

Managing Unique Safety Challenges

c o r e v a l u e s



Northwest Construction Consumer Council
June 28, 2012
Tulalip Resort Casino Hotel & Conference Center
Presented by: Mike Nelson

Sustainability
innovation
integrity
Safety
diversity
@
quality

Why Make Safety Your Business?

Why Make Safety Your Business

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§ Construction Industry Facts

- § 636,000 Construction Companies

- § 7,000,000 people employed in construction

§ Construction vs. All Industries

- § 8% of man-hours worked with 23% of fatalities experienced

- § Fatality rate is three times higher than national average

- § Approximately 1,000 construction workers killed each year

- § 15% of all workers compensation claims are incurred in the construction industry

Why Make Safety Your Business

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§ To fulfill our responsibility to provide a safe working environment for all of our employees.

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Bellevue 2006 Incident



Why Make Safety Your Business

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Why Make Safety Your Business

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- § Ensure our employees go home healthy at the end of each work day.
- § Strive to eliminate accidents to Contractor and Owner employees and thereby reduce workers' compensation premiums.
- § Strive to eliminate third party lawsuits by the public, owner, and contractor personnel and thereby reduce our general liability premiums.
 - § Parsons pays the first \$11.5M per claim plus all legal expenses.
- § Meet or surpass our customer's expectations in order to become the Contractor of choice.

Why Make Safety Your Business

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- § Eliminate fines by regulatory agencies which are paid for from our profits.
 - § OSHA Multi-Employer Citation Policy
- § Reduce accident rates to exceed prequalification criteria established by our customers.
- § Meet our own expectations to be the best in the industry

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Safety, Make it Personal

Parsons Leadership & Management Program

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Sustainability

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@



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2008-2012

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OUR VALUES:

- „ Safety
- „ Quality
- „ Integrity
- „ Diversity
- „ Innovation
- „ Sustainability

OUR BUSINESS:

- „ Provide high-value technical and management solutions in our core competencies:
 - Engineering and construction
 - Systems and resource integration
 - Project and program management
 - Environmental service

OUR GOALS:

- „ Lead our industry in safety
- „ Continuously enhance the value of Parsons Corporation
- „ Maintain sustainable growth consistent with the demand in each market
- „ Grow consolidated net operating income and sales at least 10% annually
- „ Maintain a strong balance sheet

OUR STRATEGIES:

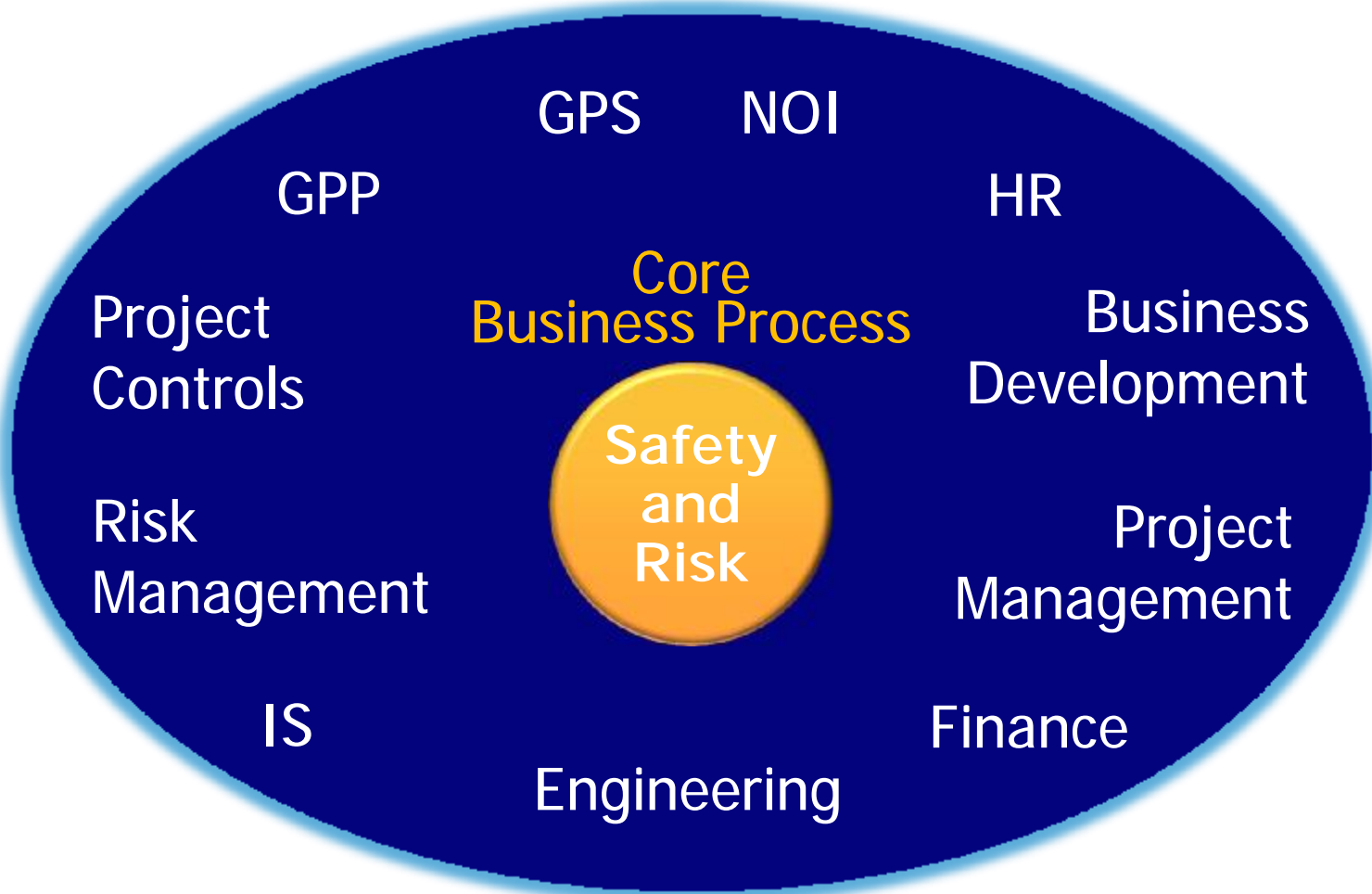
- „ Provide responsive, high quality service to our customers
- „ Develop long-term relationships with customers who share our values
- „ Promote best-value solutions to our customers
- „ Pursue higher margin markets; divest businesses and markets inconsistent with our goals
- „ Invest in employee training, redeployment, and leadership development
- „ Provide an ethical, challenging, diverse, rewarding, fun workplace
- „ Invest in processes and technologies that provide a strategic advantage
- „ Secure specialized skills and capabilities through acquisitions
- „ Pursue alternative delivery opportunities, including P3 and design-build
- „ Promote contracts with performance-based compensation to our customers
- „ Focus on larger and joint global business unit projects
- „ Geographically diversify our international presence
- „ Invest in business development and technology resources
- „ Continually enhance our work processes

