



COLLATERAL REPAIR:

How a Safety Culture Initiative Resulted in Some Unanticipated Benefits for an Independent Oil Refinery

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In 1943, three agricultural cooperatives, concerned about having enough fuel to operate their equipment during WWII, came together and purchased Globe Oil Refinery, a small, independent operator in McPherson, Kansas. The great majority of the workers were local, former farmers, sons and daughters of farmers, who brought with them a time-honored “get ‘er done” attitude prevalent in Midwestern farming. That attitude was perfect for high-output production, but not so great for safety. That is one reason that farming is statistically the fourth most dangerous job in America, trailing only deep-sea fishing, logging, and flying, but more dangerous than mining.

That prevailing cultural attitude persisted at the McPherson Refinery into the 21st century, and likely contributed to the lackluster safety performance at the plant – which compared unfavorably to its peer group of independent oil refineries, against whom they are generally judged. In 2007, Jim Loving, the president of the company, concerned over these results, asked his safety department professionals what they could do to improve their numbers and bring them more in line with the industry. Since this was coming directly from the president, they promised to dig deep for possible options, knowing this would be an uphill battle due to past failed safety programs. A recent



foray into Behavior-Based Safety had not only failed badly, but it had further strained relations between management and the union.

Six months prior to the company President’s request, Scott Swanson, then a Safety Representative with the company, had heard a talk at an ASSE conference by Dr. Steven I. Simon that intrigued him. He signed up for a three day seminar to find out more about this culture change process and see if this could be the answer. He found that the journey Dr. Simon described, i.e. safety culture change, was so totally alien to the McPherson ethos that it might actually work, shake up the status quo back at the plant and enable them to go in a new direction. Instead of the company, and more specifically, the safety department bearing all the responsibility for safety, hourly employees would share that responsibility with employees empowered to take on a significant role with regard to their own well-being. Too good to be true he wondered? Never work in McPherson? He wouldn’t know the answers to those questions until he returned home and made his pitch.

WE’RE NOT IN KANSAS ANYMORE

Upon his return, the presentation was made to the NCRA leadership group, describing what the safety culture journey would entail. They acknowledged that they had never done anything like that before, involving employees in choosing projects and empowering them to carry them out, but they were willing to give it a try—if the union was amenable. Getting the union firmly on board would be paramount. The company’s past experience with Behavior-Based Safety indicated that this would be a necessity.



The consensus was the earlier Behavior-Based Safety initiative had not won support partly because management had not effectively communicated with the union and not solidified prior approval, which was indicative of the culture at the time. It had been presented as a *fait accompli*; here is a program we like and we think can work, and this is what you need to do." Not surprisingly, the program, which began as voluntary and became mandatory, was resented. Employees went through the motions and pencil-whipped the reports. It might have failed anyway, but union resistance doomed it, and the mistrust within union management relationship for safety was forged.

In the matter of culture change, site management decided to be totally transparent with the union and get them involved from day one. Communication at every phase of the process would be essential for there to be any buy in. Scott was assigned the task of working with the union. Rather than try to explain and promote safety culture on his own, he decided to see if he could recruit a couple of senior members of the United Steel Workers local leadership to accompany him to Culture Change Consultants' three-day course on the subject. The union president declined the offer, concerned that he would appear to be too cozy with management, but two other union officials, Rob Gibson, newly elected chairperson for the Union Workman's Committee and Dave Russell, Chairperson for the Union Health & Safety Committee, agreed to go.

Rob didn't know what he was getting into, but the idea of spending the week in San Diego in January was undeniably appealing. After the first few hours of the first afternoon, however, he thought he might end up regretting his decision. Asked to talk about themselves to a room full of people, and to describe the culture of their company in

words and pictures made him pretty uncomfortable. "What the heck did you get us into," Russell inquired. Be patient, "Just give it a chance," was Scott's reply. At the end of the week, if you don't see its value, we will head home and not another word will be said.

By the middle of the second day, the two union officials began to see the point of a safety culture change approach, and more importantly, to appreciate how it might work to benefit safety in McPherson. The biggest obstacle would be to break down the massive mistrust between management and the union. According to Gibson, who began work at the refinery in 1975, "we had been doing things the same way for a long time, for as long as I can remember. There was them and there was us. The idea of working jointly, of sharing responsibility for safety, of management yielding us a measure of empowerment; well, it was almost incomprehensible." They returned to Kansas hopeful and skeptical at the same time.

