

# A Solution (R)evolution



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To succeed in our profession, we must set our companies, our customers, our colleagues and our competitors free by adopting the Active Agenda.

John F. Kennedy said, "There are risks and costs to a program of action. But they are far less than the long-range risks and costs of comfortable inaction."

Following more than 50 years of combined experience in risk management, and 10 years of searching for a shared solution to the global loss problem, we have reached this disconcerting conclusion: Multiple forms of individual, organizational and market-imposed control of data and resources – driven by proprietary motives – are impeding success in the safety and risk management profession.

To overcome market-imposed controls, risk management professionals will need unrestricted access to the tools, collaboration and support of a global network of human and technical resources. We propose a global solutions project – the Active Agenda – that will enable inter-functional and interdisciplinary collaboration, reinforce corporate values and optimize organizational efficiency and results among community members. We propose "a solution (r)evolution," which would make the product of this collaboration available to all – for free!

Following a 10-year quest to unearth a solution capable of resolving the problem – the pain of human injury and billions of dollars pouring out of organizations every year – we've reached a conclusion: To succeed in our profession, we must set our companies, our customers, our colleagues and our competitors free.

Speaking to *Fast Company* magazine on the courage requisite for effective leadership, Dr. Robert Jarvik, inventor of the Jarvik-7 artificial heart, said, "Leaders are visionaries with a poorly developed sense of fear, and no concept of the odds against them. They make the impossible happen."

We don't claim to be visionaries. However, we fearlessly are committed to succeed in our mission to inspire a global project, based on an open and mutual network that will enable the safety and risk management profession to succeed – against all odds.

This article is about the challenges and systemic impediments encountered in bringing innovative change to the safety and risk management professions that are controlled by market interests that only can



then claimants and, eventually, to litigants or “enemies.”

We have been so focused on problem solving (via control strategies) that we have failed at problem seeing. Our attempts to control numbers has reduced our access to preemptive organizational knowledge (culture indicators) and has severely suppressed availability of organizational data (low-severity incidents). Our preoccupation with control as a solution has prevented us from seeing freedom (aka transparent collaboration) as the solution.

### The Keys to Success

**T**he keys to success lie in those functions favored within organizations, such as operations, manufacturing and engineering. In viewing these, it becomes obvious that their similarities are far more plentiful than are their differences, with the problems of waste, expense and loss costs being the common enemy across functions.

Risk management success lies in our ability to align with these core functions, and leverage their organizational advantage (power, position and resources) to achieve shared business objectives. This is best accomplished with collaborative systems that eliminate process waste (redundancy and inefficiency), reduce loss costs (claims and expenses) and promote trusting relationships based on values that strengthen organizational cultures and lead to greater productivity and sustainability.

Recognizing that in business, numbers define performance, and that wrong numbers can defeat best efforts, an integrated risk management system must utilize integrated metrics that are sensitive to functional differences, yet focused on common financial objectives.

At a certified risk managers course presented by the Insurance Institute of America, we were intrigued by a session that proposed that “insurance was only 20 percent of 20 percent of risk management.” Voila! Finally, it made sense! The “tail” (financing) was wagging the “dog” (risk identification, measurement, control and administration – aka, operations). No wonder the “dog” was confused, frustrated and starved for results.

thrive if the profession fails.

It also is an open invitation to operations, risk and safety managers to participate in a freedom march that will break the chains of control that perpetuate both human suffering and economic loss in the workplace.

If you are a person of conscience concerned with the escalating cost of loss and frustrated by the lack of progress in stemming this huge drain on people and profits, then read on: This message is for you!

### The (Evolving) Problem

**I**t often is said that 90-plus percent of problem solving lies in accurate problem “seeing.” We have found this to be the case in operational risk control.

Early on, the profession perceived the problem to be: “How do we achieve statutory compliance and avoid regulatory fines?” As time progressed, the problem was redefined to: “How do we safeguard facilities to limit exposure?” It then evolved to: “How do we change poor employee attitudes?” And then it evolved into a process of observing, measuring and managing at-risk behaviors.

As the profession’s understanding of business motives improved, it morphed further, to: “How do we manage lagging performance indicators to impact ‘the

numbers?’” Now, the problem has become: “How do we stop the bleeding – the escalating costs of injuries?”