OUR PERFORMANCE MEASURES:

- „ Safety record
- „ Quality audit results
- „ Customer satisfaction
- „ Annual sales, backlog, and earnings growth
- „ Cash flow and working capital
- „ Backlog conversion
- „ Share price
- „ Employee engagement

What is Parsons' Approach to Safety?

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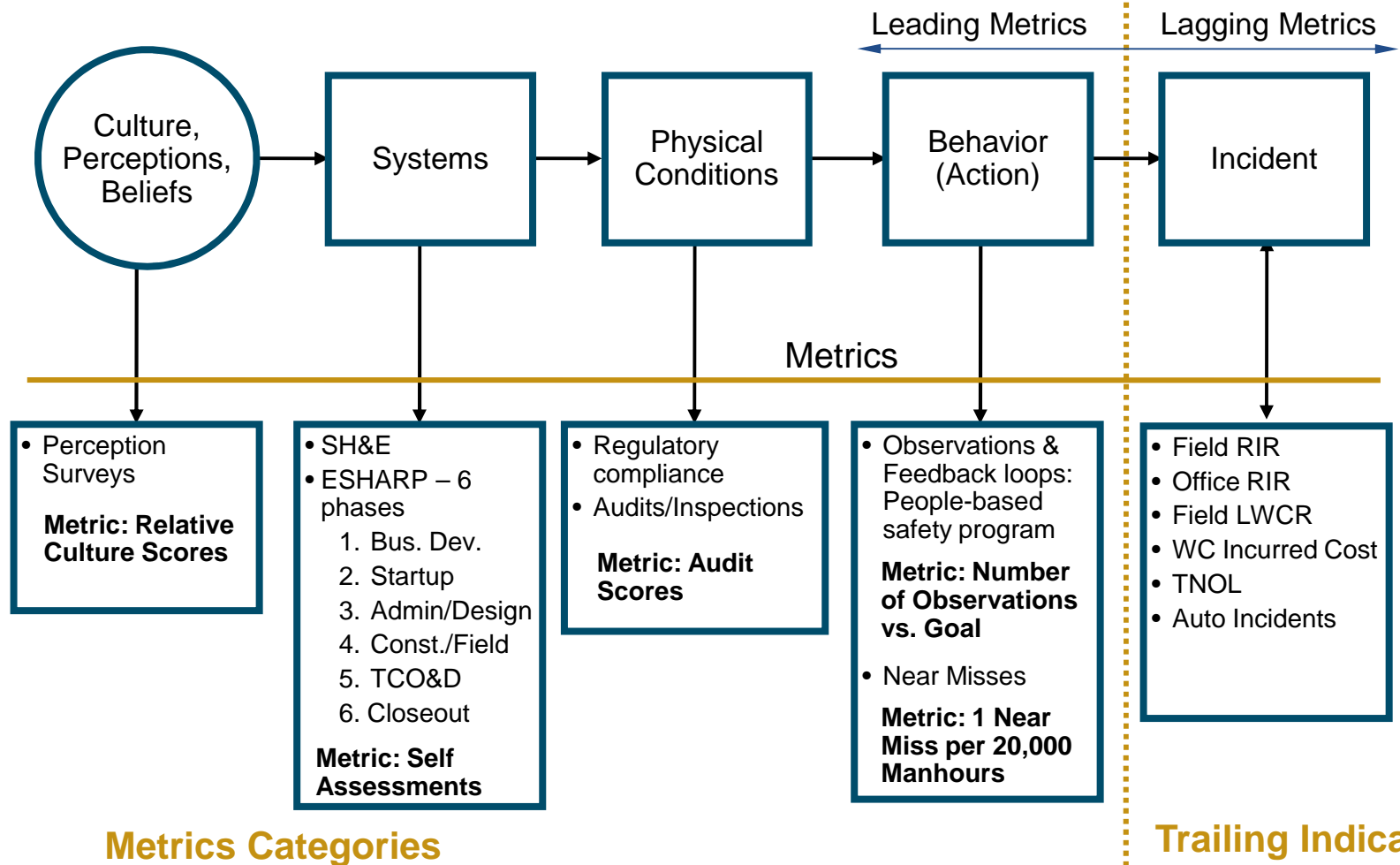
What is Parsons' Approach to Safety?

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Parsons' Incident Prevention Model

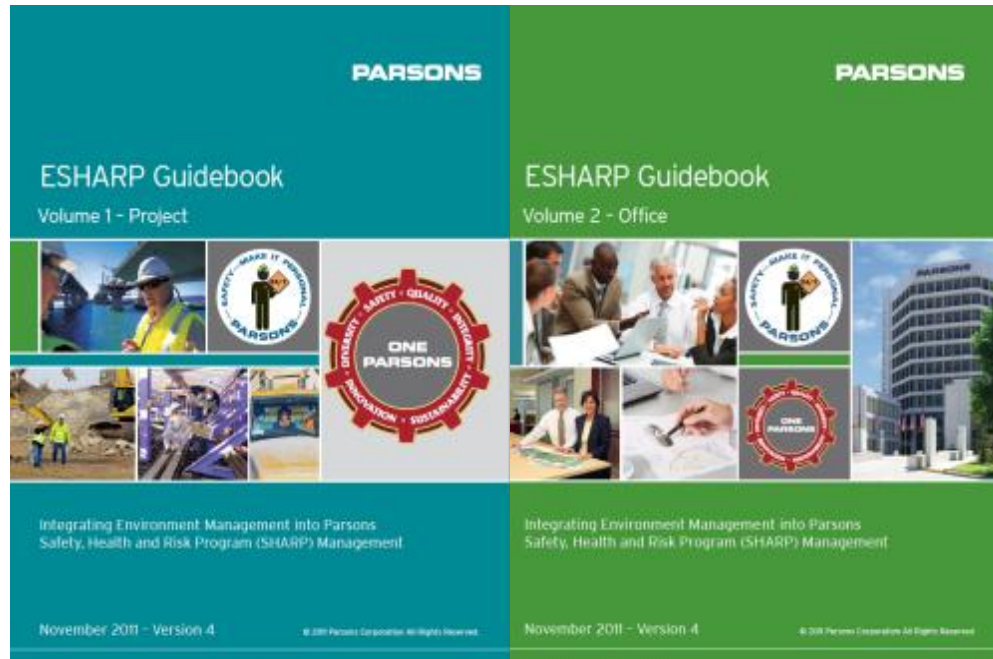
Factors for incident prevention (root causes)

