero harm was discussed. “There is controversy about zero harm, which has been talked about in many industries, about whether it’s a theoretical possibility and something that can never be achieved, but you’re always trying to get there,” says Kane.

“The suggestion that came out of the safety summit was, ‘Why don’t we do zero harm for today?’ What we’re just saying in the organisation is, ‘Can we get through today without hurting anybody?’ That’s all. That’s our objective, to get through the work today without injuring anybody. We’ll worry about tomorrow when it comes. Everyone felt, and I agree, that that’s a very achievable objective.

## What it takes to become a good safety leader

There are a number of steps OHS leaders can take to drive effective safety outcomes, according to Boral’s group HSE director, Mike Wilson. “In terms of personal attributes, you’ve got to be a good communicator and you’ve got to be a good influencer. The safety organisation is not necessarily a function of me and what I do. It’s a function of everybody in the organisation working towards that goal. No matter what ideas I have or what great thoughts I have, it’s got to be well communicated and well delivered so others understand it and are motivated to do it. So communication and influencing are critical,” he says.

It is also important to keep the bigger picture in mind in the process of delivering different safety initiatives, Wilson adds. “I see sometimes in the profession, people who are at risk of losing sight of why you do certain things. So they focus on the activities around delivering a program, but often there’s a temptation to stop there. That’s not the purpose of it. The purpose of it is that you deliver good safety outcomes. You’ve got to push through that and focus on what outcomes you want, not just delivery of a program of whatever kind it happens to be,” he says.

“You’ve got to keep in sight what you’re doing and why, because that’s the most important thing. We sometimes lament about the people’s role in incidents. We often then forget that people are in fact the solution here. Good safety is invariably delivered by people doing the right thing. That delivers good safety outcomes. That’s what you need to be focusing on rather than just focusing on where people, being humans, can make mistakes or errors. The trick is to work out those areas and put

defences in place. People are in fact the answer rather than the problem.”

The ability to lead and manage change is also an important skill and attribute for OHS professionals, according to Wilson. “Organisations have finite resources and always will. So it’s important to focus on the right things and the right outcomes, so that the organisation can take advantage of those. Often there is a focus about the next new thing, but that may not be suitable for the organisation because it can’t absorb it or turn it into real outcomes. Focus on outcomes rather than just the programs,” he says.

Similarly, every organisation and individual is different, so it’s important to keep in mind shared goals but be flexible in how an organisation gets to that goal. “We all know what our goal is. It’s zero harm today. All the different programs we have in place are designed to deliver that, but each part of the organisation may be starting in a different place. They may have different challenges in terms of the operating environment or the resourcing case. Whatever the case may be, as long as they’re clear about where they’re going, what the goal is, you need to provide some flexibility around how they get there,” says Wilson.

“They can use a program which looks the same, but they own it and will give it their best shot. Let them run with that rather than being overly prescriptive and saying, ‘You must use form one, two or three, or program A, B and C’. Be absolutely focused on the goal and never give up on that, but let the organisation embrace that. Empower them to do so and let them deliver on that, because it may be a different pace or path but they will reach that same goal.”

“That actually makes it real, achievable and tangible and not this philosophical concept of zero harm, which takes out the urgency of getting it today. If you say, ‘Well, our objective long term is zero harm, and we’re at so many injuries per million hours today’, you can get caught up in this issue that at what point in the future can you get there? How about today? How about just doing it today? Tomorrow we’ll just rededicate ourselves to trying to see if we can deliver it.”

Wilson acknowledges that there is debate about the merits of zero harm in the industry. “I do lament this. I’m dismayed about that. People put forward this argument that it’s not achievable. The moment you do that is the moment you’ve lost your way. Of course it’s achievable. You can see this in any incident, and it could have been avoided. It does trouble me enormously as a safety professional to see that argument gaining momentum. Our goal is to make it relevant today, to make it immediate,” he says.

This is the key to Boral’s approach to zero harm, and Wilson says this approach has worked well. “The outcome we want is zero harm, but it’s not just zero harm in five years’ time. It’s zero harm today, right now, today, every day. That’s the clarity of the message and we’re working with our people around that. It’s fundamentally simple but very important for us,” he says.

“Every day across our business we see people achieving zero harm. To have that argument playing out in the industry and amongst our profession, when we’re seeing it on a day-by-day basis, it’s absolutely real, and having a contrary view does give me cause for concern. If we can just capitalise on zero harm today, people get engaged around this and they’re motivated by it. They know they can achieve that. The change in culture is absolutely palpable.”



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#### **Remuneration and safety KPIs**

Kane has a strong view on remunerating leaders for meeting safety KPIs. “We intentionally don’t,” he says firmly. “You get to keep your job by delivering on the safety commitment. It’s that essential. This is not about getting a bonus for doing better. I think there’s a certain misguidedness to approach safety fundamentally this way. I had an experience in my early career with a company which tied bonuses to safety. While that had a certain impact, it also had a negative impact of driving questionable behaviour in the organisation because this was linked to achieving financial outcomes.”

