



Simmons Company

How Simmons Company Turned Safety into a Profit Center

Industry
Manufacturing

Facility Location
Multiple

Overview

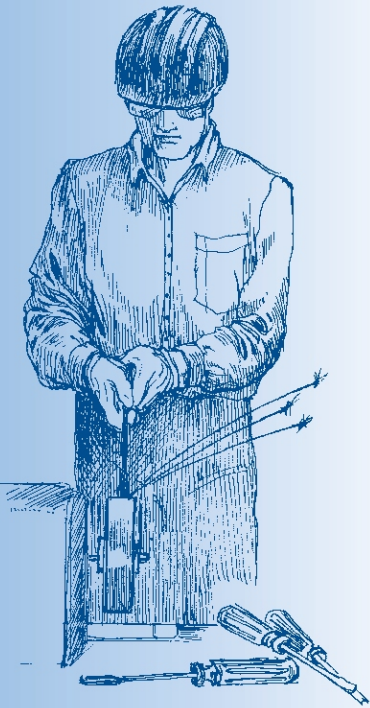
The conventional wisdom is that safety training and fulfilling OSHA regulations are expenses that don't translate positively to the bottom line. Manufacturing companies traditionally undertake safety measures in order to meet regulatory requirements, to minimize workers' compensation expenses, and to avoid expensive litigation. From a financial perspective, safety initiatives are basically a cost of doing business - not endeavours that yield increased productivity, dramatic cost reductions and improved earnings. Yet Simmons Company, one of the world's largest mattress manufacturers, recently disproved this notion in stunning fashion.

"We haven't just made safety a self-funding program," explained Dr. Jonathan Dawe, Simmons Company's director of human resources for safety, wellness and workers' compensation. "Safety contributes dramatically to our success."

Indeed, Simmons not only reduced accidents and workers compensation costs by more than 75%, but has also increased productivity and earnings. And, as the recent recession and anemic recovery posed serious hardships for other U.S. manufacturers, Simmons has prospered and grown. Dr. Dawe describes Simmons as a Cinderella story - and that's no exaggeration.

Background

Just as was the case with many old line manufacturing companies, Simmons once paid employees on a piece work system. The more you produce, the more you make. The rationale behind this incentive is simple: increased productivity. Unfortunately, one of the casualties of this approach to compensation can be safety. As workers rush to produce, they can often cut corners and even alter machines to work faster. People who aren't paying full attention inevitably have accidents.



As in almost all types of manufacturing, building mattresses involves a good deal of heavy machinery, some of which, if not handled properly, can be very dangerous. Large coiling machines convert wire into tightly coiled mattress springs; workers wield rapid-fire nail guns to assemble the frames and staple guns to attach the upholstery. Huge quilting machines assemble the panels while rows of workers toil at industrial sewing machines. Large machines, sharp objects, noise, and dust all add up to a formula for danger.



Dr. Dawe came to Simmons in 1999 after a stint at BellSouth as safety and training supervisor. He recognized his challenge immediately: more than simply addressing OSHA compliance and workplace hazards, the company needed to define a vision and set of goals for safety. Starting by creating a plant safety manual, something that Simmons lacked, Dr. Dawe then set out to gain the commitment of company management, initiating training sessions for supervisors, plant operations managers, and corporate executives.

Shortly after Dr. Dawe's arrival at Simmons, a new senior management team led by CEO Charlie Eitel took charge of the company. When Dr. Dawe approached the management team to make the case for safety, he found he didn't need to evangelize. "Charlie Eitel, company president Bob Hellyer, our CFO William Creekmuir, the executive vice president of HR Rhonda Rousch and the entire management team immediately embraced what we were trying to accomplish," explained Dr. Dawe. Management saw the challenges clearly, budgeted for safety and helped lead the change.

Working closely with the company's executive leadership, Dr. Dawe put together a National Safety Audit Process at all of Simmons 18 plants consisting of a comprehensive, week-long, unannounced mock OSHA inspection. A team of auditors looked at each factory's record keeping, shop floor, and training materials. They also interviewed associates on the floor.

