

SAFETY MANAGEMENT: REDUCING FINANCIAL AND LENDER RISK

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In the construction industry, many businesses and their customers realize that safety is something that adds value to their projects, whether a home renovation or a major infrastructure project. Companies that are careful and methodical in their management of safety are more likely to be careful and methodical about other aspects of their business management—marketing, financial management, operations, human resources, communications, ethical awareness, environmental, risk management and quality.

Safety and methodical safety management can be a powerful asset to a company—a contributor to its performance and a proxy of good management. Many of Saskatchewan's leading businesses have made significant advances in safety as a principal risk-mitigation tool to control avoidable losses in regard to production (down-time), environmental impact, human (injuries and fatalities), financial, and company reputation. Firms can face hefty fines, criminal charges, and jail time for failing to fulfill their legislative obligation to ensure the safety of their workers. Metron Construction in Ontario is an example of this, where a project manager was sentenced to three and a half years in prison for criminal negligence causing death in connection with the deaths of four workers in 2009.

Safety incidents and the financial risk connected with safety incidents are largely avoidable with good safety management systems. Unfortunately, evaluation of safety management systems is often overlooked by lenders when considering financing requests. For example, safety reduces the beta (volatility) of an investment as methodical safety management allows managers to more reliably predict its productivity outflows over long periods.

Certification of a company's safety management systems is an effective measure of a company's commitment to safety. Companies who have achieved the nationally-recognized Certificate of Recognition (COR®) standard in safety certification verifies that a company has a fully-implemented health and safety program that meets national standards and has passed an independent audit. For a current list of COR-certified building construction companies in Saskatchewan visit www.scsaonline.ca/programs/cor-companies

A company that has not achieved COR should be able to provide evidence of the following. If the company cannot provide evidence of the following it may not be invested in proper safety management practices:

SAFETY MANAGEMENT SYSTEMS

- Does the company have an up-to-date safety manual with general safety policies, hazard recognition information, safe work practices, safe job procedures, personal protective equipment, preventative maintenance policies, training policies, inspection policies, and emergency preparedness information?
- Can the company supply records and statistics pertaining to safety—orientation forms, inspection reports, accident/incident inspection reports, medical treatment reports, and disciplinary action forms?
- Can the company provide evidence of internal and external safety audits? External audits should be carried out by independent bodies with no financial relationship to the company.

Employee Training

- Do all employees receive safety training? Can they produce training records?
- Do employees have safety training in key areas which may include: Fall protection, Workplace Hazardous Materials Information Systems (WHMIS), First Aid/CPR, Transportation of Dangerous Goods, Confined Space Awareness, Air Quality Monitoring, and Scaffold Erection/Dismantling?

Is the Firm Reputable?

- Does the firm have a business licence?
- Can the firm provide proof of commercial Insurance?
- Can the firm provide a WCB Letter of Good standing showing that the firm has an account with WCB / all premiums are paid?
- Can the firm provide qualifications or accreditations from warranties, product certifications or bodies like the Better Business Bureau? 

The Saskatchewan Construction Safety Association (SCSA) is an industry-funded non-profit organization that provides cost-effective, accessible safety training and advice to employers and employees throughout the province. Visit scsaonline.ca for more information.