Outcomes



What is Parsons' Approach to Safety?

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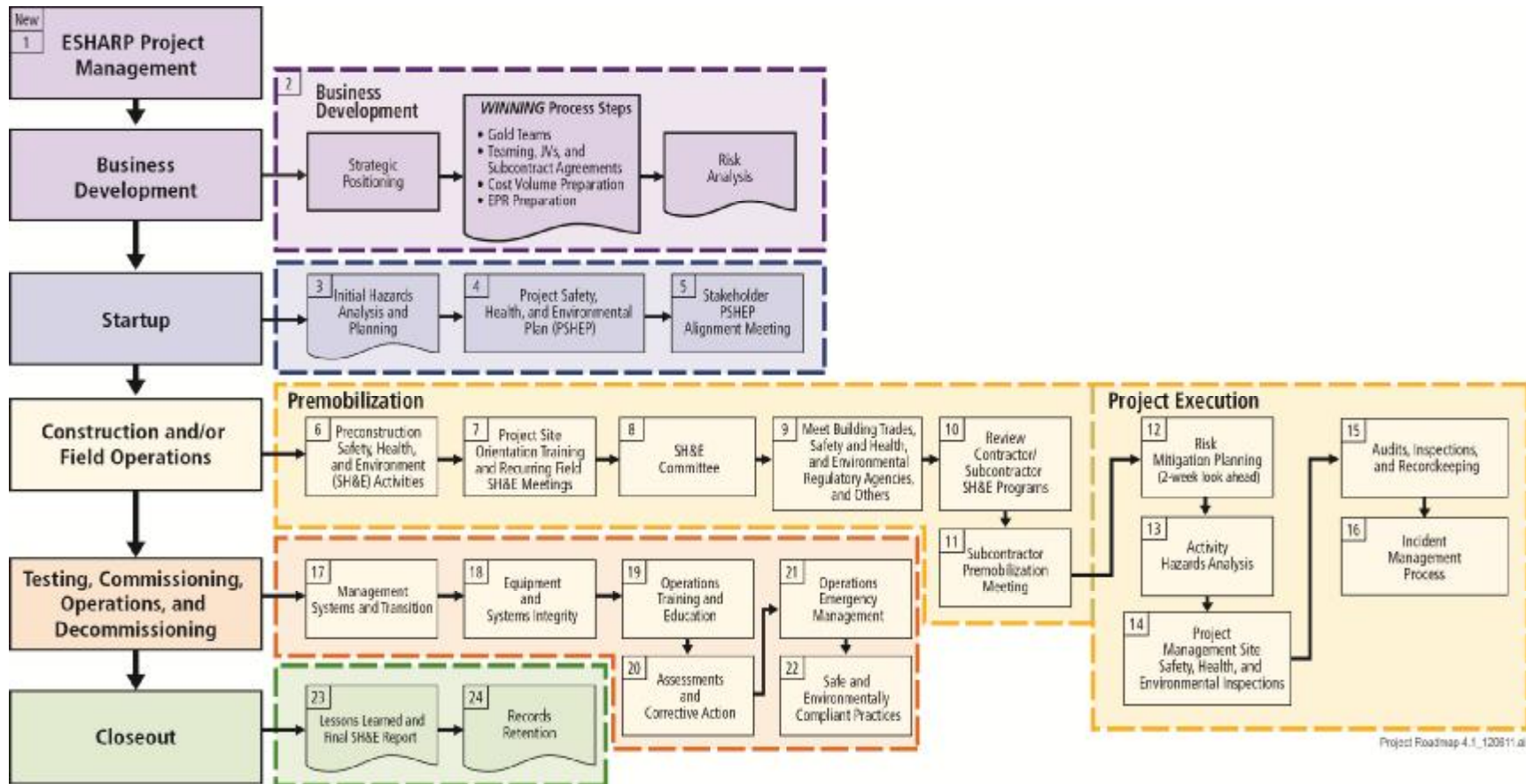


Environmental, Safety, Health & Risk Program (ESHARP)

What is Parsons' Approach to Safety?

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ESHARP Roadmap



What is Parsons' Approach to Safety?



