

Safety Consulting: The View Ahead

Today's safety and health consultants are highly technical suppliers of niche information and they say the future holds nothing but opportunity.

by Mark S. Kuhar



Safety and health consultants step in as troubleshooters when a company's profitability is impacted by a breakdown in the systemic safeguards put in place to prevent injuries and illnesses.

From this vantage point, safety and health consultants are well-positioned to look at the big picture surrounding the arena in which they do their work. What they see is a rapidly changing work environment where businesses seek answers to problems that range from complicated regulatory statutes, to

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loss-control management, to the globalization of the business community.

At the same time, consultants see their own craft evolving as a result of issues such as company downsizing, a more sophisticated corporate hierarchy, and the expanding influence of technology.

According to Christopher O'Leary, director of environmental health and safety consulting for Arthur D. Little Inc., Cambridge, Mass., two significant trends -- outsourcing of safety and health work and internationalization of the consulting industry -- will highlight the consulting business over the next few years.

"Outsourcing is a result of the corporate downsizing that we have seen over the years, but it can also be seen as the result of companies getting out of activities that are not their core business activities"

said O'Leary. "This can lead to more consulting opportunities. But there is often a human toll related to outsourcing. The marketplace expands, and there is more work, but there are also more people to do the work as people leave industrial employment and enter

into the consulting business."

R. Craig Schroll, of Firecon Inc., East Earl, Pa., agrees that corporate downsizing is a double-edged sword. "There are opportunities available with some companies because they don't have the people to do the work in-house anymore. But the down side is that some of

the people that have been 'downsized' are at least temporarily hanging out their shingles," Schroll said. "Personally, I don't view this as very stiff competition. These people are only calling themselves consultants until they find another job. The biggest thing I compete with is the companies that refuse to do anything."

An internationalization of the consulting industry, O'Leary predicts, is a development that may spell doom for a certain cross section of the consulting community.

"In safety and health consulting, there is going to be a trend toward global service providers," O'Leary said. "This means that a company in the United States can have the same health and safety service provider in Fort Smith, Ark., as it does in Nice, Italy, as it does in Melbourne, Australia."

Related to this, says O'Leary, is that smaller consulting firms are being acquired by larger organizations. "With fewer regional generalist firms, I think the smaller firms will tend to be specialists, in direct contrast to the global service providers," he said. "Increasingly, you will start to see people move away from a compliance management focus and toward a risk management focus; and a move away from a country-by-country administration

of health and safety programs because of the focus on global relationships."

Corporate Downsizing

Corporate downsizing and the outsourcing of jobs requiring expertise in highly technical areas are important developments cited by consultants across the country.

"Corporate downsizing definitely fuels new business for consultants," said Phillip Goldsmith, president of Peabody, Mass.-based Comprehensive Risk Management. "There are many organizations that no longer perceive the need to carry the overhead of a \$50,000 to \$70,000 per year safety and health manager. But on the other hand they recognize that certain things have to be done. Certain tasks *can* be pushed down to the managerial or supervisory level but the more technical aspects of safety and loss control still need to be managed by a safety professional. Thus, they may be able to use the services of a consultant for \$20,000 or \$25,000 per year and still get the job done."

Hank Sarkis, of the Reliability Group in Miami, adds that the outsourcing of certain jobs also reflects a new way of doing business for progressive companies. "I think people are going to be linked individually and collectively through affiliations and networks," said Sarkis. "It's the wave of the future for technical staff-related functions. You can't build cars that way, but in terms of ancillary services, it will become more and more common."

Company downsizing may mean more business for consultants, but Annette Haag, of Annette B. Haag & Associates, Simi Valley, Calif., worries that companies risk falling into a cost-versus-quality trap.

"A company might do away with a medical unit, for instance, and contract that job out, but what it can get instead is someone doing tasks and activities, but not implementing a program," she said. "It winds up without someone who has the company's best interests at heart. It is important that companies make sure that prevention is part of the equation. You can't have an adequate health and safety program without an emphasis on prevention."

What Management Knows

Safety and health consultants have a lot of respect for the people that pay

their bills. In part, that stems from having seen the management hierarchy of companies all over the country become more knowledgeable about safety and health issues.

"Ten years ago, I would have said they don't have that great an understanding of safety and health issues at the senior management level, but that has changed a great deal" Goldsmith said. "The whole workers' compensation cost situation has made senior management more aware of the workplace

"We have to make sure that what we're providing represents high value added methodologies, technologies and judgments," O'Leary said. "The unique advantage we have is that Arthur D. Little is as much a management consulting firm as it is an environmental health and safety consulting firm. And health and safety professionals have for many years been talking about integrating health and safety into the management function."