Kane firmly believes there will come a point in time when institutions will be held accountable for the by-product of their work. “If that is industrial havoc, disabling injuries and fatalities, it will be impossible for organisations to operate if that is the outcome of the work that they do. Their licence to operate will be removed by society – maybe not today, but ultimately – because this is something that can be managed. You can figure out a way to go about business without hurting your people. So you remove those who do not take this obligation seriously. This is not something that you give a discretionary bonus for,” says Kane, who recounts a favourite saying from one of Boral’s managers in Western Australia.

“That is, ‘You either change the people or change the people’. If you can’t change their behaviour then you’ve got to get different people, particularly in management. We hold management highly accountable for results. I view employees as victims of their own mistakes and our mistakes, but they’re not the ones that I hold accountable for the result. I hold accountable the management of this organisation. They’re the ones who will get my attention, but it’s not around a discretionary bonus,” he says.

Kane acknowledges that some organisations talk about good safety performance and linking this to bonuses, but he asserts that world-class organisations are not paying bonuses for this. “It’s not a discretionary activity. It’s the fundamental right to keep your job if you deliver this result. If you fail in this area, you won’t work at Boral. You’ll get a bonus based on other financial outcomes – we have systems for that – but I’ve seen evidence in the past where that’s done and it threatens the values of the organisation.”

Kane takes leadership and safety seriously in Boral, whose workforce faces a considerable array of OHS challenges in the course of performing their roles. His drive to embed a strong focus on

safety in the culture is working, and Kane says this is reinforced at many levels in a number of ways. “One thing that’s clear in our organisation is safety,” he says.

“There’s an understanding that if you want to come in here for a meeting with me about failure in your organisation, it’s probably only going to happen because of safety. I don’t bring in plant managers and operations managers from different parts of our organisation if they don’t get their monthly numbers, or hit their forecast or other performance criteria. I let the normal line of succession deal with that. But when it comes to major safety failures, they come in here. One of the key roles Mike [Wilson] plays here is bringing to the table the most dangerous, highest risks with the most concerning implications for the organisation. If something happens, we get down to the plant manager or the supervisor of the operation on the phone, to explain what happened and what we need to do to avoid it happening again in the organisation.”

### Results and outcomes

Boral has benefited from its integrated and strategic approach to OHS in a number of ways, which are evident in both its business and safety success. Its injury rates have been improving at around 20 per cent year on year, and its RIFR has fallen from 17.4 in FY2013 down to 12.1 for FY2015 and currently stands at 8.52 for the FY2017 year to date, while its LTIFR was just 1.8 for FY2016 and currently stands at 1.27 for the FY2017 to date.

Boral also measures a number of other safety indicators, including percentage hours lost, which reduced to 0.03 in FY2015 (a 40 per cent improvement on the prior year and a 36 per cent improvement over the average of the prior three years). Its Medically Treated Injury Frequency Rate (MTIFR) has also reduced from 17 per million hours worked to 10 over the past three years (the severity of these medical cases has also been cut in half), while Hours Away on Restricted or Transfer (HART) rate also improved in FY2015, reducing by 20 per cent. “We’re also seeing a reduction in severity of those injuries, both in terms of people on restricted duties or people on workers’ compensation-type claims. They’re coming down. All the indicators suggest it’s not just numbers coming down but also how serious they are and, more importantly, reducing severity,” says Wilson.

This is at a time when Boral is actually growing and business volumes and staff numbers have increased in its Asian, North American and Australian businesses. “We’re bringing more people on, additional shifts and factories,” says Kane. “With increased employment comes increased risk. We’re able to buck that trend in terms of our safety performance, despite the higher risk associated with more demand in our workplaces and more employment, more hours worked.” ■



Mike Kane, CEO of Boral

## Safety and the sharemarket

While there is a lot of talk about investor interest in safety, Boral CEO Mike Kane says he has seen little evidence of this in reality. “Rarely do I get a question from investors about occupational safety and health. I’m not looking for the investor community to give us guidance or input necessarily, on this journey. They are more, in my view, a lagging indicator of concern. If we have reputational issues or if we have performance issues in a very public way, it’s going to affect our reputation with investors. It’s going to affect investment in us as a company, so it can threaten our profitability. There’s no question about that. But in three-and-a-half years as CEO, I may have had a safety question once – and we do a lot of meetings with investors. Then again, they don’t have the background or the understanding of that specific area of occupational safety, particularly in an industry like ours. That’s our responsibility to deliver,” he says. Boral’s group HSE director, Mike Wilson, echoes Kane’s sentiment and underscores the importance of internal drivers in improving safety. “The market doesn’t value great safety performance, but they’ll certainly penalise poor safety performance, including the environment space as well. I think it’s just a fitness test,” he says.