Leading Corporate Culture Transformation Through “Behavior Safety”
HINDUSTAN UNILEVER LIMITED CASE STUDY

HUL’s Total Recordable Accident Frequency Rate dropped from 0.68 to 0.20 in five years.

Challenge

In the last few decades, Hindustan Unilever Limited (HUL) achieved business supremacy in most of its business performance indicators through organic and inorganic growth. As HUL prepared itself to enter into the new millennium, the HUL management recognized that an organization with world-class safety performance would give them an added competitive edge.

In evaluating the plan for achieving world-class safety performance improvement, the HUL leadership underwent a reality check around year 2002 and discovered the following:

- The dissemination of the “HUL Corporate Purpose” and “HUL Safety Policy” required greater coherence and clarity in execution
- The effective implementation of the HUL safety policy as governed by the HUL corporate purpose could have averted about 10 - 15 serious injuries per annum across the organization

The reality check also confronted HUL leadership with the fact that to achieve the organizational vision and mission statement requires not only acceptable safety performance but also effective safety sustenance drivers across the organizational set up.

The reality check also brought to the notice of HUL management that they were nowhere near “world-class” in safety performance and need to break out of their “self-fulfilling” prophesy approach.

With this mission in mind, in 2002, HUL laid down specific organizational objectives for improving all round HUL safety performance including the mandate to achieve a safety culture transformation between three and five years. Specific deliverables were clearly articulated into a three-pronged organizational priority agenda for execution including:

1. Reducing fatalities, serious incidents and injuries by 300% (as measured by frequency rate reduction from 0.4 to 0.1) over a five-year period.
2. Reviewing internal safety systems and processes as part of overall organizational transformation
3. Achieving sustenance in safety performance through a safety culture transformation

Mr Bakul Dave, Corporate Head, Environment Safety Health, HUL in his reflection on the organization’s safety culture up to 2002 said, “During 1996 - 2002 while our

"I have seen the safety journey in HUL over many years. Partnering with DuPont was a defining moment in this journey and helped us realize the importance of not just focusing on process controls and safety, but on the behavioral aspects that impact safety.

Today, safety is embedded across the organization and is an integral part of how we conduct our business. While we have made tremendous progress over the years, this journey as they say is never complete and we remain committed to making HUL an even safer place."

Mr Nitin Paranjpe
Chief Executive Officer (CEO)
HUL
accident frequency rates were falling, injury rate did not reduce. Even fatalities continued. That was the tipping point for the company to introspect and indentify what was not working. A new safety journey that now spans the company operations started in 2003.

“Our experience over time showed that controls and systems are as good or as bad as the people in charge. Hence we learned that the safety behavior of people has to be at the core of achieving and sustaining excellence in safety performance. For us that began when we partnered with DuPont in 2003,” added Mr Dave.

Solution: Partnering with global benchmark in industrial safety

To facilitate the desired change and journey towards safety excellence, HUL had engaged DuPont, one of the world’s safest companies and a company recognized for its unquestioned safety expertise both at the consultancy and operational level to assist with HUL’s safety culture transformation journey.

The first action items in the safety culture transformation journey were to carry out a comprehensive management system evaluation. Based on the results, HUL established five priority focal points for improving its safety culture along with identified world-class sustained safety performance needs. They included:

- Demonstrating visible “felt leadership”
- Articulating and implementing safety principles
- Integrating safety into all business processes
- Establishing safety as line management responsibility
- Linking safety to business performance

These five priority focal areas were to be implemented in three phases.

Phase 1 – Leadership-driven safety journey

HUL embarked on the first phase of the safety culture transformation in 2003 and focused primarily on the HUL leadership. For leaders to embrace a safety culture and see it as a part of sustainable growth, it is important for them to understand that safety is a business value. An Executive Leadership Program helped HUL management recognize that they must feel and believe in what HUL values and most importantly, they must act according to these values. It is this visible leadership commitment that builds trust and faith across the board, and grows personal responsibility throughout the organization. Today every business leader in the organization has safety as the first item on his business agenda. No one would walk past an “unsafe situation” or an “unsafe act” unless it is corrected while he/she is around. By and large, the new safety standards and procedures are set by involving those who are impacted by them.

One of the first challenges in the improvement process was to help the HUL management team visibly demonstrate their commitment to safety. DuPont found that the HUL leadership team was highly committed to safety but their leadership and action was not felt across the organization. To address this, DuPont facilitated a series of visioning workshops and executive leadership development programs aimed at identifying personal action plans each leader would undertake to demonstrate his/her safety commitment.

Phase 2 – Safety culture transformation taking shape at HUL

Once the leadership had bought into safety as a business value, it was decided that the next phase was to work with HUL’s largest group of employees at the manufacturing site.