Sarkis draws a clear distinction be

Consulting: The Political

There has been much talk about the sweeping changes that may be wrought by the Republican-controlled 104th Congress. Will the business of safety and health consulting be impacted by issues such as the downsizing of the federal government, and the transfer of more authority to the states?



Annette Haag

"I think personally in my own business it won't be a factor," said **R. Craig Schroll**, of Firecon, an East Earl, Pa.-based consulting firm. "I prefer not to be impacted upon by the government. Even with the change in party control, lots of the OSHA stuff is rolling along pretty well now. I personally don't see a major change in direction or upheaval in that direction, or a big reversal of trends."

Annette Haag, of Simi Valley, Calif.-based Annette B. Haag & Associates, agrees. "A Republican Congress always has a tendency to put OSHA-related things on hold, but OSHA standards have been in effect for more than 20 years, and businesses must still comply," she said. "With existing regulations, it doesn't matter who is in charge of Congress. Training is still required. There will be plenty to keep consultants occupied."

Christopher O'Leary, of Arthur D. Little Inc., Cambridge, Mass., sees the political climate affecting at least some sectors of the consulting business.



Christopher O'Leary

"I think it will have a disproportionately greater effect on the contracting part of the consulting business," O'Leary said. "We are very for-

environment and their own potential to control unsafe situations.

"The larger the company, the more likely you are to be dealing with someone who has already bought into your concepts," he said, "be it the vice president of finance or the risk manager, or someone else who understands the relationship between control methods and costs -and the less likely that you will have to hard-sell them."

Overall, businesses are becoming a lot more savvy about goals and strategies these days. They have a very clear picture of what they want to do and how they want to achieve it. That puts additional pressure on consulting firms.

tween the companies that have grown in sophistication, and those that are still in the rudimentary stages of assessing workplace operations for safety and health concerns.

"The kinds of companies we appeal to are more or less higher up the learning curve," Sarkis said. "A typical company is one that has reduced injuries between 50 to 80 percent over the last few years, but seems to have hit a plateau. They are still having accidents and injuries, and they want to know what they have to do to get to the next level.

"We have also been contacted by people who are pretty far down the learning curve - and our work scares them.

We talk about empowering employees and implementing self-directed work teams - concepts that transfer responsibility to the employees. You can imagine how that goes over in some of these conservative, autocratic organizations. My general rule of thumb is that the amount of information you impart as a consultant had better be greater than the discomfort you generate -or you will be looking for a new client."

Winning management over is sometimes a chore that requires equal parts

with about 60 people in their operation area. I told them that my findings meant that for every work day of the year, they were operating without three people out on the shop floor. And all of a sudden they sat up and took notice. We were able to relate it to them in terms that made sense to them."

Haag concurs that talking to clients in language they understand is the best way to get a message across. "I always have a rationale for my recommendations," she said. "I try to back up every

ing firm will be a safer workplace.

"The larger percentage of my clients are proactive," Schroll said. "You don't typically hire someone to do the things I do if you are not trying to do a good job. If a company wants to do only enough to get by, there are cheaper ways to do it."

Secrets of Success

Safety and health consultants say their success, in large part, can be attributed to people skills. The ability to interact with different types of people having a varied palette of beliefs, management methods and business practices is paramount.

"The first thing you must have to be a successful consultant is an advanced degree of knowledge and skill," Goldsmith said. "On the other hand, you can't know everything about every subject. I started in this business 25 years ago as a loss control rep for an insurance company. After a few years, I thought I knew everything about safety and health. I started in the same year as OSHA, so I thought it would be easy to keep up with OSHA standards. Such is not the case.

"The second thing a consultant needs to be successful is the ability to deal with individual corporations and their people and their culture. Each one is different than the last one. You have to be able to adapt to what will meet a particular client's objectives."

According to O'Leary, Arthur D. Little has experienced consistent growth in consulting activities and consistent profitability over the past several years. He attributes its success to the fact that it deals with forward-thinking clients, and is not involved in "contracting" activities.

"Contracting is largely a labor-based product meant to address a staffing shortfall, as opposed to consulting, which is a knowledge-based product," O'Leary said. "Contracting tends to be more of a commodity service than a high value-added service, which is what you provide in the consulting area.

"Contracting activities tend to ebb and wane with the economic or political climate. And so some of the consulting organizations that concentrate heavily on contracting are no longer making the kinds of returns they made five years ago."