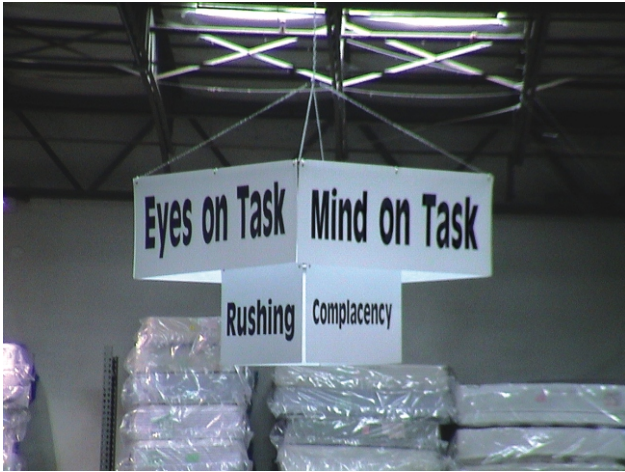
The team discovered that many associates would not wear protective equipment such as safety glasses, hand protection, or steel-toed shoes. Many on the floor wore loose fitting clothing that could get caught in machinery.

The results of this audit revealed that the company needed to immediately address hazards and implement safety training and safe procedures. Simmons responded with a company-wide effort. The company established a comprehensive safety program consisting of fourteen elements that defined safety objectives and key tactics. The leadership teams at each of Simmons' plants developed site-specific safety action plans. With management already on board, it was important to recruit the line workers in this effort. Simmons organized employee dominated safety committees responsible for safety inspections, training, accident investigations, and hazard abatement. As all of the pieces of the effort came together, Simmons started to train.

The Training

Dr. Dawe understood that an effective safety program must address essential concerns like hazardous conditions, ergonomics, regulatory compliance management and safety regulatory training. However, he believed that these initiatives alone would help Simmons achieve only partial success. A well-rounded safety program would also need to maximize employee involvement and minimize the human errors that could lead to workplace accidents.

Behavior-Based Safety (BBS) offered a potential solution. Yet Dr. Dawe felt that Simmons needed something that would kick-start the company's safety effort more quickly. He was also leery of the paperwork, cumbersome administrative procedures, and



requirements for rote observation that came with typical BBS programs.

When Dr. Dawe came across a preview copy of the SAFESTART program, he quickly realized he had found an ideal complement for the other core elements of Simmons' safety program. According to Dr. Dawe, there were important reasons for his choice.

“Number one, it was common sense information,” he commented. “The materials are presented in a way that our associates can relate to, whether it was on the job, at home, playing sports, or whatever. The most appealing aspect was that the program is very jargon-free.”

While SAFESTART is based on many of the same underlying principles of BBS, it takes a simpler, more direct approach to raising awareness and changing behavior. The program illustrates four critical errors that lead to 80 to 90 percent of all workplace accidents: eyes not on task; mind not on task; moving into or being in the line-of-fire; and loss of balance, traction or grip. SAFESTART then focuses on the human factors or “states” that typically contribute to and sometimes even cause a critical error. These human states include: rushing; fatigue; frustration; and complacency.

In April 2002, Simmons' employees were prepared to facilitate the SAFESTART program. Simmons began the company-wide rollout of SAFESTART the following month. Every associate of the Simmons Company at every plant and at corporate headquarters now participates in SAFESTART training classes.

Each person takes the course in five, two-and-a-half hour sessions, limiting class sizes to 15-20 students.

The courses, which use both instructor-led training and videotapes to illustrate key concepts, teach associates, supervisors, operations managers, and executives how to recognize various states such as rushing, frustration, fatigue, and complacency that lead to critical errors. However, what particularly appealed to Dr. Dawe was that SAFESTART helps employees “self-trigger” on these states so they avoid making critical errors that so often lead to injury. The program's impact extends beyond the workplace - participants find the SAFESTART lessons remain with them when they are driving, participating in sports, or working around the house.

To reinforce the training, Simmons places huge banners in its plants that highlight the four states of rushing, frustration, fatigue, and complacency. Even the accident report investigation forms include SAFESTART concepts. The company also uses the training program's language all the time in meetings and memoranda.

Simmons trained production workers at each of its plants to oversee and facilitate the SAFESTART program. Facilitators are responsible for scheduling and delivering SAFESTART training, getting feedback, and evaluating the program's success. “When you give workers ownership of the process, it's not a case of 'management telling us what to do,’” Dr. Dawe commented. “It's peers teaching each other, looking out for each other. This dramatically enhanced employee commitment and the program's overall success.”