ESHARP Project Responsibility Matrix

Project Responsibility Matrix		Project											GBU					Corporate								
		Project Manager	Safety & Health	Environmental	Construction/Site Management	Engineering	First Line Supervision	Facilities and Maintenance	Training	Contracts/Procurement	Security	Sustainability	Quality	President	Operations/Risk Management	Division Management	Sector Management	Safety, Health & Environment	Quality	Business Development	CEO	Operations/Risk Management	Safety, Health & Environment	Security	Workers' Compensation	Insurance
Phases	Work Elements																									
Introduction to ESHARP for Project	1. ESHARP Project Management	R	D	D	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P
	Business Development	R	P	P	P	P				P				P	P	A	P	P	P	D	P	P	P	P		P
Startup	3. Initial Hazard Analysis and Planning	A	R	D	P	P					D						P						P	P		
	4. Project Safety Health, and Environmental Plan (PSHEP)	A	D	D	P									P	P	P	R						P	P		
	5. Stakeholder PSHEP Alignment Meeting	A	D	D	P												R									
Construction and/or Field	6. Preconstruction Safety, Health & Environment Activities	A	D	D	P		P						P				P	R	P					P		
	7. Project/Site Orientation, Training, and Recurring Field SH&E Meetings	A	D	D	P		P	P	P									R						P		
	8. SH&E Committee	A	D	D	P		P	P				P						R						P		
	9. Meet Building Trades, Safety, Health, Environmental Regulatory Agencies, & Others	A	D	D	P													R						P	P	
	10. Review Contractor/Subcontractor SH&E Programs	A	D	D	P						P							R						P		
	11. Subcontractor Premobilization Meeting	A	D	D	P	P					P	P						R						P		
	12. Risk Mitigation Planning (2-week look ahead)	A	D	D	R													D						P		
	13. Activity Hazards Analysis	A	D	D	P	P	P	P										R						P		
	14. Project Management Site Safety, Health, & Environmental Inspections	A	D	D	P											P	P	R	P					P		
	15. Audits, Inspections, and Record keeping	A	D	D	P		P						P		P	P	R	P						P		
	16. Incident Management Process	A	D	D	P	P							P		P	P	P	R	P					P		P
Testing, Commissioning, Operations, and Decommissioning	17. Management Systems and Transition	A	R	R	D	P	P	P	P		P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P
	18. Equipment and Systems Integrity	A	P	P	R	P	P	D	P				P					P	P					P		
	19. Operations Training and Education	A	D	D	P	P	P	P	P			P	P					R						P		
	20. Assessments and Corrective Action	A	D	D	P	P	P	P	P	P			P	P				R						P		
	21. Operations Emergency Management	A	P	P	P	P	P	P	P	P	P	D	P					R						P	P	
	22. Safe and Environmentally Compliant Work Practices	A	D	D	P	R	R	P	P									P						P		
Closeout	23. Lessons Learned and Final SH&E Report	A	D	D	P										P	P	R	P					P			
	24. Records Retention	A	P	P							P	D	P					R	P					P		

R – Responsible and accountable for ensuring the project develops and implements the work element.
D – Develops the plan, tool, training, document, or other item needed for the work element.
P – Participates by providing advice, assisting in the implementation or development, reviewing and providing comments, or otherwise supporting the development or implementation effort.
A – Approval at the management level with responsibility for the project; establishes requirements for the project or serves as sponsor for the item.

What is Parsons' Approach to Safety?

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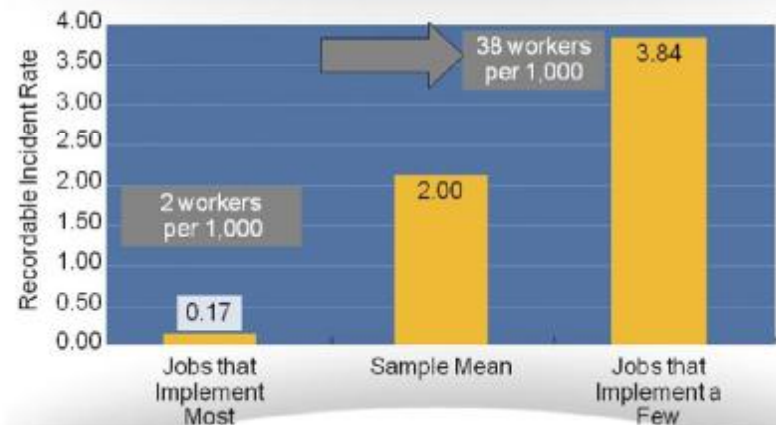
CII Zero Incident Techniques

Zero Incident Techniques and SHARP Management

- ▶ Demonstrated Management Commitment
- ▶ Staffing for Safety
- ▶ Safety Planning – Pre-project/Pre-task
- ▶ Safety Training and Education
- ▶ Worker Involvement and Participation
- ▶ Recognition and Rewards
- ▶ Subcontractor Management
- ▶ Accident/Incident Reporting and Investigation
- ▶ Drug and Alcohol Testing

Project Safety Performance

Results of implementing best practices



CII Zero Accidents Study 1993

High Impact Zero Accident Techniques

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- § Safety Planning – Pre-project/Pre-task
- § Safety Training and Education
- § Recognition and Rewards
- § Accident/Incident Reporting and Investigation
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CII Zero Accidents Study 2000-2001

High Impact Zero Accident Techniques

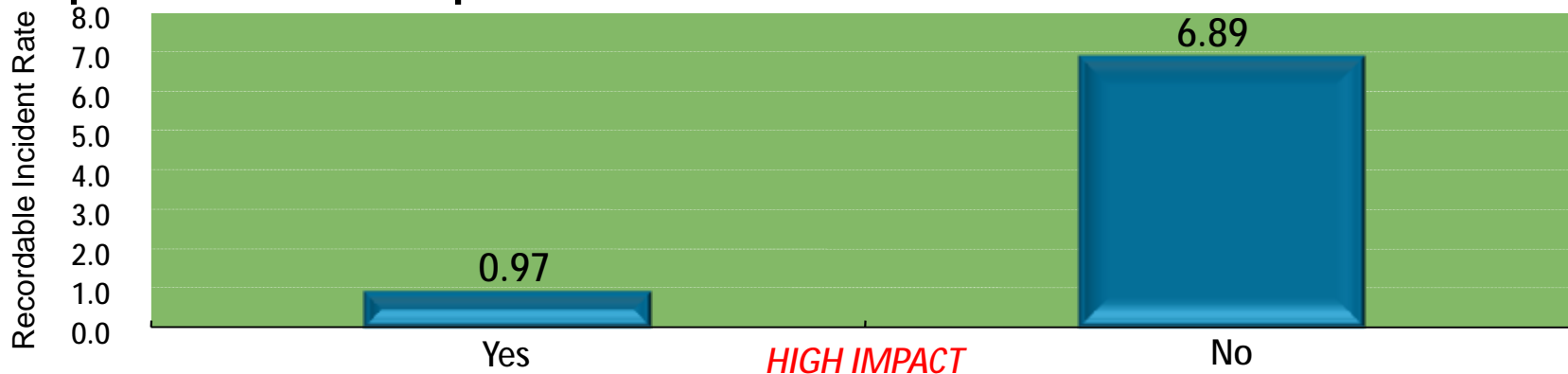
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- § Demonstrated Management Commitment *
- § Staffing for Safety
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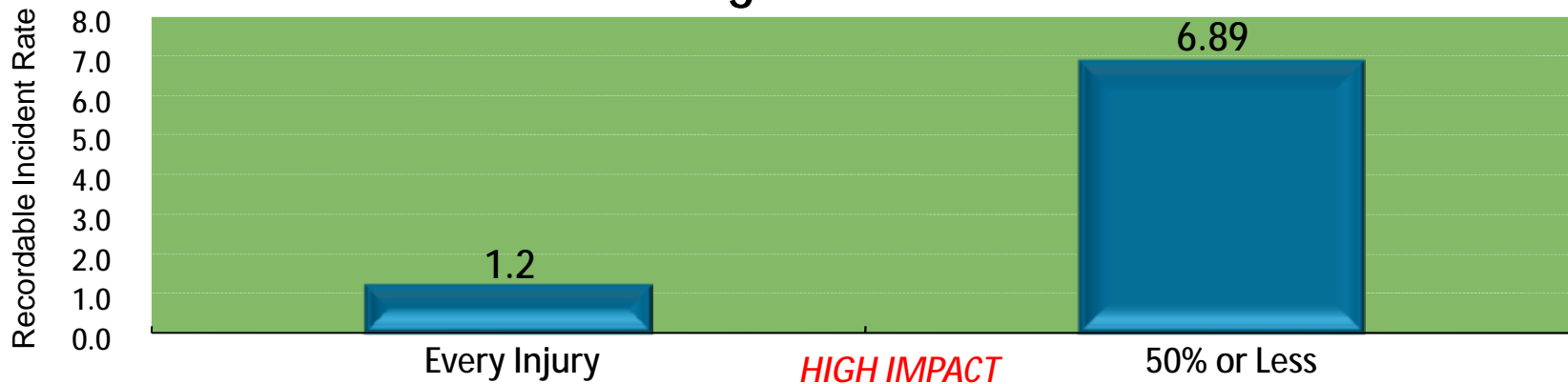
Demonstrated Management Commitment

