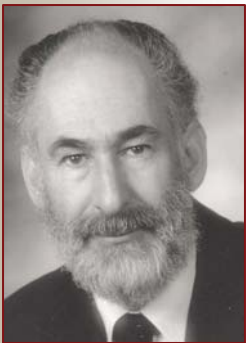


WELCOME AND OPENING REMARKS



Mike White
Director,
Global Health and Safety
General Motors



Steve Simon
President
Culture Change
Consultants

Mike White (MW): Welcome to Executive Edge Session B, “Aligning Environmental Health and Safety Leadership in Creating Business Excellence.” My name is Mike White and I’m with General Motors. I’ll be your moderator. We have excellent speakers here to talk about this topic.

Our first speaker is Steve Simon, the President of Culture Change Consultants. He is a pioneer and nationally recognized leader in guiding companies through successful culture change to improve safety performance. Using his open systems model to analyze the influences on organizational culture, Dr. Simon has been designing and implementing culture change processes to reduce injuries in the workplace for the past 25 years. Employees at General Electric, Southern California Edison, Lawrence Livermore National Laboratories, San Diego Gas & Electric, Harley Davidson, United Technologies, FAA, General Motors, MillerCoors, and many more companies have adopted his approach of improving safety performance through cultural change. In addition to directing an international consulting practice with major corporations, he is a frequent speaker at the National Safety Council Congress, ASSE’s Professional Development Conference, and company meetings. He co-authored the four books in the Grassroots Leadership Series, a comprehensive guide to implementing organization-wide safety culture change. He holds a Ph.D. in clinical psychology from Harvard University.

Steve Simon (SS): Building a safety culture of EHS leadership is about passion. It’s about caring. It’s not just about systems and processes. As many of you probably did, I heard the recent interview with ex BP CEO Tony Hayward. He said, “We’ve been building strong safety culture for the last five years. We’re not sure how the spill happened.” He went on to say, “After all, we’ve paid a lot of attention to our systems and processes.” At that point in

the interview, my antenna went up, because there’s a difference between systems and processes and leadership.

Mike reminded me of General Motors, who had excellent systems and processes throughout the 70s, 80s, and early 90. However, the company still had far more serious injuries than they wanted. Paul O’Neil had joined the Board of Directors of GM. He said, “Let’s do a little benchmarking.” They did the benchmarking. Folks from Alcoa came over. They said, “You at General Motors have the best systems and processes and programs we’ve ever seen. You’ve got interactive \$100,000 CD-ROM training. You have 4-color brochures. We can’t touch it. The only difference between us at Alcoa and you at General Motors is that our folks don’t reach into machines while they’re running. Yours do. We have the culture and the leadership; you have the systems, programs, and processes.”

We need to have the engineering, the right policies and procedures, and the right compliance, but we also need to have the right culture and leadership. They’re not the same thing. I will speak about some theoretical principles of culture and leadership. Jere Zimmerman of MillerCoors, who will speak afterwards, will tell you how it all comes alive.

I remember the first time I used the phrase “safety culture.” It was 1983 and I was in an open mine in Washington State, called upon to motivate employees beyond the usual safety awards. As Mike mentioned, my degree is in clinical psychology. I did work as a psychiatrist for the first six months of my career. I soon realized that that work wasn’t for me, but I also learned a lot about psychology, people, and people in groups. That has been my perspective throughout the years I’ve worked in safety. When I was in this mine, it occurred to me that what the mine was lacking was a use of the words “culture” and “safety” in the same sentence. They were missing a set of group

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norms and basic assumptions. I looked around in the safety field and didn't find very much working being done on that issue. I turned to anthropology and social psychology. I thought about the model of the tribe as a metaphor for the people who worked at the mine, or at any company. I thought about the importance of the tribe leader.

Over the last 25 years, whenever I start talking about this at the National Safety Council Congress or other functions, people ask if I dreamed this stuff up in California. "Were you sitting in a hot tub with a sandwich of alfalfa sprouts?" I was living in California at the time, but I think history has proven that this wasn't a dream. 25 years later, you can't go into a meeting in any sector in America, public or private, where the answer to everything isn't culture change, particularly culture change in leadership. It may be just one of many key critical factors necessary for sustainable safety excellence, but it definitely is one.

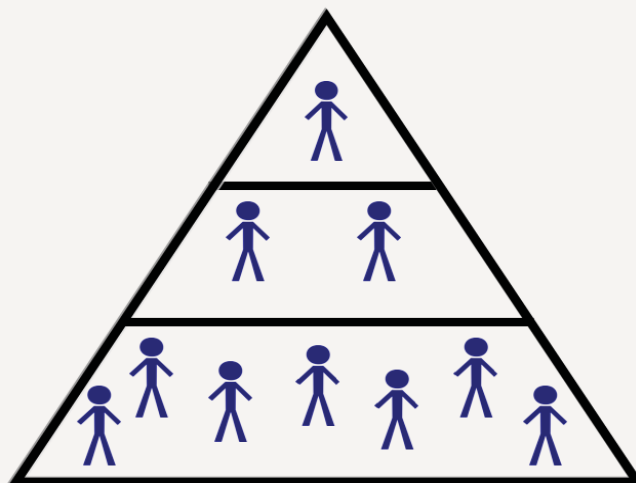
Today, I'm not going to give you the grand theory of culture change and leadership. I remember that in my ninth grade math class, our teacher introduced mathematical paradoxes and puzzles. He said, "Try to figure these things out." I'd like to present two cultural puzzles to you. In my view, these appear in every organization. I believe that they are under-recognized and have tremendous importance. One has to do with middle management. The other has to do with leadership at the grassroots level.

Last year at this session, the talk on leadership was primarily about the top of the pyramid. Upper management does matter. You obviously have to have top management commitment in order to attain, create, and sustain a positive safety culture. However, that's only one source of leadership in the organization. I'm going to focus more on the middle and the bottom of the pyramid. Here are a few guiding principles. Creating a strong EHS culture is not a sprint, it's a marathon. It takes time. Cultures resist change. Finally,

"Twenty-five years later, you can't go into a meeting in any sector in America, public or private, where the answer to everything isn't culture change..."

**- Steve Simon,
Culture Change
Consultants**

Implementing Culture Change in a Typical Organizational Structure



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“The problem is not a lack of knowledge and the solution is not training. The problem is a lack of alignment and the solution is getting the folks in the middle in the same room as the people they work for.”