NO PLACE LIKE HOME

Rob and Dave reported back with a positive recommendation, and the first step was to persuade their constituents to give safety culture change a chance. Scott met again with the leadership group and gave them an update. They understood their existing safety culture values and beliefs had been informing their current safety decisions for decades. Yet, being a company culture whose expectation was to get it done yesterday, the idea of an incremental, multi-year safety culture journey was not particularly appealing. Yet, the existing safety culture norms and assumptions had been influencing their current safety decisions whether they understood them or not. Despite the uncertainty, they agreed to go ahead, one step at a time. The two union representatives also reported back with a positive



recommendation. A simple one-page agreement was signed, which would end up having some revolutionary results, not all of which could be appreciated at the time.

After a day of educating and enlisting the leaders, both union and management, they agreed to go ahead with a CCC culture assessment and to decide after that whether or not to proceed. Nicholas Krump and his team came to McPherson in 2008 and conducted a perception survey, with 95% participation, as well as focus groups and interviews with approximately 25% of plant personnel. These results, along with the significant findings and recommendations, were contained in a report that was ready for presentation in November of that year. In a departure from past practices, and in their commitment to transparency, the report was presented to representatives from all levels of the company at the same time. In the past, union leaders suspected that management cleaned up much of the information that was presented to them.

This open process allayed any such fears and marked the beginning of improved communications between the two groups. The decision to be transparent with the findings set in motion the work to build trust between work groups. In addition, every employee in attendance received a complete, written copy of the report.

The results of the assessment were decidedly mixed, with trust at the very bottom, with only 23 percent of employees voting positive, and responsiveness of management and supervisors to employee

safety concerns not much higher. Jim Loving, the president of the company, while saying that he might not agree with everything contained in the report, recognized that it represented the perceptions and views of plant personnel. As such, it pointed out some of the weakness of the culture, and opportunities to improve it.

TEAM WORK

A Guidance Team, made up of joint management-union leadership, was formed to lead the overall safety culture strategy and implementation. The team spent three days with Nicholas forming expectations, assigning roles and scripting the next steps. This was one of the very few times that management and union had gathered together in a non-



Guidance Team Project: Family Safety Fair 2014

confrontational environment. Typically, they sat across from each other in contract negotiations and to air grievances—not exactly congenial circumstances. As a Guidance Team, they were not only charged to work together cooperatively, but on an ongoing, weekly basis.

There was still a lot of back-and-forth during the team formation, but it was constructive rather than confrontational.

According to Earl Hancock, then Union Vice President and one of the safety culture champions, “For me, it was the first time that such a gathering—cross-section of leaders—got to talk about safety and work toward a common goal. You also got to know them as people. Everyone left their hats at the door and we were able to interact as equals.” Another union Guidance Team member stated,



“This is the first time I felt valued by the company.”

In comparing notes from the assessment report, it came out that neither upper management nor the union was perceived to take responsibility for safety. According to Hancock, “I believe it was the first time that management thought they truly had responsibility for safety. They had a safety department for that. And the union thought the same thing in reverse, that the safety department should keep us safe. We were used to having things shoved down our throats and, in turn, we found it easy to bitch and complain.” The Guidance Team agreed that all of them needed to get more involved, and it would take a critical mass of people involved to effect cultural change.

In a bold decision, the Guidance Team’s first project was to do away with their old safety incentive program, which rewarded employees with cash for not getting hurt—or, at least, not reporting incidents. Even though they received rewards for their safety performance, they recognized from focus group comments that the program was driving reporting underground and that they did not have a ‘reporting’ culture. It was also one of the areas that scored lowest on the Assessment Report. So that first year, they simply gave everyone the full incentive bonus, regardless of their safety performance. Subsequently, they sought input from employees about a plan that would make better sense. Based on that feedback, the Guidance Team launched a voluntary safety participation program, which rewarded employees for getting involved in any of the teams, safety events and daily practices at the plant.