The priority focal points for improving safety culture and the involvement of all 15,000 employees across the HUL organization helped achieve the desired objectives around safety performance. It took five years of perseverance, dedication and demonstrated agility towards absorbing the change and sustaining the “behavior safety journey”. The key cornerstones in the HUL behavioral safety journey that contributed to behavioral transformation across the HUL organization were:

- SHE organization
- Involvement of line managers
- Safety principles
- Visible “felt leadership”
• Behavioral auditing
• Progressive motivation
• Use of “leading indicators” vs “lagging indicators”
• Safety linkage to performance
• Periodic checks to maintain targeted improvement scores

Mr Yogesh Mishra, Plant leader for one of HUL’s manufacturing plants said: “DuPont processes and activities have made every HUL employee “INOLVE IN” and “OWN” safety in the organization. People started to understand the value of safety and the meaning of safety culture.”

Phase 3 – Putting in place the right safety structure

To facilitate consistent and sustainable implementation of safety improvement initiatives, HUL was re-structured into an integrated safety organization. It started with the formation of a Central Safety, Health and Environment Committee (CSHEC) led by Mr Nitin Paranjpe, HUL CEO. This is the highest safety governance body which sets the entire safety and sustainability agenda and strategy for the company.

All executive directors on the company board are members of CSHEC, and each of them also heads a sub-committee which deals with a specific aspect of safety or health or environment. Each sub-committee (a cross-functional body with members from manufacturing, sales, offices and research) acts as a “solution provider” to the CSHEC.

Another important aspect of the safety governance organization model is the implementation structure in each business, function, region and individual site level. At each site the safety structure involves all employees including workmen and staff through “tool box groups” or “communication circles”.

Each part of the integrated organization conducts itself through operational discipline with an agreed charter of work; monitoring of actions and effective implementation; fixed schedule of meetings; and assigning of responsibilities. A notable shift was achieved throughout the organization with all employees having a role to play in safety – from developing strategic goals and standards of behavior to implementing and monitoring the effectiveness of actions taken.

The role of the safety professional is now focused on facilitating rather than executing on the ground. All employees have embraced the fact that safety is a line responsibility for self and others in their respective teams.

Setting clear safety goals

Every manager and supervisor in the company – whether in a factory, sales team, research group or an office – carries out safety behavior observations (SBOs). These SBOs are captured through an IT portal and worked on by the specific site personnel based on assigned priority. Other demonstrated actions are safety briefings before every meeting and safety pre-audits of all company organized events.

Other metrics to track key deliverables included the CEO’s quarterly report back on safety performance and plans; safety evaluation of all business processes; projects, proposals and procedures; hazards identification by workmen and managers alike; safety systems audits by managers and officers; rewards and progressive discipline policies; and workmen participation in all safety activities. Another key safety standard relates to embedded contractor safety management, e.g., contractor selection and safety induction; access control; safety in contract agreements; and bonus/penalty linked to safety performance.

The other critical success factors for the HUL safety culture transformation journey were:
• Clear articulation of a set of safety principles as a part of our Code of Business Principles
• Continuous monitoring of people safety behavior - recognizing good behavior and correcting unsafe behavior on an ongoing basis
• Use of “leading” safety performance indicators along with “lagging” indicators, e.g., safety engagements per employee per month and systems audits per head per month by every single manager and officer across the company
Results

One of the success parameters of the safety excellence journey is attributed to the consistency and clarity of the communication from top to bottom and quality feedback from bottom to top of the organizational pyramid.

The number of incidents at HUL showed a spectacular drop over the last few years. The Total Recordable Accident Frequency Rate (TRFR) has improved remarkably. Within 5½ years, it reduced from 0.88 to 0.20.

HUL Board of Director Mr Hemant Bakshi said: “In the last five years, the demonstrated visible felt leadership in HUL is one of the biggest achievements which has helped entrench ownership of safety in each employee of this great organization.”

The HUL behavioral safety journey has resulted in several successful employee-driven initiatives beyond the workplace such as “Off-the-Job Safety” or “Home to Work”. These initiatives enabled HUL personnel and their families to be alerted to potential risks.

A recent HUL internal safety survey conducted in August 2007 by Indica Research Consumer Insight covering all employees indicated that an overwhelming majority “strongly agree” with all the initiatives on safety and feel that safety is now integral to HUL’s business performance.

Mr Ashok Gupta, Board of Directors, HUL strongly believed that the internal safety survey result can be positively correlated to the DuPont initiative but “efforts should not die down like most rituals. Behavior change and on-going implementation of safety best practices should be the way to sustaining long-term safety excellence.”

About Hindustan Unilever Limited

Hindustan Unilever Limited (HUL) is the largest private sector company in India in the fast moving consumer goods (FMCG) business. One of the principal companies in the global giant Unilever’s portfolio, HUL is the market leader in Indian consumer products having more than three billion dollars business, touching the lives of two out of three Indians with over 20 distinct categories in Home & Personal Care Products, Foods & Beverages and other household product segments. It has 50 of its own operating sites besides about 100 indirect operations. It employs 15,200 employees across factories, sales, research and offices.

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