**- Steve Simon,
Culture Change
Consultants**

cultures change through leadership, not just involvement. The corollary to this is that it refers to leadership at all levels. The top may start it, although they don't often actually do. Culture change has to engage and enlist the middle and the folks on the front line at the broadest part of the pyramid, as well as those at the top, in order to be truly sustainable.

The two problems begin with middle management. The first one has to do with what usually happens as organizations initiate any program, including culture change. Typically, it's the top of the organization that says, "Let's get going." They get the message. They get the bottom up and running. Who gets left out? There's a hole in the middle. At that point, the organization usually says, "Let's take supervisors and put them into a training session so that they'll know what to do." That tends not to work. We end up with what has been described by some as the "layer or clay" and by others as the "doughnut hole." An organization then lets out a plaintive cry. "Everybody gets it except our supervisors. They must have the hardest job. They have to negotiate up and down. What are we going to do with them?"

The issue with supervisors is not that they don't have the knowledge. I sometimes get telephone calls asking if I do supervisor training. Being a bit of a wise guy, I say, "No, what would you want to train your supervisors for?" They respond, "We launched this terrific process and they just don't get it." I say, "So your idea is to put them in a room together and have an instructor pour some knowledge in their heads. Do you think that will get them going in the direction you want?" They always respond, "Well, that's what we figured."

The problem is not a lack of knowledge and the solution is not training. The problem is a lack of alignment and the solution is getting the folks in the middle into the same room as

the people they work for. The problem is not at the level of supervision. It's in the space or dynamic between supervision and upper management. The problem is a culture problem. It's not a training problem.

What happens when there is a lack of alignment? Here's how I first realized the importance of lack of alignment. I was doing some work at an Owens Corning plant in Amarillo, Texas. It was a plant of about a thousand people. They had a really good plant manager. This was back in the 90s. We did a safety culture assessment. We brought the results of the perception survey in. It turned out that there was one set of scores for the plant manager and two or three others at his level. Immediately beneath him, the department heads had a different set of ratings. Beneath them, the supervisors had a third set of ratings. The workforce had a fourth set. The plant manager looked at these results and said, "I don't even have my own management team on the same page." He was so depressed by this that he did, he told us later, what he always did when he had a problem. He drove into the West Texas desert to clear his head. He said, "I've been preaching, teaching, and fooling myself for five years. I thought everyone on my management team got it and the problem was that we weren't communicating it down to the front line. I realize now that I've got three subcultures within just my management culture. I need to get them on the same page, paragraph, and sentence." Until that time, I had never really thought about the importance of alignment. If leaders are not aligned in their underlying norms and assumptions, imagine them trying to communicate a single message either by example or by program to folks who are doing the work every day.

The biggest symptom of misalignment is mixed messages. There are lots of them. We've all heard this one. "Run the line faster, stop if it's

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unsafe,” out of one corner of the mouth, and, “Get more product out the door,” out of the other. Sometimes mixed messages are heard by middle management or supervision when the message isn’t actually mixed. Sometimes people actually give mixed messages. Either way, it’s a very visible symptom. People will be saying, “Be safe, but hurry.” They’ll ask, “Are we supposed to talk to our guys like our friends or hold them accountable?” They’ll say, “You’re telling me to report injuries, but you’re punishing me for it, or only rewarding for no injuries.” I have a quote here from one manager. He said, “What we as managers do is part of the problem. We want all three – safety, productivity, and quality – but, bottom-line, the message is ‘hurry up.’ I’m at as much fault as the next guy.”

The reason why mixed messages become such a problem is because they get interpreted by middle management on the basis of their own legacy assumptions. At the plant in Amarillo I mentioned, they identified four major

assumptions that had driven safety for the previous 20 years. One was that safety really wasn’t their number one priority. Getting the job done was. Remember, this was back in the 90s. A second assumption was that it was okay not to hold people accountable for their actions. Another was that they made short-term cost avoidance decisions when it came to safety. The fourth was that safety was handled by the safety department. These were deep and profound assumptions in the culture. The problem with mixed messages is that those assumptions were the longstanding legacy assumptions of the culture. Ralph Waldo Emerson said, “Nature abhors a vacuum.” If you have a void, into that vacuum dives the old assumptions, not the new pronouncements or espoused values that hang on the wall about the kind of culture you’re trying to create. The legacy world is communicated to the workforce.

How do you do something about this? What do you do about misalignment once it is

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“Every car is a...micro-tribe. Whether or not you’re driving safely or putting your seatbelt on is a function of the leader of that tribe.”

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Culture Change
Consultants**

recognized as a significant problem? Ultimately, you can address it in two different ways. One way is to address it from the individual standpoint, if you’re lucky enough to have folks that we might term, “transformational leaders.” My definition of a transformational leader is someone who cares so much about transforming their organization that they’re even willing to change themselves. That type of leadership from the inside makes a tremendous impact on everyone. We saw that at General Motors. It went on to have 14 solid years of improvement, one after the other, by adding culture and leadership to its basic systems and processes. Jere is going to talk about that with MillerCoors. The second way to address it is by using something I call “leadership alignment dialogues.” This is where change leaders get an opportunity. All levels of management, from supervision through mid-management through plant management, get an opportunity to get together and let go of some of their deepest beliefs and examine those underlying assumptions. This process of surfacing mixed messages and bringing alignment into middle management is done through these leadership alignment dialogues.

Again, the problem we’re addressing is the lack of alignment. One of the solutions that we’ve found to be effective is to shift from the paradigm of training to the paradigm of getting people together in the same room. This is not just about getting supervisors in the same room. It’s about getting the people who represent the different misaligned groups in the same room to talk to each other. Hopefully, through that type of activity, in particular through looking at “gray areas” or questionable circumstances, the groups will come into alignment. For instance, one gray area the groups might look at is when it’s okay to stop the line. In one of these meetings, the plant manager at that Owens Corning plant stood up and said, “It’s true, for the last thirty years, it

has not been okay to stop the line. We really did care about getting product out the door. More than anything, we didn’t want to stop the line. Now, I want you to stop the line if you see that it’s unsafe.” What happened? He believed it. Some of the folks on the front line actually tried to do it. However, it got stopped by the “layer of clay.” They thought that the plant manager didn’t really believe it. They didn’t do this because they were in any way resistant to him or insubordinate. They were just interpreting the world through their longstanding assumptions. That’s a gray area. Those are the sorts of things that need to be dialogued. I was talking with Doug Pontsler, who is head of safety at Owens Corning, last night. He said that he hadn’t checked in with Amarillo in 10 years. It’s now one of their flagship plants when it comes to safety.