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§ Company president/senior management reviews safety performance report?



§ How frequently does top management participate in recordable incident investigation?



Safety Culture and Leadership

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“ The creation of a desired culture requires leadership to have a vision of the desired culture and to be active in communicating and selling that vision to the organizations members.”

Construction Industry Institute
Research Team 256
February 2010

Safety Culture and Leadership

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We want our employees to return home
safely each day



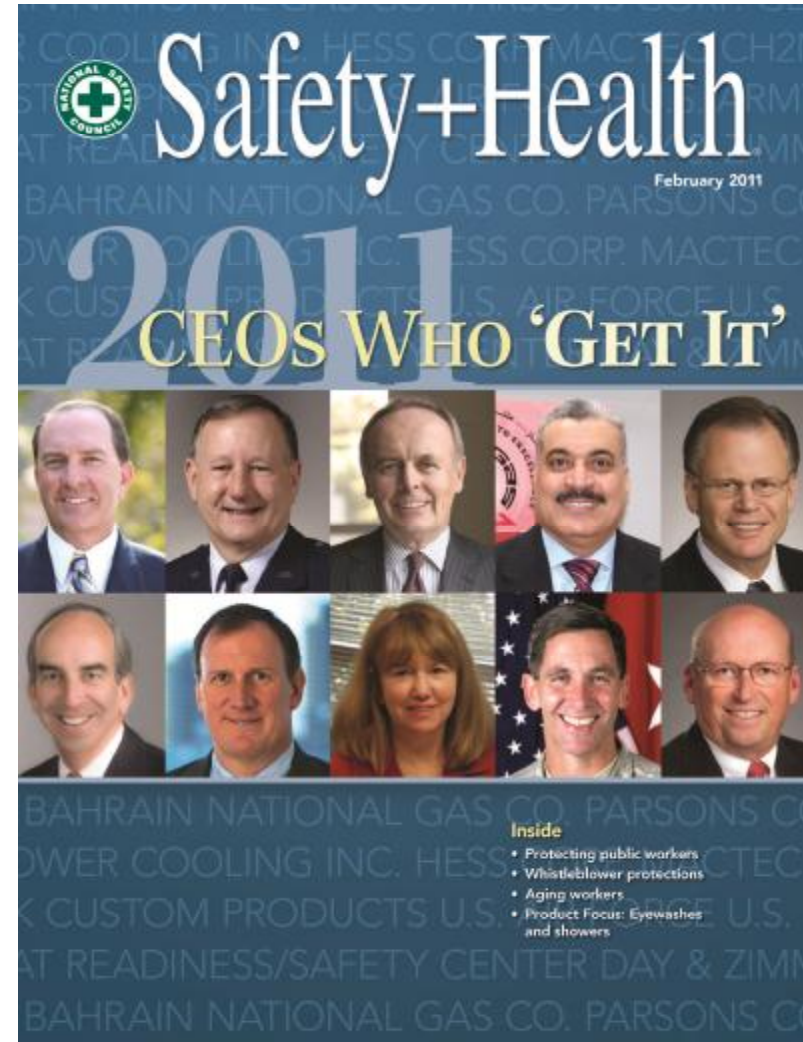
“Our goal is injury-free project execution. To achieve this vision, we need for each and every Parsons employee to become part of a safety culture that we believe in, live, use, and contribute to each and every day.”

— Chuck Harrington, CEO

Safety Culture and Leadership

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Parsons CEO
Chuck Harrington
named one of the
“CEO’s Who Gets It”
in 2011



Management Involvement

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- § Required monthly ESHARP Self-Assessments
- § Executive Observation
- § Executive Incident Review
- § Participate in required training
- § Lead safety meetings
- § Chair Safety Committees
- § Hold employees accountable for safety performance
- § Promote recognition and rewards programs
- § Management must “Walk the Talk”

Advancing Parsons' Safety Culture

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What does management do to lead employees to safety excellence?

LEADERSHIP

- Management Commitment
- Policies and Principles
- Goals, Objectives, and Plans
- Procedures and Performance Standards

What are the obstacles we face which could hold us back?

DRAG

PROCESSES AND ACTIONS

- Effective Communication
- Training and Development
- Incident Investigations
- Audits and Observations

What actions does the organization take on a regular basis to increase safety performance?

STRUCTURE

- Line Management Accountability and Responsibility
- Safety Personnel
- Integrated Organization Structure
- Motivation and Awareness

What are the organizational structures that enable the pursuit of safety excellence?