Efforts to address each incarnation of “the problem” have been met with a common approach – imposed controls, some external and some internal. These controls were based on command authority: rules, policy, compliance hammers, corporate mandates, progressive discipline and, of course, the obligatory training, retraining, remedial training and disciplinary training, all of which disregarded the real sources and causes of workplace accidents: dysfunctional management systems!

After years of best efforts, and with senior managers growing impatient for results “now,” the core impediment has become clear. Ironically, it is a basic tenet of the safety profession – control-oriented thinking.

Whether motivated internally or externally, control strategies ultimately impede performance by shutting down communications, eroding trust, eliminating cooperation and sequentially transforming clients into “hosts,” internal functions into “competitors” and workers into “adversaries.” Imposed controls also promote the transformation of employees from valued co-workers to victims, then patients,

The objective is now clear. As a profession, we must leverage the power of technology to create an integrated risk management operating system capable of enhancing collaboration, reinforcing values and optimizing organizational efficiency and results. We must make this technology available to all for free, and invite everyone to share and improve the evolving solution.

One might ask: If open, transparent management and collaborative knowledge sharing via today's technologies is the solution, why then isn't such a solution available today?

And that answer is simple. Efforts to inspire collaboration and freely distribute innovation in the safety and risk management profession run counter to proprietary (control-oriented) motives imposed by institutions that benefit from problems (loss) remaining unsolved. These motives are many, each driven by self-serving, proprietary interests, and each the enemy of the Active Agenda.

### Harsh Realities

There are several harsh realities and hidden agendas created by and embedded in the risk and safety marketplace and opportunities to expose and confront them available through the Active Agenda project.

**Harsh Reality No. 1:** Insurance carriers retain ownership of client loss information (which aids in control of the client).

The Active Agenda is open and not controlled by any individual or institution. The Active Agenda retains ownership of knowledge and experience (aka data) within the organization where it is generated.

**Harsh Reality No. 2:** Insurance brokerages are resistant to value-adding innovations that may threaten relationship marketing (aka, commission control).<sup>1</sup>

The Active Agenda requires risk services firms such as brokers and consultants to differentiate themselves based on the value of their services, in support of the client organization's best interests. The Active Agenda demands value from service providers.

**Harsh Reality No. 3:** Insurance brokers and carriers are motivated to control clients via renewals and retentions by using proprietary products,



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practices and services.<sup>2</sup>

The Active Agenda changes relationships from dependency on proprietary products and services to procurement of value-adding support services and risk financing vehicles. The Active Agenda aligns the interests of the enterprise with the reality of the insurance industry business model – client-controlled solutions vs. carrier investment income.

**Harsh Reality No. 4:** Self-insured companies rely on the same or similar proprietary services offered to traditionally insured companies through insurance brokers and service providers. Self-insured companies are susceptible to similar forms of control.

The Active Agenda puts the risk managers of all functions, at all levels, in control of company data, and postures them to identify and manage risk, negotiate better programs and maximize the impact of risk control investments.

**Harsh Reality No. 5:** OSHA's record-keeping requirements and targeting based on rates practices unin-

tionally misguide organizations by encouraging the suppression of data that is required for good decisions and improved results. The end result is lower numbers, and higher loss cost.<sup>3,4</sup>

The Active Agenda enables the measurement and analysis of pre-incident activities performed to pre-empt incidents and reduce costs. The Active Agenda utilizes tools to capture high-frequency reporting of low-severity events, and inspire measurable actions.

**Harsh Reality No. 6:** IT departments can be impediments to improved performance by their support decisions. These decisions can lead to control of innovation.

The Active Agenda utilizes open source code that can be downloaded, customized, maintained, hosted, improved and supported by local users and IT departments. The Active Agenda eliminates the need to ask permission for success from a vendor or service provider of *any* kind.

**Harsh Reality No. 7:** High turnover among risk control service providers

results in business discontinuity, and a series of demoralizing restarts.

The Active Agenda plans for this by capturing upstream and downstream risk control participation and activity. This ever-growing database of retrievable knowledge and history can substantially ease the impact of internal staff changes and the revolving door of external risk control service providers (often resulting from internal staff change – see the cycle?).