I’m going to shift from middle management to what I call the grassroots level of the organization and address the second problem. The second problem has to do with how important it is to have leaders at the grassroots of the organization. How do you empower them so that, over a period of time, you have a true cadre of people that are well-trusted and acting in a true leadership position within their work crews? As Mike said, I’ve had the privilege of co-authoring four books on what it takes to create and sustain grassroots leadership. I obviously believe in it. We’ve talked about the fact that cultures change through leadership and mentioned that this includes leadership at all levels. I want to emphasize the importance of change occurring at the front line.

Yesterday, I was thinking about what happens when you’re in your car. Every car is a mini-tribe or micro-tribe. Whether or not you’re driving safely or putting your seatbelt on is a function of the leader of that tribe. There’s no one else around. The same thing is true of a crew in a bucket truck in the utility business, a small group on a line, or individuals driving alone. Where is the culture? What is the grassroots? If you don’t

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have the leadership at that level, you're not going to have the opportunity for any kind of culture change at all.

There are a few examples I've seen in my work that make this point. One was at a Toyota plant in St. Louis that made aluminum wheels. They had a good plant manager who was very dedicated to safety. They put together a grassroots safety culture team that was working on a lockout/tagout problem. They identified that, on their predictor production line alone, there were 57 e-stops. They made a little home video training for all of the other people on that line about all 57 of those stops and the importance of lockout/tagout. The plant manager said, "I'd been working on this problem for years, and it never occurred to me that there were that many stops on the line, let alone how I could make everyone aware of them. There are some problems that management just can't solve, and this was a great example." He immediately had people on other lines undertake the same project. It was

a problem identified by the grassroots and solved by the grassroots. I'm sure you have numerous stories like that. The challenge is to turn those from isolated stories into initiatives that have as much energy and sustainability as are put into upper and middle management initiatives.

A second example that makes this point occurred at Lawrence Livermore National Labs. I remember starting a safety project there. It had been about two years. Nothing was happening. There was a great manager. We were working with the management groups, and he said, "We've got a couple of guys on the safety team who are on fire. They are real safety fanatics. Let's see what happens if we bring them in." They were brought in and he enabled them. He gave them real authority and real power. Within a couple of years they had turned around a maintenance group of 800 to the point where the Department of Energy asked them to put on an annual conference for other grassroots members across the complex.

"...Grassroots leaders are...people who are out there all the time, people who command real respect from their peer group."

**- Steve Simon,
Culture Change
Consultants**

The Engine that drives culture change is



LEADERSHIP



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“I’m in favor of employee involvement, but I believe that the structure of the safety committee has blinded us and enabled us to fool ourselves into thinking that since we have a committee we have folks at the grassroots who are leaders.”

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Culture Change
Consultants**

They did this under the heading of “Safety Culture Revolution” for the next eight years. Again, they identified a set of problems and solved them. This was something that management couldn’t do.

What are some of the characteristics of grassroots leaders? They’re folks that are out there all the time. They’re people who are perceived as credible and honest by their peer group. They’ve established themselves as neither going along with the party line all the time nor resisting it all the time. Their judgment can be trusted. They’re people who command real respect from their peer group. There’s a significant barrier to cultivating grassroots leaders. This is the result of a category confusion with a structure that we’ve had for close to 100 years. I don’t know exactly when the first safety committees were formed. I think it was in the 1920s or 1930s. There is a category confusion between safety committees and the type of leadership teams that I’m referring to. When I have talked about grassroots leaders in other settings, a lot of folks have said, “We have a safety committee.” Most safety committees have been created for a different purpose than leadership. They’ve been created for the dual purposes of representation and involvement. You want to have somebody from every department so that you can get the word out. Both of those are good things, but they’re not leadership. If you’re in the Marines, you can have 50 people involved in going up a hill, but you’re looking for that one leader. If you’re the New York Yankees and this is playoff time, you’re looking for Derek Jeter, not a lot of people who are involved. The idea of leadership is that leaders serve the group. They have people who follow them. It’s not just involvement. I’m in favor of employee involvement, but I believe that the structure of the safety committee has blinded us and enabled us to fool ourselves into thinking that since we have a committee we have folks at the grassroots who are

leaders. This isn’t true. What we have is people on the front line who are involved. If you have tremendous leadership opportunities available through your safety committee, I’m happy for you. I think you’re the exception. Safety committees are assembled on the basis of representation and their focus is on involvement. That is not what is required in order to change a culture. That’s required to maintain your safety program. To change the culture, we’re talking about having leaders at the grassroots level.

Furthermore, we’re not just talking about individual leaders. We’re talking about leadership teams. When it comes to grassroots, it’s the team approach that ensures sustainability. We sit around in safety meetings asking how we can do better in our plant. We ask what kind of programs we can bring in or how we can make our committees run better. That’s not the kind of discussion I’m talking about. The kind of discussion I’m talking about is when two or three people in the cafeteria sit down and say, “Who do we think are the top leaders from the front line workforce in our plant or our maintenance department? What are their names? Why do we think they’re good leaders? What are we doing to provide them with an opportunity to contribute? How are we cultivating them?” One person might say one name. The other might say another. That’s the conversation you want to have. Then we’re talking about leaders. Maybe we put those two employees on a team. Who else are we going to put on that team? How do we expand that base?

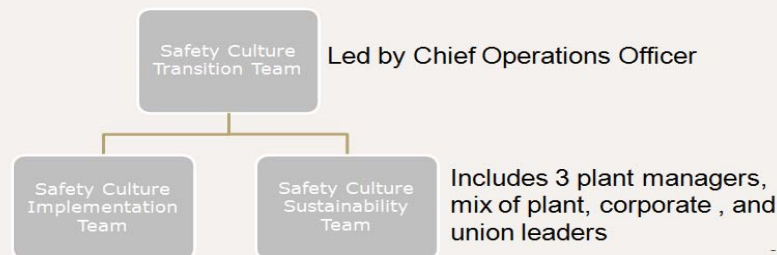
That’s a very different conversation. It’s a very different sensibility. It’s about the problem of culture and leadership. It’s not just having a safety committee and putting people on it. Having those kinds of conversations and establishing those kinds of teams is crucial so that people can work for 5, 10, or 15 years together on a grassroots team. There are a

Leadership is Important

We make great beer and we do it safely.

