

Case Study

Vancouver Shipyards Co. Ltd.
North Vancouver, British Columbia

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Clarence Lochhead

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Introduction

This case study is one of a series of twelve such studies conducted by the Canadian Labour and Business Centre (CLBC) during 2001-2002.

Issues of workplace health and wellness are an ongoing priority for the Centre, which is a joint organization founded on strong membership from the main workplace parties – business and labour. We believe that approaches which promote workplace health and wellness are in the best interests of both employers and workers – a clear ‘win-win’. In particular, in a period of anticipated growing skill shortages, those employers who pay attention to workplace health issues will have a competitive advantage over others in recruiting and retaining workers with much-needed skills.

The following case study reflects the Centre’s main objective in undertaking this work, namely:

- To identify the key features of the wellness initiatives in each workplace;
- To document the role of both management and unions/workers in managing these initiatives;
- To assess the relationship between the initiatives and the organization’s business strategy and ‘culture’; and
- To document the ways in which the workplace monitors the impacts of its health/wellness activities.

In short, the case studies are as much about the *process* of workplace wellness as about the *content* and *impacts* of individual workplaces’ initiatives.

Taken as a group, the full set of cases has been deliberately assembled to reflect, as widely as possible, a broad diversity of workplaces in terms of geography, sector, size, and union/non-union status. As a group, the cases are intended to tap the experience and practice of a variety of workplaces, in order to maximize the benefit from the case study work. Readers will note, as a result, that no two cases are alike, and that the lessons to be learned from each case vary considerably.

The full set of case studies will be available on the Centre’s website at www.clbc.ca, where they will be published individually. The Centre is also preparing a summary commentary on the cases, which will identify key common features – and important differences – among them. Finally, the Centre is developing a series of regional seminars at which some of the workplaces featured in these case studies will share their experiences. As they are scheduled, the seminars will also be listed on the CLBC website.

The Canadian Labour and Business Centre welcomes readers’ comments and questions, which may be communicated to the Centre at (613) 234-0505, or to info@clbc.ca

Vancouver Shipyards Case Study Summary

- *Vancouver Shipyards serves the marine industry in the design, construction, maintenance, repair and modification of all types of ocean-going vessels. It has approximately 300 unionized employees.*
- *In the second half of the 1990s, Vancouver Shipyards was plagued by high accident and injury rates, escalating claims costs, and mounting Worker Compensation Board (WCB) fines.*
- *In 1999, the company undertook a complete review and overhaul of its health and safety practices. A new Health and Safety Management System has been introduced, and numerous initiatives aimed at identifying, evaluating and controlling work related risks are in place.*
- *The company has also introduced initiatives that extend beyond traditional occupational safety and include worker health and wellness. In 2001, the Employee Health and Lifestyle Training pilot project provided fitness passes to employees and access to an on-site Kinesiologist. Recently, the company has built an on-site gymnasium and steam room, and provides personal trainers and lifestyle consultation to all employees who wish to participate.*
- *Since 1998, time loss claims accepted by WCB have fallen by 87 per cent.*

I. Company Background

Vancouver Shipyards (VSY) serves the marine industry in the design, construction, maintenance and repair of all types and sizes of ocean-going vessels. These range from cruise ships to product carriers, icebreakers, fishing vessels, tugs/barges, offshore supply and seismic research vessels, marine structures. In addition to repair and maintenance, the Shipyard is able to undertake conversions, modifications and lengthening of all types of vessels.

VSY share the Seaspan property on the North Shore of the Port of Vancouver. The Port offers ideal geographic location, year-round temperate climate, and sheltered harbour. Vancouver Shipyards also repair deep-sea vessels at anchor, at loading berths or while underway.

The company is part of the Washington Marine Group, which is an association of Washington Companies involved primarily in coastal and deep sea transportation, ship repair, shipbuilding and component sales and services to the marine industry. At Vancouver Shipyards, there are approximately 300 employees, represented by the Marine and Shipbuilders Local 506. The majority of employees (95%) are male, with the

average age being 45 to 50. Roughly 40% of employees are skilled tradespersons such as welders, fitters and electricians.

II. Impetus for Healthy Workplace Initiatives

The primary impetus for the introduction of new health and safety measures at VSY was the critically high level of accident and injury and associated costs of unsafe work practices. In the mid to late 1990s the company had injury rates and claims costs well above the industry average, and incurred numerous Workers' Compensation Board (WCB) fines of more than \$10,000. According to the company's safety manager, the situation was unacceptable from both a business and moral standpoint: "no one wants to see people getting hurt."