**Harsh Reality No. 8:** Many companies profess: “Safety is our No. 1 priority,”

but, in reality, safety initiatives are frequently under-funded due to operational budgetary constraints and the perception that safety is not part of the core business.

The Active Agenda is free and open! It is comprised of tools that users are free to download, free to use, free to share, free to improve and free to integrate into core business tasks. The need to compete for scarce resources and seek budget approvals for proprietary products is eliminated.

### Enabling Core Truths

Here are some of the core truths of high-performing organizations and characteristics of the Active Agenda required to enable the conversion of core truths to practical realities:

**Core Truth No. 1:** Risk control is integrated into core business processes.

The Active Agenda manages business objectives utilizing shared processes. The Active Agenda flattens operational risk management by collapsing functional, organizational and geographical silos and streamlining risk control with shared resources and common business processes.

**Core Truth No. 2:** Ownership of process is key to success.

The Active Agenda tracks internal and external accountabilities and involvement. The Active Agenda tracks, measures and reviews service provider promises, involvement, delivery and performance accountability.

**Core Truth No. 3:** Collaborative business processes yield better results.

The Active Agenda collects data from across the global enterprise and allows open access to data thereby allowing organizations to more effectively collaborate and impact performance.

The Active Agenda enables resource availability and deployment by providing reciprocal access between the organization and a globally dispersed network of best-qualified solution providers.

The Active Agenda allows advisory support from an unlimited number of invited subject-matter experts and incorporates the insightful guidance of experienced people and organizations – no matter where they are or which organization they report to.

**Core Truth No. 4:** Problems AND solutions scale.

The Active Agenda deploys solutions that are equally effective for a single department, of a single physical location, of a single organization and for multiple departments, of multiple physical locations, of a global network of organizations.

**Core Truth No. 5:** Process measures upstream are better for controlling loss metrics downstream.

The Active Agenda captures and benchmarks performance data, upstream of loss. The Active Agenda focuses on process-related metrics and

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calibrates against results.

**Core Truth No. 6:** Open access to organizational knowledge yields better results than hidden truths.

The Active Agenda deploys solutions with complete transparency, sharing risk-control methods and loss experiences with a global network of workplace protection stakeholders. Open access allows decentralized resources, stakeholders and service providers to observe and assist with risk control from wherever an Internet connection is available.

**Core Truth No. 7:** Business culture

drives loss costs, and just about everything else in an organization. Collaborative processes increase communication, improve performance and reduce waste.

The Active Agenda enables the collaborative management of business risk by centralizing business tasks and processes and decentralizing solution providers. The Active Agenda relies on collaborative processes to enhance culture and reduce loss costs.

The Active Agenda seeks the tools necessary to consider migration to the alternative insurance market where



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the organization is in a better position to manage its interpersonal, interoperational, interorganizational and interglobal relationships. The alternative market helps organizations foster a more positive, proactive culture.

The Active Agenda targets business practices and cultural improvements that are not found in the traditional risk control agenda. The Active Agenda increases the utilization of public forums, surveys, feedback and the tracking of threats to business values.

### A Solution (R)evolution

**F**or risk control professionals to succeed in driving change in their organizations, they will



need the tools, support and collaboration of an open network of human and technical resources committed to confronting those forces positioned to impede their progress.

The solution is freedom; freedom to openly use, share, distribute, modify and benefit from the solutions of a global network of organizations and individuals that are more interested in solving the problem than profiting from it.

That solution is Active Agenda – an open source, 80-module (for now), Web-enabled, risk management oper-

ating system and global collaboration project available free under the reciprocal public license.

Our efforts to persuade an industry from the top down have failed. If we are to succeed in our vision, mission and commitment, we will need to invoke and inspire a solution (r)evolution.

Will you join us? **OH**

Visit <http://www.activeagenda.net> to enlist in a movement that can change the future of risk and safety management.

<sup>1</sup>[http://www.senate.gov/~govt-aff/\\_files/SpitzerTestimony.pdf](http://www.senate.gov/~govt-aff/_files/SpitzerTestimony.pdf).

<sup>2</sup><http://www.ins.state.ny.us/invest/comp.htm>.

<sup>3</sup>"CAUTION, Beware of OSHA Statistics," *Professional Safety*, December 1995.

<sup>4</sup>"Beware the Disconnect," *Professional Safety*, November 2005.



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