We are at our best when we are safe and engaged. Safety is a core value and we believe that all injuries are preventable. Our safety culture empowers people and promotes involvement at all levels.

- Senior Leadership Safety Culture Transition Team
 - Meeting quarterly since Nov. 2003
- Re-upped commitment in Dec. 2008 after MillerCoors merger



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number of examples of organizations who have done that. That's what true grassroots leadership is. The number one criterion of selection for those teams is, "Are those folks leaders?" Every organization has their leaders. Every workgroup has their leaders. If we're really serious about culture and leadership at the grassroots level, we're thinking about who those people are. Their purpose, when they get together on teams, is to truly partner on projects that impact the culture. Leaders tend to be more interested in culture work than program work. Instead of just going out and doing an audit, which, again, is important, leaders tackle an issue such as mistrust between groups. They tackle issues such as what is really meant by the phrase "stop the line." This kind of focus engages leadership at the front lines. The last factor in making those teams successful is to make sure that they have the authority and resources to get things done.

When looking at all three levels of an

organization, divided into broad strokes as a pyramid, you are aiming towards what I call a grassroots leadership-driven and management-supported organization, rather than a top-down organization. In order to prevent the erosion of the changes you're creating, they have to be clearly supported and embedded at the grassroots. What does it take to mount teams of grassroots leaders? It takes getting the right people. Then it takes upper management or plant management understanding the importance of it, and being willing to support it over a period of years. It also takes looking in a mirror and saying, "Maybe we don't have it already. Maybe we have good safety committees and good task forces. Do we have teams of leaders who are specifically aiming at changing the culture?"

In terms of the two problems I wanted to address theoretically today, both take leadership at all levels, and that includes top management. Remember, though, that top management and upper management are not

"[The breweries and the container plants] got together and they realized that this was the first time they had ever been together to talk about anything."

**- Jere Zimmerman,
MillerCoors**

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the only source of leadership. It takes supervision and middle management. Training is not the ultimate answer. The key issue is the misalignment between the different groups, which is addressed and resolved through dialogue, not by putting supervisors in a room as if it's their fault. Once management culture is reading from the same page and paragraph and has resolved the gray areas and mixed messages, the next step is turning to the grassroots. You must truly empower a series of grassroots leaders and place them into teams, with the idea that they will be teams for years. This way, the culture will ultimately be led at that level.

MW: Thanks, Steve. Next, I'd like to introduce Jere Zimmerman. Jere is the Director of Sustainability, Health, and Environment for MillerCoors LLC, a joint venture of the U.S. brewing operations of SAB Miller and MolsonCoors. Prior to the merger, she was the Director of Corporate Safety, Health, and Environment for Coors Brewing Company. She has 20 years in the environmental, health, and safety field, most of them with people and programs. She holds a B.S. in chemical engineering from the University of Colorado in Boulder, Colorado.

Jere Zimmerman (JZ): This presentation is about the application of the principles that Steve was talking about, first at Coors and then at MillerCoors.

Most people probably have no idea who MillerCoors is. Two and a half years ago, Coors and Miller came together. We both had separate parent companies. Coors had merged with Molson a few years ago, and Miller had been purchased by South African Breweries. MillerCoors is a joint venture of their U.S. assets. They brought together all of the U.S. brewing assets into this joint venture. We have two parents. The venture is controlled by a board of SAB Miller and

MolsonCoors executives. They have 50-50 control, with our profits split back out to the parents based on the equity they've put in – 58% to SAB Miller and 42% to MolsonCoors. Our industry has a “Coke and Pepsi” situation. Anheuser-Busch is still the big dog in the U.S. beer business, and we're second.

Some of you may have seen our brewery in Golden, Colorado, where we started this journey with Steve almost eight years ago. This is who we were. Coors was the number three brewer in the U.S. We have three breweries: the big one in Golden, a packaging plant in Virginia, and a brewery in Memphis we acquired from Stroh. We also had container operations for manufacturing aluminum cans and glass bottles.

Regarding the leadership of our safety culture process, as Steve said, top leadership is important. It's been very important to our safety culture process. We started ours similarly to General Motors. Steve came in and talked to our top executive of operations. He liked the approach of bringing all of his leaders together. They came together for two days. This included every plant manager at every plant, plus the top leader of operations. At that time the breweries and the container plants were separate. They got together with Steve and they realized that this was the first time that they had ever been together to talk about anything. It's a huge culture shift.

They formed a top management safety culture transition team and they met faithfully every quarter for the next five years, through the merger with Molson. When we merged with Miller, the very first thing that our head of operations said was that we needed to bring all the new leaders in the company together, because we needed them to do the same thing. He didn't assume that this was the direction we were going to go. He wanted their participation and input. This was a two-day



Jere Zimmerman
Director,
Sustainability, Health,
and Environment
MillerCoors

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summit for all the Miller plant managers, which included every plant manager for every facility at MillerCoors and his entire management team for operations. They had a choice. Were they going to do this or not? They chose to pilot safety culture. We've piloted it at some of the Miller plants. It's gone fantastically well. We formed a new safety culture transition team, headed by our chief integrated supply chain officer, who is in charge of the supply chain from customer orders all the way through deliveries and operations. We also formed implementation teams at a lower level. Those include three plant managers, different corporate folks, and union leaders. One of the teams is intended to guide the implementation of the new processes. The other is intended to support the long-term sustainability of the culture change process.

These are the most important things that the leaders are doing. On the left are some principles for success for culture change. Again, the people at the grassroots are working on their culture, and those top leaders are

providing the resources and the support structure that helps the teams be successful. They're also providing visibility and recognition to those teams. That's one of the most important things that they do. We bring a grassroots team in to present to that executive team every time they meet every quarter. The energy in the room is just amazing. The teams get so charged by the recognition and the idea that the executives care about a project they're doing. The executives get just as charged up by the interaction with the teams, because they see not just involvement but engagement. Those on the floor feel empowered to make a difference in their world. They feed on each other.