The company sought the assistance of the WCB of B.C. through its Focus Firm Strategy¹, which provides in-depth assistance (support and expertise), provided that the company commits to a written strategy to reduce workplace injuries. Under the terms of the program, the company must invest its own resources to develop and maintain an effective health and safety program.

In response to the escalating injury record, and in an effort to turn things around, the company also recruited a new corporate safety manager who would effect positive change to the company's safety philosophy, approach and outcomes.

Overhaul of Health and Safety

Soon after joining the company in late 1999, the new corporate safety manager realized that virtually every aspect of the existing safety program required some level of review. An initial six-month action plan set out to develop strategic plans in numerous areas, including confined space entry, fall protection, fire safety, the ability and competency of safety officers and first aid attendants, health and safety training needs analysis, discipline policy, planning systems, claims management, and safety awareness.

According to the corporate safety manager, the situation at Vancouver Shipyards at that time could be characterized as one of "poor management systems, a lack of commitment to health and safety by management and employees, sloppy practices, and little or no accountability."

An initial six-month report on Vancouver Shipyards' health and safety revealed the following specific problems and weaknesses:

¹ The Workers Compensation Board of British Columbia implemented the Focus Form Strategy in 1996 to reduce B.C.'s workplace injury rate and increase public awareness of workplace safety issues. Focus firms generally have injury rates well above the industry average when they begin the program.

- Failure to adequately insert safety into the planning process. The approach to health and safety is reactive rather than proactive;
- Low morale and lack of trust between management and employees, which prohibits advances in developing a safety culture;
- A pervasive misperception among Shipyard employees that WCB claims are an entitlement paid for by the WCB, rather than an insurance policy paid for by the company;
- A failure by management to understand the complexities of safety, including the regulatory environment, safety staffing requirements and expertise, and the true costs of accidents (property damage, work stoppage, retraining, fines, investigation, medical and rehabilitation costs, worker replacement costs, etc.); and
- Decaying infrastructure of the shipyard, with much of the mobile and fixed equipment failing to meet safety standards.

As fundamental as these problems were, the corporate safety manager was confident that management's commitment to implement and invest in a robust safety program held the potential of making Vancouver Shipyards leaders in safety management, not only within the Washington Marine Group, but within the Marine and Shipbuilding Industry in Canada.

A New Health and Safety Management System

The cornerstone of Vancouver Shipyards' health and safety initiatives is a new management system, which was developed by the Safety Department, and introduced in the fall of 2000. The Health and Safety Management System provides a strategic framework to identify, evaluate and control all aspects of work related risks, and consists of five main elements:

1. *Policy*: health and safety policy and commitment statements to be produced and signed by senior management and brought to the attention of all employees.
2. *Organization*: outlines roles, responsibilities and lines of accountability among employees, committees, and management at all levels. Also addresses the need for two-way communication, labour management cooperation and adequate health and safety training.
3. *Planning and Implementation*: provides guidelines for proactive health and safety planning, setting of objectives, and internal inspections and risk assessments.
4. *Measuring Performance*: guidelines to determine whether and to what extent health and safety plans have been implemented and stated objectives achieved.

5. *Audit and Review*: outlines procedures for annual assessment of the Health and Safety Management System.

Accompanying the new safety management system is a renewed commitment by senior management to the health and well-being of employees. In September 2000, the President and CEO of the Washington Marine Group, Kyle Washington, produced a personal Health and Safety Commitment Statement that reads, in part:

I attach great importance to safeguarding the health, safety and welfare of all persons employed or visiting Washington Marine Group sites. I intend to discharge my responsibility by fostering a positive health and safety culture and by making health and safety an integral part of our core business. Health and safety will be given equal consideration with operational, economic and personnel issues.

The support and cooperation of all employees is essential to achieving a successful health and safety environment. By working together we can develop the correct individual and corporate attitude and make our work places safer and more productive.

Efforts to change attitudes about health and safety underscore what the corporate safety manager describes as the most important and challenging objective of the new Health and Safety Management System - to develop and promote a “culture of workplace safety.” This involves influencing individual behaviours, encouraging acceptance of responsibility, and empowering employees and managers to act and be responsible for their own actions. As the safety manager states, “We want employees and managers to be comfortable with safety, to know that unsafe behaviour is unacceptable, and to instinctively do the right things.”