Best of all for floor associates, Simmons rewards them for achieving excellence. The company added what it calls the Zero Waste Bonus. Waste as the company defines it consists of anything that doesn't add value to the end product or end benefits to the consumer.

“Accidents are waste. Broken equipment is waste. Down time is waste. Worker's comp premiums are waste,” Dr. Dawe explained.

“Poor safety is a financial burden to a company. The zero waste bonus, which is on top of all the regular pay for associates, is almost like profit sharing. The more we drive waste out of the business, the more operating income comes up, the more people get paid.”

Simmons tied this bonus to four key areas: safety, quality, service and cost savings. Reflecting the premium the company places on safety, Simmons made safety the largest payout area of the bonus.

Results

The results that Simmons Company achieved are nothing short of extraordinary. OSHA incidence rate statistics dropped from a rate of 17.6 recordable occupational injuries and/or illnesses per 100 full-time workers in 2001 to 4.5 in 2003 (see figure 1). Moreover, rather than decreasing productivity, safety actually enhanced it. Simmons Company increased productivity by more than 12% between 2001 and 2004, reaching the highest level of productivity in company history.

Simmons' manufacturing plants, once considered almost uninsurable by the company's workers' compensation insurance carriers, are now recognized by its insurers as among the best performing in the industry. Achieving that status has an enormous impact on the bottom line in terms of premiums. In fact, workers' compensation costs plummeted from over \$2.5 million in 2001 to just \$609,637 in 2003, a dramatic costs savings (see figure 2).

One of the plants in Phoenix has done so well that it became part of OSHA's Voluntary Protection Program that enables them to be

free of OSHA inspections for three years. It's the first bedding manufacturer ever to be so recognized.

Lower costs, increased productivity and improved safety along with dramatic changes in the company culture have combined to help Simmons prosper. Sales and earnings have risen steadily for the past three years (see

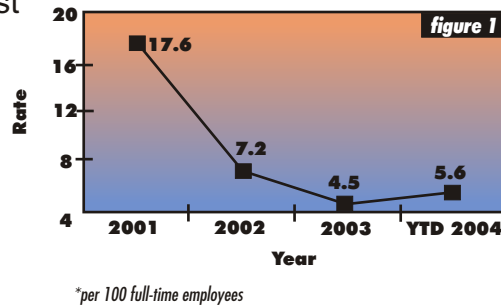
figure 3) and Simmons has recently completed construction of two new plants in the U.S. (Reflecting the vital role SAFESTART plays at the company, Simmons required all employees hired for its new plants to successfully complete the training before the plants even opened.)

Ultimately, however, safety is more than just statistics. According to Dr. Dawe, the SAFESTART program gives each associate something he or she can use to help themselves or fellow workers in the company.

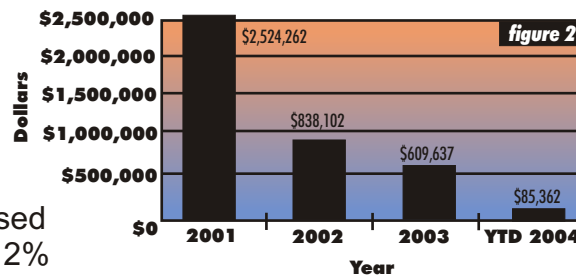
“The best thing about SAFESTART is it's something an individual can decide to do something about, right then and there,” he said. “They don't have to wait for management; they don't have to ask for permission. They're given a process, permission, and protection right up front.”

Obviously that works because Simmons was recently named to Fortune Magazine's top 100 companies to work for, a real testament to the working environment it has created. ✓

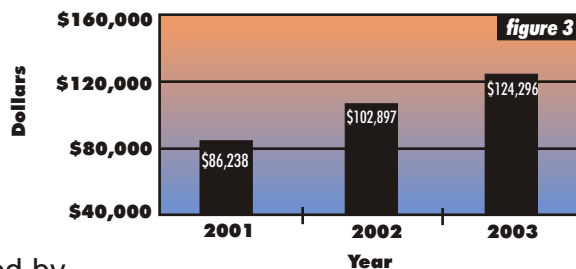
OSHA Incident Rate*



Workers' Compensation Costs



Adjusted EBITDA*



*Simmons earnings before interest, taxes, depreciation and amortization