Management's working on its own culture. They're not just supporting what the grassroots are doing. They're looking at the norms that management has around safety. There are things that the grassroots have done that would never have happened if it hadn't been for this upper management structure. We put in a system of leading indicators that's consistent

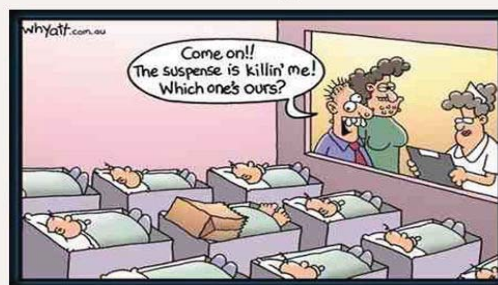
"What's great is that our executive leadership gets it. They can see real life and immediately understand it."

**- Jere Zimmerman,
MillerCoors**

Culture Assessments



- Survey
- Focus Groups
- Survey Feedback and Action Planning



Trust & Communication



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“A lot of times, when you perform your assessment, the biggest issues are trust and communication at numbers one and two.”

**- Jere Zimmerman,
MillerCoors**

across the organization. There was a lot of resistance to that. I'm sure you've all done metrics projects and leading indicators. Everybody has their own system. Getting a consistent system never would have happened without these executives. They do everything from establishing a vision to making a video. They transform themselves as safety leaders just by continuing to meet and sticking with it. When we first started this process, we were in an engineering construction partnership with Jacobs. The Jacobs leaders looked at us because our leaders were pushing them to be less safe on their construction jobs and were telling them that they were spending too much money on safety. Years later, when we merged with Miller, I knew we had really made a difference when people from all areas came to us and said, “Something's wrong with those Jacobs guys. They never talk about safety.” It was a huge change for Coors. Leadership understanding their role in safety was truly significant.

They understand the difference between culture and process. They can see it in action. They get feedback to the teams. They use the tools. As an example, we're working on a big electrical safety initiative. When we ran into a roadblock, I delivered a presentation to senior leadership. One of the slides showed an iceberg with underlying issues. For example, “I'm never supposed to work energized.” In real life, here are the norms. Those uniforms are hot. Supervisors don't want to be the bad guy and enforce that rule. What's great is that our executive leadership gets it. They can see real life and immediately understand it. This brings focus to the long term. Their involvement shows folks that this work is going to be around for a while.

Here are the basic steps of the implementations. We run through these for every plan, and we do it on a plant-by-plant implementation basis. Those are their own

subcultures. There's an initial engaging and listening leader session. There's a culture assessment, which is a detailed assessment done by a third party, including focus groups, so that we can get into the details and understand what people mean when they say what they say. We then form a joint management and employee guidance team at each plant in order to guide the journey. At this plant, grassroots safety teams are formed from leaders at the grassroots level, and as they move on they do leadership alignment dialogues and continue to have regular health checks as they generate safety culture projects. It's not just the grassroots team that generates projects. It's the guidance team - the management team.

Let's talk about some specific steps. Here you see a survey, because assessment is key to everything that we do. It's the wake-up call to the plant. We bring in Culture Change Consultants to do it. It has to be a third party. It has to have some credibility. This is the first time that people say, “We're going to tell the truth now, right? This isn't some sugar-coated official message.” It's a look in the mirror. One of the plant managers that Steve talked about said, “It may be ugly, but it's our baby.” You're really facing that. A group of 40 or 50 people, combining union and floor-level folks with the leadership of the plant, comes together. They look around at each other and they say, “This is really something.” We just did this at our Eden brewery yesterday. It was not easy. This plant manager has been around the Miller system for a long time. He gets great safety results everywhere he goes, but it took him a lot of coaching to get him to the point where we could put all of the comments about him in the report. Everybody in the focus group talked about this plant manager, and noted how their comments had to be in there and how it had to be real. You have to trust that people are willing to hear the truth, because otherwise, your process doesn't work.

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This next slide discusses forming the guidance team and grassroots safety teams and their basic charters. It's directly from one of Steve's books. It's a standard processes and we use Culture Change to do it. The formations of these teams are important. Everyone has to be properly trained in how to do it. There needs to be a good team process, but also an understanding of the culture, so that all team members can understand what they're working on. Teams have some guidance in helping pick their first projects so that they can get off to a good start. Right now, six of our eight major breweries and three of our four support manufacturing plants have teams like this. We have had a lot of experience with these teams over the years. It is amazing what they've accomplished.

I want to talk about leadership and that middle step. A lot of times, when you perform your assessment, the biggest issues are trust and communication at numbers one and two. You're almost always going to see this. We've

only done leadership alignment dialogues at a few plants, but what we've learned is amazing. We do three to four full-day sessions separated by six to eight weeks to ensure time in between to work the process. We bring together every level of management, from first line supervisors up to plant managers, to have a dialogue for the day. They begin with what they learned in the culture assessment and then they use an audience response system to work on specific scenarios and answer questions directly. They air mixed messages and identify the norms, beliefs, and assumptions from different levels of leadership in order to see where they conflict. This way, they can surface them and work through them in dialogue.

Here are some lessons we've learned from those sessions. "We were surprised at how many trust issues there were with our front line team leaders." It wasn't an issue with trust from team leader to team leader. It was team leaders not trusting their union stewards and team members and vice versa. There was a lot

"When you look at them, they look like projects that any safety committee might come up with. What is important, though, is what they're really working on when they're working on these projects."

- Jere Zimmerman, MillerCoors

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“At that plant, they’ve never had an injury in which anyone needed an eyewash station, but the eyewash stations were a symbol that they cared about each other and that their management cared about them.”

**- Jere Zimmerman,
MillerCoors**

of defensive behavior. One of the biggest learnings of these processes is just how big a difference trust makes. During leadership dialogues at our glass manufacturing plants, they were using an audience response system. 20 out of the 22 people in the room agreed with the statement that safety was more important than production. That’s 90%. If it were a metric, everyone would say that it was a great score. The truth was that the two people who didn’t agree were an issue. It was the third or fourth session, so people finally had the courage to stand up and say, “Yes, that’s me. I said that, and here’s why.” Those two front line supervisors who didn’t agree with that statement had more interaction with the floor than anyone else in the room. The plant manager said, “It’s not going to work. Even if you have 90%, you don’t have everybody. You don’t have the hearts and minds of those who have the most interaction with the floor.”