With the implementation of the Health and Safety Management System, VSY has been very active over the past two years addressing basic areas of occupational safety: assessing and implementing changes to safe work procedures, purchasing and upgrading safety equipment and shipyard infrastructure, and providing safety training to employees.

While most of these safety initiatives have been well received, there has been less employee acceptance of the company’s new claims management and accident investigation procedures. Some employees feel that the company has embarked on an unfair ‘hard line’ policy of contesting all injury and disability claims. Management, for its part, insists that this is not company policy, and that the majority of claims are uncontested. Instead, VSY’s safety manager feels that their new approach to claims management addresses the false perception amongst some VSY employees that WCB claims are an entitlement, paid for by the Workers’ Compensation Board, rather than an insurance policy paid for by the company.

The disagreement over claims management has nonetheless created an element of mistrust among some employees, who remain skeptical about the company’s motivations for the new emphasis on health and safety. As a result, efforts to create a “culture of safety” are seen as an ongoing challenge.

III. Wellness Initiatives at Vancouver Shipyards

Employee Health and Lifestyle Training Pilot Project

While many of VSY's healthy workplace initiatives have focused on more "traditional" areas of occupational safety, the company has also taken significant steps in the broader area of workplace wellness. These began with the Employee Health and Lifestyle Training Pilot Project, launched in February, 2001 with support from the Prevention Division of the Workers' Compensation Board of B.C and in partnership with the North Vancouver Recreation Commission.

The company spent \$13,000, with a matching amount from WCB, to provide 100 fitness passes to employees on a first come first served basis. Those signing up for the program also received up to 10 hours of one-on-one consultation with an on-site Kinesiologist to provide advice and information on fitness, stretching, weight loss, and ergonomic practices. The Kinesiologist also visited work locations upon request to provide simple advice on modifying work layout, posture, environment and procedures.

The program proved to be very popular, but was limited to the first 100 employees signing up. In the first three months of the program, 90 personal consultations were carried out, including follow-up visits to the worksites. Originally designed with a one-year time frame, the program was extended for a further year, again with funding from the WCB to assist in the purchase of fitness passes. Given employee interest in the program, the reduction in the number of workplace injuries, and the perceived positive impact of the program on attitudes, the company decided to expand the program by developing its own on-site fitness facilities, with services available to all staff and employees.

On-site Gymnasium and Steam Room

The new 3,200 square-foot on-site gymnasium (opened in October, 2002) is complete with the top-of-the-line exercise equipment, including rowing machines, bikes, treadmills and free weights. The facility also includes change rooms, showers, a large steam room, and lounge area. Any employee wishing to use the facilities must have a one-hour orientation session on the proper and safe use of equipment.

All Vancouver Shipyards employees and staff, including those from other Washington Marine Division companies, have free and unlimited access to the fitness facilities, from 5 a.m. to midnight, seven days a week. In addition, the facilities are open to employees on temporary lay-off. The company believes that by providing access to the fitness facilities, temporarily laid-off workers can stay positive and fit for their subsequent return to work when business picks up. This is seen as an important provision, as the ship repair industry is prone to peaks and troughs in business activity, and temporary lay-offs are a common feature of the industry.

The purpose of the fitness facility is to assist injured workers with rehabilitation, and to prevent injuries by promoting physical fitness. According to the safety manager, "with an

aging workforce, and the fact that work in the Shipyards is physically demanding, being fit reduces the likelihood of injury”.

To assist in these objectives, the company has hired a full-time physiotherapist, a rehabilitation specialist and a professional personal trainer. These specialists provide employees with personal fitness programs based on individual needs and goals, and assist injured workers with rehabilitation.

At a broader level, management sees the fitness facility as a demonstration of its commitment to employee well-being, and believes it will help change attitudes, build trust, and ultimately improve the company’s safety performance.

Musculo-Skeletal Injury (MSI) Prevention Program

Under the MSI program, the company’s Kinesiologist consults with Shipyard supervisors and workers to identify activities at risk of repetitive strain injuries (MSI injuries account for 57% of lost-time accidents at Vancouver Shipyards). Work practices are observed using video camera and workers are interviewed to develop a formal risk assessment. Recommendations are forwarded to trade specific MSI Implementation Teams for discussion before going to the Joint Health and Safety Committee for approval.

North American Occupational Health and Safety Week Activities

Reflecting the growing corporate awareness of safety, Vancouver Shipyards has taken an active role in promoting safety within the wider community.