Another factor critical to consulting success, adds Firecon's Schroll, is the

Impact

fortunate to be working with companies that have a very strong commitment to health and safety performance that is not a function of the regulatory stick. The people that we work with are not people that are emphasizing health and safety because they have to. They are emphasizing health and safety because it is part of their core values, and they are emphasizing health and safety because they recognize that it is good for business. I don't think that commitment on their part is going to change as a function of who controls Congress."

Hank Sarkis of the Reliability Group, Miami, says he is still in a "wait-and-see" mode when it comes to the political impact of the 104th Congress.

"Those issues have really haven't filtered down yet," he said. "In general, as there is more pressure to create more widgets for less dollars, you are going to see increased de-



Hank Sarkis

mands on people. This leads to workplace stress, violence, employees sabotaging their own companies. If the Republicans make capital investment more attractive to organizations, then instead of downsizing, they may be able to find an appropriate size and you might not see the kinds of gut-wrenching layoffs that we have seen in industries over the past years."

Phillip Goldsmith of Comprehensive Risk Management, Peabody, Mass., laments the demise of third-party certification for consultants. "Under OSHA reform, third-party certification would have created new opportunities — but that appears to be dead," he said. "I don't see it being resurrected. As far as other opportunities for consultants, I don't think anything is going to hurt the prospects for consulting. Even a gradual growth in regulatory activity is going to make more opportunities for consulting."

specific information and human psychology. Goldsmith uses both to sell upper management on his recommendations.

"Consultants have to change their pitch to appeal to what senior management understands," Goldsmith said. "In the past, we would always gather information about incidence rates or lost work day rates and so forth, and present these to someone in management. You'd see their eyes start to glaze over. The vice president of finance doesn't care to understand lost work day incidence rates. Now, I tell them what the numbers really mean. For instance, I went to see a client a few weeks ago. They had a plant

thing that is in my report with statistics and secondary sources. I will tell them, for instance, 'Do you realize you will need an extra \$500,000 in sales to cover your losses?' And I try to involve them in the process, so that they feel that some of my recommendations are really their choices. It is always a challenge to try and get management to understand not only the direct costs, but the indirect costs of their losses, such as downtime or retraining. Ultimately, they make the final decision. I can only give them my best advice."

Consultants say the majority of their clients know and understand that the end result of partnering with a consult

basic desire to be a safety consultant. The time it takes to establish a reputation and get a client base you are comfortable with involves quite a bit of commitment, he noted. "If you are in it because it seemed like the thing to do, you won't last."

Networking keeps Reliability's Sarkis in the game. "The typical consultant that does audits and reviews has to network like crazy," he said. "Being very active in associations and professional societies increases opportunities for networking. My partner and I are also affiliated with a local university. I teach part-time in a business school, and he teaches at the University of Illinois in Chicago."

The Information Superhighway beckons Sarkis with its almost limitless potential for networking. "These days, there are some great things coming out on the internet," Sarkis said. "You can't really advertise, but you can enter into discussions with people from all over the world who have similar interests. It's a powerful tool. I hope to get some additional exposure out of that kind of medium."

Haag networks across professional boundaries to make the kinds of con

tacts that make a difference. "My focus is occupational health nursing, but I have always been a member of safety groups," she said. "I moved to another area of California and got involved in the safety group in that area. I have met many people in the insurance industry. They have called on me to help them with their programs, such as workers' compensation cost containment or finding medical providers, and I have called upon them, too."

Almost all consultants agree that positive word-of-mouth from satisfied clients leads to even greater success. "We generate new clients largely through word of mouth," O'Leary said. "Our safety and health professionals are active in many associations. I serve as the chairman of the AIHA management committee. We also publish papers and make presentations. There is a lot of professional networking that goes on."

"The vast majority of our new work and I've been at this for more than 15 years now -comes from referrals," Schroll added. "Repeat business too. If clients like our work in one area, then identify a training need in another, we'll

often get an opportunity to work with them again."

From their involvement with a wide variety of people, consultants know that their far-reaching experience can make a real difference for their clients.

"With the globalization of economies, companies are recognizing that they must have at least a threshold of safety and health performance if they are able to compete effectively in the global economy.," O'Leary said. "We end up doing a lot of work with organizations that are looking to get up to speed quickly. They may not have had the long experience with health and safety risk management that other companies have, but they are looking to take advantage of some of the lessons that have already been learned. And we know quite a few of them."