Here’s another example from the glass plant. They did a lot of work with their near-miss reporting and their leading indicators process, which measured safety involvement. I heard a presentation from a supervisor that was at this session. He talked about the fact that, to some, the observation process is really about hitting a number. Through the course of their leadership dialogues, the group put some processes in place to get back to talking to people on the floor about the observations they did. Some people put the same observation in three times, and they never heard anyone talk to them at all about that continuing issue. They thus got pretty cynical, thinking that no one cared about what they had to say. It was amazing to listen to this supervisor and to see how he had transformed himself as a leader through his learnings from this process. Forcing him to go back and talk to his people allowed him to develop relationships with them that he had never had. It was empowering to listen to him, because he was truly an example of transformational

leadership.

The other important learning is this: just because you have enthusiasm at the top with plant leadership team and enthusiasm at the bottom with grassroots teams, it doesn’t mean that you’ve got it in those middle groups. We saw that at all the plants we’ve done leadership alignment dialogues. If you’re not on the team, it’s hard to feel like you’ve really got a role. Those not on the teams got the message that safety culture is just for the guidance teams and the grassroots teams. This process helped force that back and helped people understand that it does have to do with them.

There are so many different safety culture projects that our grassroots safety teams have worked on. I’ve seen a hundred of these projects over the years. It’s interesting how teams work on a lot of the same things. We’ve had several projects completed on evacuations, on walkways, on safety communication, on lockouts, on safety incentives, on safety discipline processes, on forklifts, on eyewash stations, and on work orders. These look like nuts and bolts safety projects. When you look at them, they look like projects that any safety committee might come up with. What is important, though, is what the teams are really working on when they’re working on these projects.

To use an example of a safety discipline project, there was one case in which a plant manager really cared about safety. Anybody that had an accident got five days off without pay and a final written warning, because he thought that was a way of showing he cared about safety. The team’s feedback to him was that in that plant’s safety culture, mistakes are not seen as an opportunity to learn. They’re seen as an opportunity to find fault and fix blame. Of course, this leads to a situation in which people don’t report incidents. The guidance team worked on a discipline project.

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It was about changing over to the perception that mistakes were an opportunity to learn. A different plant that was also working on safety discipline was a bigger plant. They had a lot of little lines, and every line supervisor had a lot of power. Discipline was very uneven. The perception was that if you were the supervisor's favored employee, you wouldn't be disciplined. If they were trying to get rid of you, you definitely would be. Their project was about getting consistency in the process. These two teams were working on very different things, but they were both working on safety discipline. One size doesn't fit all. You can't come up with a solution and translate it to the next plant. The benefit of these teams working at these projects themselves is that they know the norms specific to their plant and have taken part in the leadership dialogues together. This is a key component to what they're achieving. This is the kind of thing that these teams were really working on - the idea that mistakes are an opportunity to learn.

Here are other examples: eyewash stations, equipment, warehouse transportation, glove use, and PPE use. We've had dozens of projects on those things. What were those teams really working on? More often than not, trust. As an example, for one of the plants working on eyewash station inspections, the reason it was about trust was because the people on the floor didn't believe that security team in charge of the eyewash stations were really doing their inspections. They needed to take ownership of the process themselves to believe that the inspections were going to happen. A member of the security team responsible for those inspections was a member of that grassroots team. At another plant in which they were working on eyewash stations, the project had been going on for a year. Their eyewash stations are beautiful. At that plant, they've never had an injury in which anyone needed an eyewash station, but the

eyewash stations were a symbol that they cared about each other and that their management cared about them. They felt that if they let those pieces of safety equipment be invisible and fall into disrepair, they would be showing themselves that they didn't care about one other. Again, it's interesting to see what the projects are really about beneath the surface.

Walkways are another example. There are a lot of walkway projects. Often, these are about trust, because they're about shared areas. They're about people coming together from different areas and how you align norms between those groups. It's about the forklift drivers versus the pedestrians versus the quality people. We've seen dozens of plants tackle this. What's great is that they're solving problems that management can't solve. That's the truth. At one of those plants, management had been trying to solve the problem of people cutting through walkways for ten years. They tried everything. They couldn't solve it. This grassroots team came in and they had it fixed in six months. How did they do it? They worked together. They created their own solutions. Then, when their peers said, "You mean we have to do this too?" they said, "Yes, we really do." They're influencing the adoption of these norms with each other. They're picking their own projects. Nothing gets assigned to them. They go through the culture assessment and they choose the projects. We had situations where the grassroots teams became so successful that people sometimes tried to give them more projects. The grassroots team said, "No, we aren't going to work on that." They need to be empowered to choose what they're going to work on.

I've pulled all of the following slides directly from grassroots team presentations. I wanted to show you some of their steps for working on a project. They always start by picking a problem from a variety of problems. They'll do

"You can't just do the culture part, fix the problem, and ignore the soft side."

**- Jere Zimmerman,
MillerCoors**

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Safety Culture Problem

The current Quarterly Safety Payout and Near Miss system de-motives employees to participate.

Norms: It's OK not to...

- Participate in the payout program
- Communicate near misses
- Remedy a near miss
- Turn in a near miss
- Turn in a serious near miss, Instead:
 - Turn in a joke near miss
 - Make copies of one near miss and turn it in the rest of the year

Assumptions: Because...

- Accidents can wipe out participation
- Nothing will be done about my near miss
- No one reads the near misses anyway
- Management doesn't care
- It is just busy work
- Current process set up to fail
- There are too many near misses to go through already
- It's not my job

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“Though this process, the teams also gain empathy for management. They begin to understand how hard it is to get something done or fix a complex problem.”

- Jere Zimmerman,
MillerCoors

iceberg assessments. They use this iceberg to identify the norms in their plant. In this example, the grassroots team was working on safety incentives. At that plant, incentives were based on the near-miss reporting system. The team is identifying what the real norms in the plant. “It’s okay not to participate. It’s okay not to communicate. It’s okay not to turn in a near-miss.” The team is working through a process like this to identify the real norms in the plants. They’re surfacing what’s real. They talk about it. Then they pick a norm that they’re going to work on in their project.