The first of these new teams were four Grassroots Teams, made up of mostly union hourly employees, empowered to complete safety culture projects, with approval from the

Guidance Team. Nicholas returned to form the teams over a three-day period. They were encouraged to go after the low-hanging fruits, getting their feet wet with easier 60-90 day projects. Having hourly union employees choose which projects to undertake to affect their cultural norms and assumptions and to plan and execute them added a whole new dimension of first-hand knowledge and experience to safety.

The company extended trust to those employees who were most at-risk. Many of the projects had to do with practices, procedures and routines that existed but were not followed, emphasized or enforced, including housekeeping, fall protection and reporting to operators when entering their areas. Having peers and co-workers take on these projects, by raising awareness to the safety norms and assumptions, had an immediate and dramatic effect on compliance. According to Gibson, some of the old-timers are still holding out, but the response of everyone else has been impressive. “We didn’t have to beat people over the head. As soon as we made the case for change, people were more than willing to pitch in. For instance, you wouldn’t believe the difference the housekeeping project had in making our plant look and feel 10 times safer. Most everybody is doing their part.”

But what does this have to do with culture? Gibson, who also carried out the role of general manager of the Grassroots Safety Teams’ coaches, was asked that question at one meeting, a few years into the culture change journey. In response, he had his team make a list of the projects that had been carried out by the teams. “Is this a nuts and bolts or a culture project?” he asked them. Almost all included a ‘nuts and bolts’ fix or new approach. However, upon further discussion, the consensus of the team was that the projects were both mechanical and



cultural, that there was employee involvement in the work, the gathering of input and solutions from co-workers, the surfacing of unwanted cultural norms and assumptions, management support, the communication among the various entities—and simply “getting stuff done”—all contributing to improve the safety culture.

ELEPHANT IN THE ROOM

In the beginning, all the teams got most of their inspiration and ideas from the 2008 safety culture assessment report. They designed projects to improve performance in areas where the company was most lacking—with one notable exception. Trust, specifically between management and hourly, was the issue that scored lowest in the original assessment. It was an issue that was intimidating and somewhat overwhelming. The levels of mistrust were too big for the Grassroots Teams to take on and too sensitive for the Guidance Team of newly melded management and union leadership. “The scores say that we don’t trust you and you don’t trust us, but maybe it’s better if we try to ignore it,” was the common refrain. As a consequence, none of the teams took on the issue of mistrust directly. What many were not aware of until later was that all the teams were developing trust almost *inadvertently*. By working on one Guidance Team, members were forging bonds between management and labor. By supporting Grassroots Team projects, and sharing decision making with the employees, management was demonstrating trust for the independent work of employees.

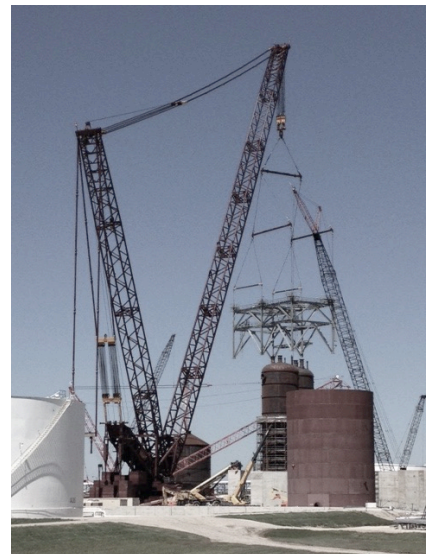
According to Earl Hancock, “We never did tackle trust head-on, but we built it up incrementally, with lots of interaction and positive experience. You sit in a room with folks for hours, work on projects together, and just get to know them as people with families and interests and concerns and you begin to

appreciate them and where they are coming from. At one point, we are meeting together as a Guidance Team and then we step across the hall and are negotiating a four-year contract. That was another benefit of culture change, how much better company and union relations were in general.”

When the re-assessment was conducted by Culture Change Consultants, Inc. in 2011, not only did the feedback report show that the overall score had increased significantly, but that the trust factor had risen from the bottom of the scale to a respectable moderate position. This was an ancillary benefit that only a few had anticipated.