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Safety, Make it Personal

Result of program implementation



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Sustainability

innovation

integrity

Safety

diversity

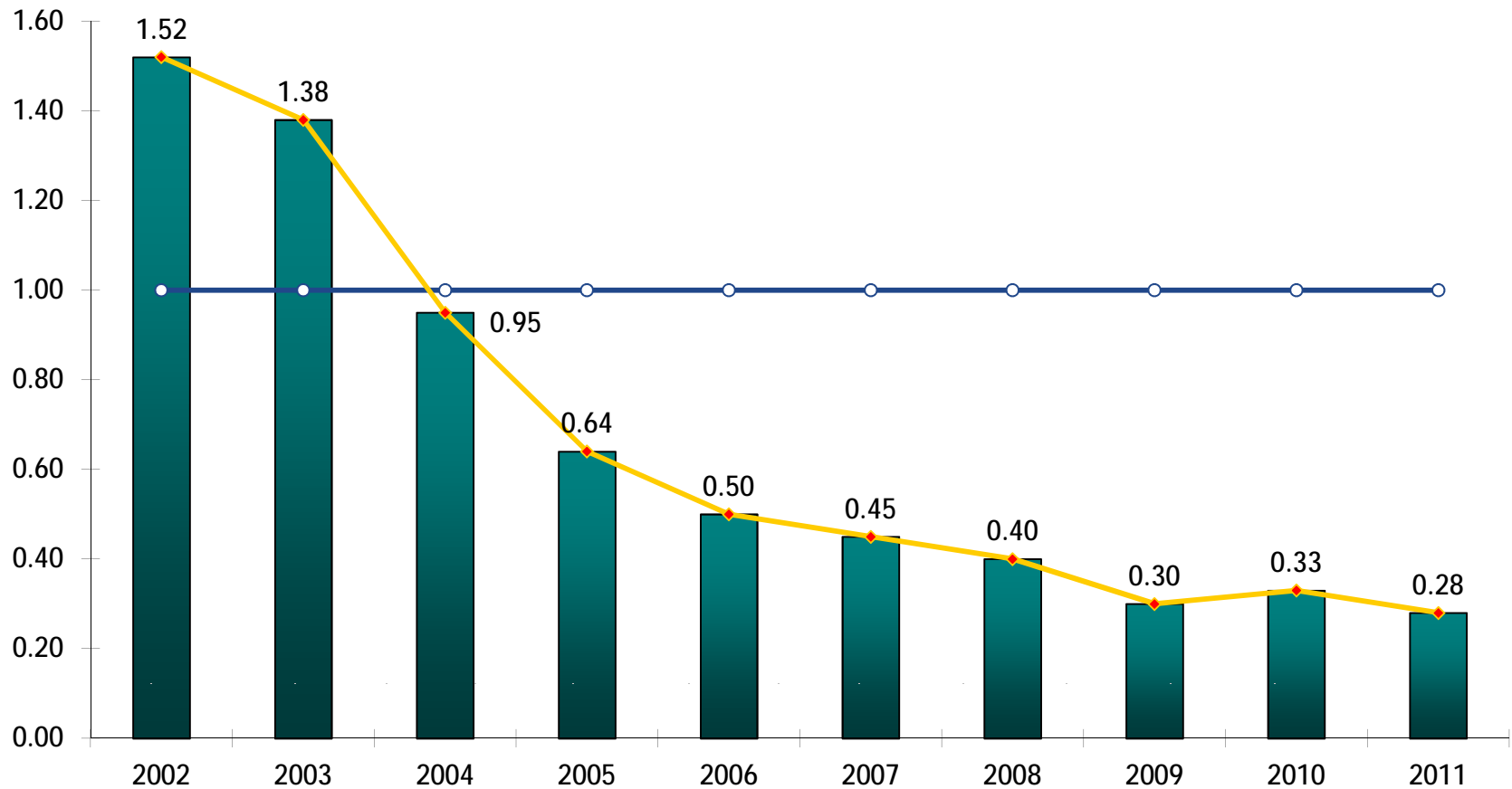
quality

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Worldwide Safety and Risk Results 2002 – 2011 Total Recordable Incident Rate

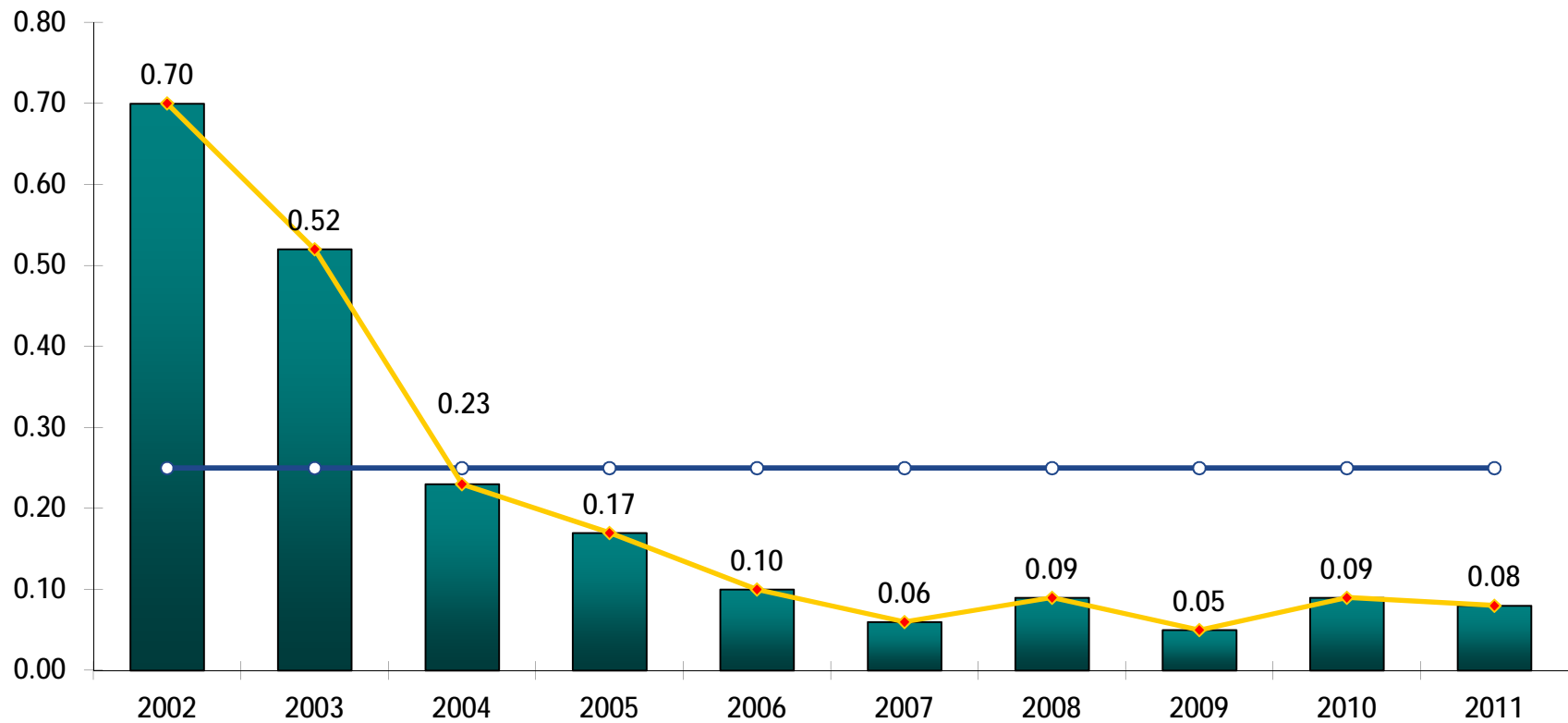
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Worldwide Safety and Risk Results 2002 – 2011 Lost Work Day Case Rate