Does this look familiar to anyone? This is a cycle of mistrust. This is another tool that grassroots teams use in their process. This comes from a team that was working on a warehouse traffic project. There were forklift drivers, pedestrians, and bikers going through these shared areas. They went through this cycle of mistrust. They’re looking at a “them and us” situation. They had made a change to the traffic configurations. They moved some huge aluminum coils to a different location.

When they came back the next day, the coils had been moved. You see the cycle go around and around. The point of this is to identify the assumptions that people are making as these things happen. When you talk about grassroots teams solving problems that other teams can’t solve, this is a big part of it. One important part is that they’re influencing adoption with each other, but another part of it is that they’re tackling these mistrust issues with each other, between groups, and between management. They’re taking these things on head-on, and they have tools that help them do that.

Then the grassroots teams move on. They do a project spec sheet. This is a spec sheet from one of the projects on evacuation. There are specific actions and an assignment of who is going to take them. More importantly, these spec sheets show that the teams have worked hard to identify the problem they’re working on and the norm they’re going to create. They have to do a communication plan as part of the process. You can’t just do the culture part, fix

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the problem, and ignore the soft side. This process ensures that the teams do the soft side, too. Another important thing shown on this spec sheet is the empowerment level granted. Teams present these projects to their guidance team. Their guidance team is their official structure of approval. You see here that the guidance team accepted the project and granted them an empowerment level of 5. The teams are actually having an open dialogue about how much empowerment they have as a team when they're doing this project. As teams evolve and become more sophisticated, they tackle bigger projects. They'll actually ask for less empowerment, because they want more guidance team involvement in their project. The important thing is that there's not a misunderstanding about the empowerment that they're going to get when they go in and do the project. They've discussed it.

Here's an example of a project the grassroots team at the brewery in Urbandale California undertook. Another big difference between grassroots safety teams and safety committees is that grassroots teams carry the project all the way through. We'll have teams working on projects for a year or even two years. We encourage them to start on smaller projects so that they can get some "wins," but they begin tackling big problems and work on them for a very long time. Unlike a safety committee, where sometimes people simply come in and make a complaint and someone has to go get maintenance to fix the problem, these teams have to solve the problem themselves. They work the problem from start to finish. They'll be on it for years, and after they're done with it and they've moved on to their next project, they'll revisit old projects regularly to ensure that the change has sustained.

This is another warehouse project. Part of their communication plan has some new rules for truck drivers who are waiting for trailers to be loaded. Don't ask me how it got this way, but

these guys literally had truck drivers sitting in their warehouse next to where they were loading. They were dressed in shorts and flip-flops and reading a newspaper in a lawn chair. The team established some new rules. They actually went out to meetings of southern California distributors and carriers to let them know what these new rules were. They're presenting all over the place. The pride in their accomplishment and the recognition they feel is stunning. They're forklift drivers and quality people. Through this process, the teams also gain empathy for management. They begin to understand how hard it is to get something done or fix a complex problem.

I'll sum up some of the impacts from grassroots safety in our operation. Teams develop strong collaboration skills by working together over the long haul. They develop empathy and understanding of what it takes to get things done. At one of the plants, the team gave an award to their management group. This was the plant that had the discipline problem. That didn't start out trusting and loving each other, but they got to the point where they really trusted and appreciated their management. Management gains a lot of respect, because grassroots teams are out there solving problems they've tried to solve for years and couldn't solve. The most important thing is that the employees on the floor, the hourly and union folks, begin to believe that they make a difference and truly have a voice. They believe that they matter. They start taking the initiative to resolve safety issues outside of the grassroots teams. Grassroots teams develop a waiting list for membership. Projects start getting done outside of safety and grassroots teams. At the Urbandale plant, the guidance team's major project was "stop the job." They did a lot of work over the last year to recognize people who stopped an unsafe job, which was a very different norm than had been in that plant. The plant manager talked to the director of

"I thought, 'He's not quite getting it. He's already got a whole batch of them!'"

**- Jere Zimmerman,
MillerCoors**

AUDIENCE RESPONSE QUESTIONS

"I see more companies wanting to engage their safety culture not because they're having tremendous problems...but because they have a vision and an understanding."

- Steve Simon,
Culture Change
Consultants

operations about how a person working on a labeler saw a problem on a filler and shut down the labeler line. She then walked a hundred feet over to the filler and shut down the filler, because she thought it was a problem. She quality-stopped the job. She probably saved a huge amount of poor quality production. She talked about it afterward. The empowerment to "safety-stop" the job gave her the courage to do "quality-stop" the job. She believed that she was supposed to do that.

When we merged with Molson we had a UK operation, the Carling brewery. They saw what we were doing with grassroots safety and sent someone over to do benchmarking. He came over and spent some time with the grassroots teams. He said to me afterwards that we was watching the team work a project. One of the team leaders was a gruff welder type. He said to me, "They're just fantastic. I wish I could import them and get a whole team full of them over in the UK." I thought, "He's not quite getting it. He's already got a whole batch of them!" Grassroots safety gives front-line workers a venue. It shows you the leaders that are already there. You work with them, you move in the direction you want to go, and in the process you get to listen to what they want too.

What have we learned in this process over the years? Stick to the principles. Get a pro to help. Steve's been an invaluable resource. You've got to stay the course. No one will do this if they don't believe you're in it for the long haul. They're going to think it's the flavor of the month at first, but stick with it for years. Stay focused on the culture. It can't just be projects. There's a tendency to slip back to projects, processes, and systems. You've got to work the culture side of those projects. A very important thing that's sometimes hard for safety people to grasp is that operations owns the culture, not safety. Safety works the programs. Operations has to lead the culture

change. Culture is led from within. You work it at all the different levels of the culture. Leaders have to be active in supporting this process and working their own culture at the same time. It builds credibility at the grassroots if employees see leaders doing the same thing. The structure can be flexible if you stick to the principles.

MW: Thank you, Jere. Before we open the floor to questions, there are five questions that we want to ask with the audience response system. There's not necessarily a right or wrong answer, but it might generate some thoughts or questions towards Steve or Jere during our Q&A session.

The first question is, "Does your organization have a shared vision and alignment of safety expectations?" If you would take a moment now and answer the question yes, mostly, some, or no, we'd appreciate it.

Okay, we have somewhat of an equal split there. The top three answers are about even, and then we have 15% responding, "No."