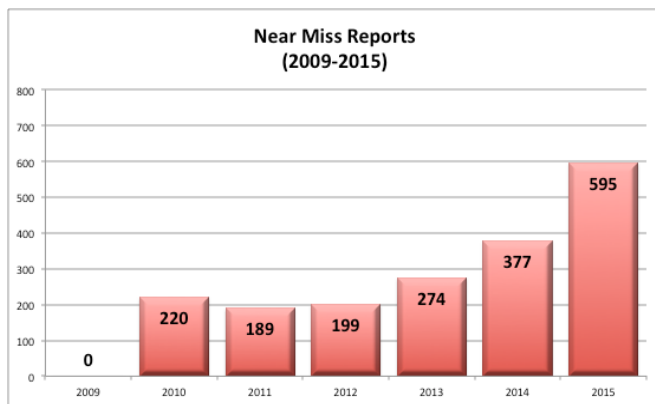
BUILDING ON TRUST

One area of concern was the lack of reporting of accidents and near misses. Removing the old incentive program was a small step in the right direction, but did not go far enough, so a new reporting process was put in place, with four categories: accidents, near misses, hazardous conditions (potential accidents) and operational interruptions. Employees were assured that there would be no repercussions for reporting. This required the VP of Human Resources, also a member of the Guidance Team, to announce full amnesty for reporting a near miss incident. The catalyst to the near miss reporting culture was the transformative leadership of Ken Sims, Manager of Refinery Operations, who upon self-reflection





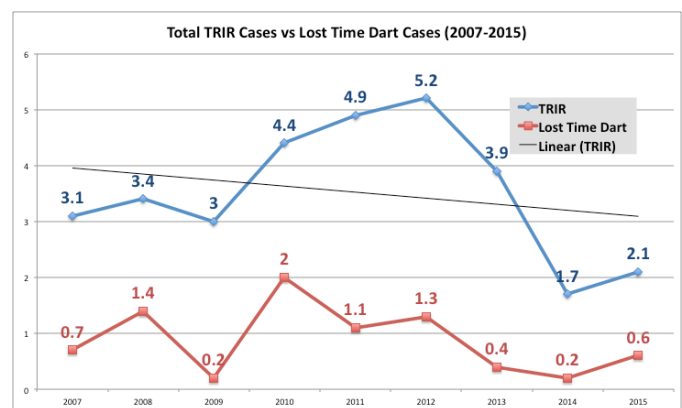
changed his own behavior around near miss reporting. He began to use the software in his daily meetings with direct reports, and the conversation shifted. Based on a new-found level of trust, and knowing the incidents were discussed by management; employees began to report incidents and conditions at a heretofore astounding rate.



The benefits of having a robust near miss reporting culture in place are many-fold. First and foremost, the company learns of issues and hazards that need to be fixed that otherwise would go unreported. When they are fixed, it demonstrates responsiveness, care and concern for employees. When employees are not disciplined for reporting incidents for which they may be at fault, it engenders greater trust. In one instance, a valve was left open that was emitting H2S, a situation that could have proven deadly. It was caught in time and could have been glossed over, but the employees responsible for the lapse reported it nonetheless, in spite of the fact that they expected to be disciplined and get days off without pay. But they felt that the information about the procedural lapse should be shared with all employees as an opportunity to learn and minimize the potential for it happening again. Instead of discipline, however, the head of the refinery congratulated them for their honesty and courage in coming forward. It

was a story that spread rapidly and took on a life of its own.

The reporting culture also benefitted communications at the refinery. When an incident or potential hazard is reported, people need to know about it. As a matter of course, these issues are brought up at every single 8 a.m. operations meeting and every afternoon maintenance meeting. Perhaps the one negative of the reporting program was that, at least initially, the company's safety metrics suffered a hit. Along the journey, there was a crisis of confidence among the leadership. Management believed the safety culture projects had affected safety performance, yet the lagging indicators did not show improvement. Members of the Guidance Team assured management that the culture was changing and the current metrics were an honest representation of safety, unlike in the past. Management was courageous and willing to look bad on paper for the long-term benefit of reducing accidents, with the ultimate goal of establishing a learning culture.



BUMPS IN THE ROAD

Many of the workers at the refinery who had been there their whole working lives harbored deeply ingrained mistrust of management, and had their own way of doing things—not always conforming to safety procedures. Fortunately, according to Scott,



some of the greatest champions of culture change came from the union's senior members and leadership. Based on their endorsement, most of the workforce came along, albeit some did not. Meanwhile, the refinery was experiencing a major retirement and hiring cycle.