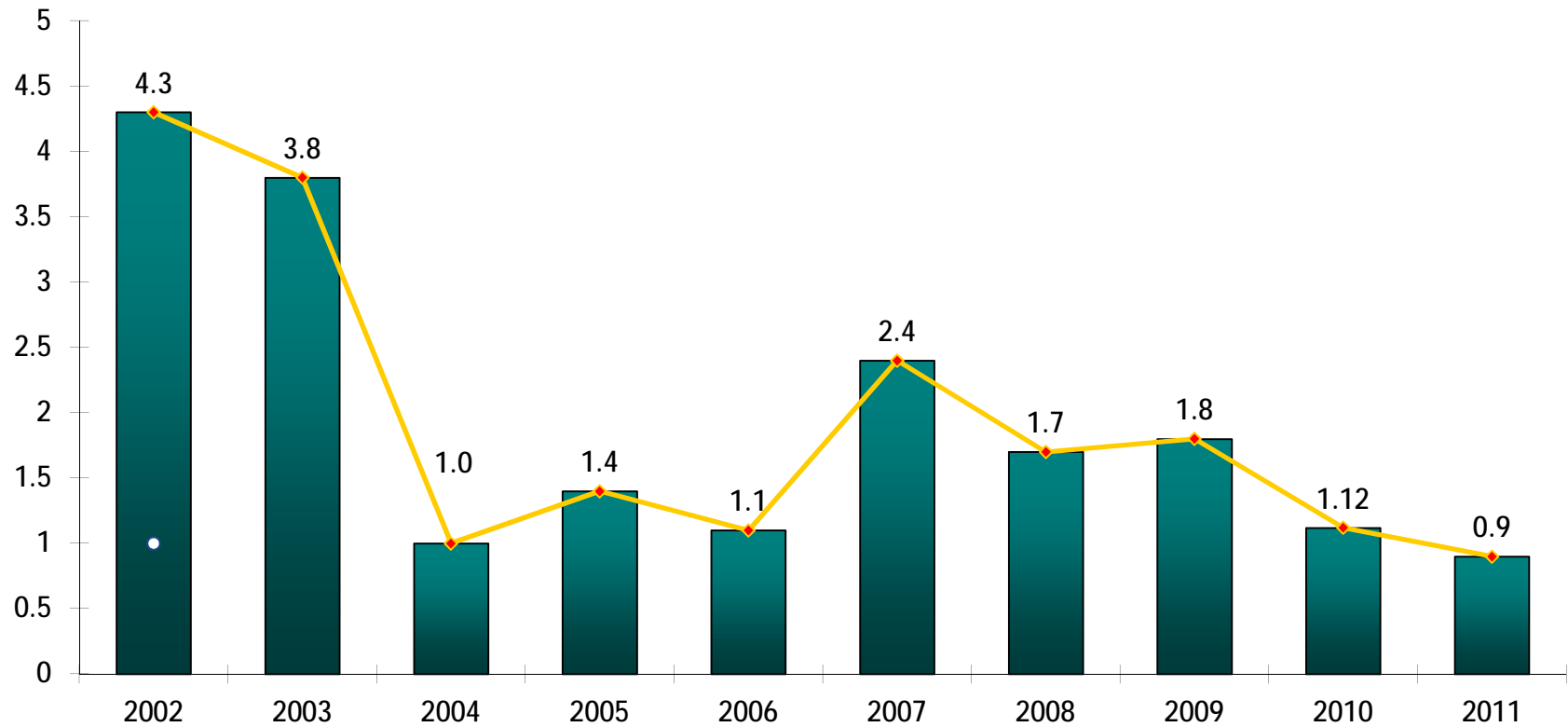
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2011 Safety and Risk Improvements Reduction in Total Incurred Workers' Compensation Claim Costs