Let's go on to the next question. "If your organization is not aligned, what is the source of greatest disconnect?" Possible answers are between upper management and middle management, upper management and line supervisors, upper management and line employees, middle management and line supervisors, middle management and line employees, line supervisors and line employees, or amongst all groups.

Between upper and middle management and amongst all groups are the highest responses. That's interesting. Between middle management and line supervisors is third.

The next statement is, "My organization provides structured activities, both time and resources, to encourage employee leadership in EHS activities." The possible responses are, yes, all employees; project task force

QUESTION & ANSWER SESSION

employees; some as needed; or no/none.

“As needed” seems to be the highest response. “None” comes up second.

The fourth question is, “What’s the best motivation to create and sustain employee leadership in safety initiatives?” Possible answers are monetary rewards, recognition, development opportunity, or advancement opportunity.

Recognition in the form of non-monetary, is the highest-rated response, then development or advancement. There’s not a lot of interest in monetary rewards.

This is the last statement to respond to. “In my organization, upper management words for safety are supported by demonstrated actions. In other words, they walk the talk.” Possible responses are yes, all the time; some, until a major crisis; and rarely.

“Some, until a major crisis,” is the highest-rated response. Interestingly, 77% of responses taken together are not “yes, all the time.”

That concludes our questions using the audience response system. Now, we’ll open the floor to questions.

Audience Member (AM): Have you seen companies engage in a significant long-term safety culture journey in the absence of either a critical event that has gotten top management’s interest or a situation in which they already have a robust management system?

SS: Yes. Sometimes the way the first half of that question is worded is, “Does there have to be a burning platform for senior management to commit and engage? What significant attention and resources are required for a culture to truly change?” I think about PSEG in New Jersey, a utility company that decided to adopt a whole new safety system. They

realized some union bargaining members were not working the culture and they needed to slide in the culture as a piece of their overall puzzle. It was more vision-driven than it was burning platform-driven. A number of companies, such as Southern California Edison, want to be in the top quartile or decile. They say, “We’re not there. We’re at a plateau. What do we have to do to improve?” Ten to twenty years ago most organization didn’t get into this sort of work unless they had a burning platform or a real crisis. With VPP and other attention, company executives have a greater recognition that safety is a leading indicator for improvements in productivity and quality. They understand that if you improve safety, you’re improving engagement, trust, and the whole operation. You’re going to get other benefits. I see more companies wanting to engage their safety culture not because they’re having tremendous problems in safety performance but because they have a vision and understanding. That’s only occurred in the past ten to fifteen years. A lot of our work twenty to thirty years ago dealt with getting the commitment of top management. I don’t find that now. I find that most top management thinks they’re committed and are committed, but don’t know what to do with the other levels of the organization.

AM: If you feel that accidents are preventable, and your organization has done all this great work, how do you react after there is some type of accident in the workplace?

JZ: It’s a mixed bag. At the plant level, we’re seeing a lot of change. Some of the plant leadership really owns that. They say, “If we’re doing this right, no one should ever be injured, but we’re still having injuries.” This is the kind of thing one of our glass manufacturing plant managers says. Out of 40 plants, his is number 2 in safety in the country. They’ve still had injuries. He’s pushing. I see a lot of really good

“The person wasn’t injured...but that plant took preventative action anywhere they could find a condition like that in their plant.”

- Jere Zimmerman,
MillerCoors

QUESTION & ANSWER SESSION

“People have a lot of pride, and if you allow them to engage themselves and lead the efforts, they will deliver.”

- Mike White,
General Motors

work happening at that level. They take preventative action instead of just taking corrective action. For example, they had an accident with a fork truck. This person wasn't injured, because he was wearing a seatbelt, but that plant took preventative action anywhere they could find a condition like that in their plant. On the other hand, I've seen a less-than-good reaction in cases of major incidents in which legal gets involved. We have not managed to get legal on board with the safety culture. We've only had a few major incidents, but they get shut down. The lower level teams raise this consistently to the executive safety culture transition team. They want to know why they don't get information when there's a major incident. They want to hear what's going on. We haven't managed to convince our legal person yet that we should be able to do more. We're still working on it.

AM: How do you deal with companies that have gone through a significant downsizing and disgruntled employees try to take it out on the company by filing a claim? How would you address that?

SS: This certainly describes a condition that many organizations face as a result of the economic downturn of the last couple of years. If you get within a 24-month period of that happening and you haven't done it yet, it's too late to file a claim. There was a GE plant in Fitchburg, Massachusetts. It had 700 employees and it manufactured navy and small systems turbines. It closed in 1998. They started the grassroots safety process around 1993. By the time the plant closed, it had been around for 150 years. It was an old New England plant. It had 30-year employees. They had established a very strong union-plant grassroots safety effort, with multiple teams in every single department. They had been up and running for a couple of years by the time the closure was announced. Because they felt ownership of their plant and people, the

grassroots team felt that they'd been given the opportunity to lead. They set a goal for getting out of that plant with nobody dead or hurt. The usual spike in workers' comp claims just didn't happen. The safety manager at the time, who went on to do some other safety culture work with GE, reported being amazed. It was counter to all the other GE plant closures they had. It was a huge lesson.

The other situation that was similar occurred when I was working with a ServiceMaster Group plant of about 100 janitors in Texas. The Texas workers' comp system in the 90s was a great safety incentive program. It was popular in that group to put in all kinds of claims. The word from management was that 75% of them were fraudulent, and they probably were. The grassroots team decided they were going to clean up their safety, including the claims. One of them went to court, and the team went to court and testified against that person. How do you get that? You only get that if there are authentic intentions and actions on everybody's part to provide true empowerment at the grassroots level. It's never too late to introduce the opportunities for grassroots leadership.

MW: Thanks Steve. We're out of time for questions, but I wanted to make a comment on that last question. As you know, General Motors went through a lot of downsizing over the years. We didn't see evidence of fraudulent or revenge-based claims at the plants that we closed. In fact, those workers went out with pride. They took it upon themselves to build the best quality products with the lowest injury rates throughout all of our plant closings. We were worried about that, but we didn't see that as we went through our downsizing. People have a lot of pride, and if you allow them to engage themselves and lead the efforts, they will deliver. They went out with their heads held high.

I want to thank all of you for your time today.