Reaching the new employees became an important part of the journey. A Grassroots team took on a project focused on mentoring new employees. Since most recruits come from the local McPherson area, they come with almost no refinery experience. Each new class of recruits is given seven weeks of training before assuming their daily duties. The mentors meet with the recruits several times throughout this training, as a group and individually. Since they are new to the plant, to the people and its culture, this is an important supplement to the more formal training. As one former coach said, "Showing them around the plant and sharing our culture is important. They learn a lot about the many hazards associated with working in a refinery and have the opportunity to share what it is like to work in a union environment, including whose chair not to sit in at the cafeteria." While seemingly benign, this is an aspect of the local culture that can have a lasting influence.

Managing the transition phase of the safety culture change journey through years 3-6 was a challenge that teams at McPherson, like at many other companies, have faced. Earl Hancock credits the periodic Health Checks conducted by Nicholas as helping to keep them going. "All the teams and leadership get together and learn from each other and it's like a big pep rally and gives us a shot of energy."

A decision was made early on to delay including the supervisors in an active role in the culture change, to avoid having supervisors with employees (their direct

reports) on teams together. The concern was the existing hierarchy was so strong that employees would defer decision making to the salaried supervisors. The work with salaried supervisors included a targeted intervention—a series of Leadership Alignment Dialogues. The messages from senior management may not always be transmitted accurately. Misalignment of the leadership levels can result in incomplete safety culture projects, lack of employee trust, mixed messages, unwillingness on the part of supervisors to invest the time to understand the concepts of culture change, and higher resistance to new cultural norms. Situated somewhat uncomfortably between management and labor, supervisors play a crucial role in the culture change process. Their support can make the work of the Grassroots Teams go more smoothly; tacit opposition can breed resentment. Creating shared leadership within the safety culture change process through leadership alignment allows participation from all levels of employee groups—rare in hierarchical organizations, but essential for shared responsibility with regard to safety. Now, at CHS McPherson, supervisors are an integral part of the Grassroots Teams, Guidance Team and coaching network.

TRUST AND CHANGE

The culture change journey at the McPherson refinery has engendered a higher degree of trust between management and employees than originally thought possible. In its turn, this new level of trust allows employees to deal with change in a more positive way. Whereas, in the past, change was typically greeted with suspicion or, at best, skepticism, employees now seem to be more receptive.

One change has been the massive plant expansion, aimed at increasing overall



production. Additionally, the decision was made by Rick Leicht, VP of Refining, to delay the most recent turnaround six months to ensure projects were on schedule for completion and to allow the newer, less seasoned workforce extra time to prepare for a safe shutdown and turnaround work. The Grassroots Teams took the lead in pre-turnaround safety training, including contractor safety. The spring 2015 Turnaround had as many as 5,000 contractors on site working alongside CHS employees.

The latest significant change came in September 2015, when the majority owner CHS, a Fortune 100 company, bought out the remaining shares of the other two ownership entities. From being an independent stand-alone refinery, McPherson became a small part of a large, multinational corporation. This transition came with a significant degree of discomfort and anxiety, but has gone relatively smoothly, due in part to the relations built through safety culture.

Scott stated, people made an effort to take things in stride. There were lots of changes. We had been doing things a certain way for a long time, so it was a bit of a jolt”, but we worked through it as a team. “There was no panic attack”.

The increased level of trust that employees have in management, and the sense that we are all in this together and sharing many of the same interests and goals continues to play a significant role.

Senior leadership from CHS visited the plant during this transition and set aside a few minutes to hear about the safety culture change journey at McPherson. They listened for an hour as Earl Hancock and Rob Gibson gave the presentation. CHS not only showed interest in the journey, they were even more impressed with the fact that two union guys conducted the presentation. As CHS programs continue to integrate with the McPherson

refinery, hopefully pieces of the McPherson culture will have an opportunity to influence CHS.

Reducing the number of incidents and injuries is the main purpose of safety culture change; but the increase in trust and employee involvement may be its most important byproduct.



Since 1983, Culture Change Consultants, Inc. has partnered with Fortune 500 companies in all industries to achieve sustainable safety culture results.

For more information, visit our website at www.culturechange.com or call us at (914) 315-6076.

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