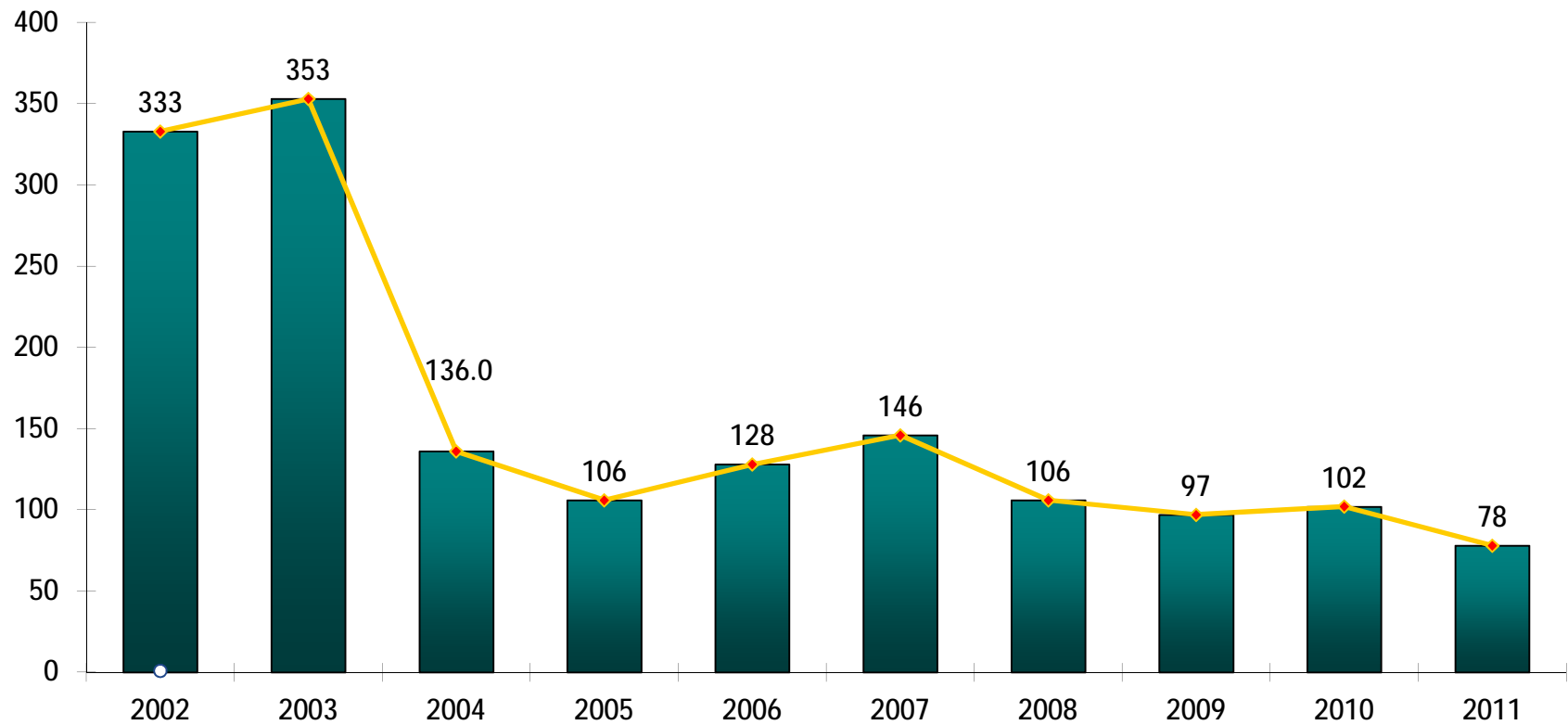
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2011 Safety and Risk Improvements Reduction in Total Workers' Compensation Claims

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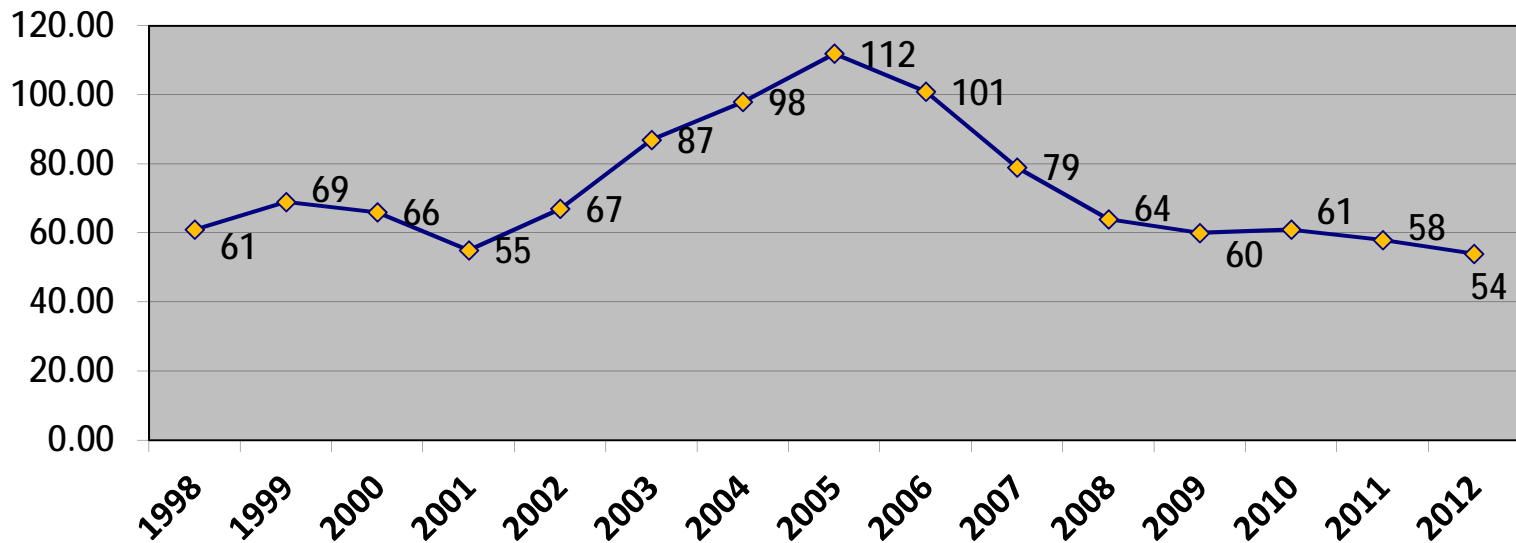


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Correlation Between Safety Performance to National EMR's - 1998 - 2012

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<u>EMR</u>	<u>% of Contractors Nationwide in Category</u>	<u>Safety Performance Rating</u>
1.30 to 2.05	16%	Poor – Lack of Safety involvement
1.05 to 1.29	20%	Inadequate – Conspicuous of Past Problems
.82 to 1.04	29%	Fair – Average Results
.72 to .81	20%	Effective – Impressive Results
.50 to .71	15%	Superior – Distinguished Results



Corporate VPP

- § 12 VPP sites throughout United States
- § August of 2008 voted into OSHA's Corporate VPP Program
- § Key members of our safety staff are Special Government Employees



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Questions?