The Company recently participated, in collaboration with a number of community partners (including other businesses, the District of North Vancouver Fire Department, the North Vancouver Recreation Commission, the Workers’ Compensation Board of B.C., and the Insurance Corporation of B.C.) in the North American Occupational Health and Safety Week (NAOSH). The Company developed and led a number of activities with primary and secondary school children designed to teach the importance of asking questions about safe work practices. Activities also included a tour of the Shipyards so that students could appreciate the magnitude of the operation and the need for safe working practices.

As part of the NAOSH week activities, Vancouver Shipyards also put on a number of lunchtime lectures and workshops, in which employees could learn about various safety, health and lifestyle topics, including prostate cancer prevention, skin cancer, and MSI injuries.

Through these activities, the Company wanted to emphasize accident prevention and foster safety attitudes and healthy behaviour among the current and next generation of workers. In 2001, VSY received the North American Occupational Safety and Health (NAOSH) General Industry Award, and in 2002, the Marine Industry Award.

IV. Impacts and Analysis

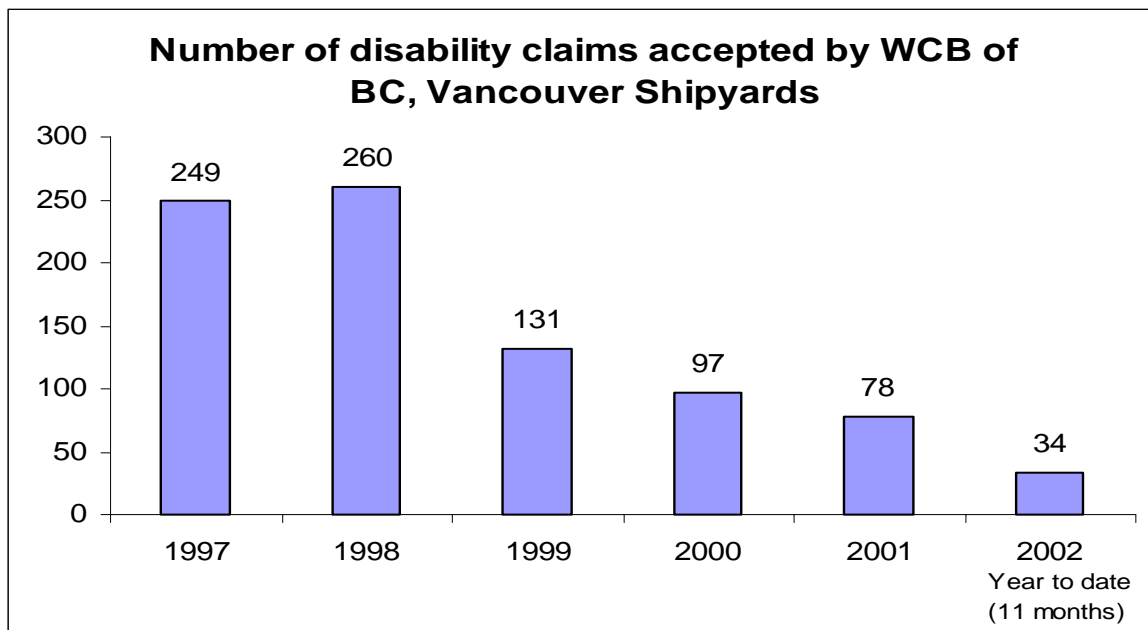
Given the Shipyards' past record of injury, lost-time accidents, and high claims costs, it is not surprising that management has been preoccupied with measuring the success of their health and safety initiatives in terms of reductions in these areas. On these fronts, they have had considerable success.

Between 1998 and 2001, the company has seen a 70% reduction in the number of disability claims accepted by the Workers' Compensation Board of B.C (see Figure 1). Moreover, reductions in claims have decreased steadily each year. Near the end of the calendar year 2002, the number of disability claims stood at 34, which puts VSY on track for a 50% reduction from the previous year, and 85% or more since 1998.

In a recent Corporate Safety Manager's Report to the Board of Directors (September, 2001), claims costs were reported to have fallen from \$2.2 million in 1998 to a projected \$500,000 in 2001. The company's Compensation Board rating assessment – used by the WCB to calculate premiums) has declined by nearly 60% between 1999 and 2001, and the corporate safety manager expects further reductions once the 2002 numbers are factored in to the assessment rate.

Management does not attribute these reductions to a single factor or initiative, but is confident that its various initiatives, operating under the new health and safety management system, are together yielding positive results.

Figure 1



Vancouver Shipyards' safety manager believes the division is now managing safety in a more professional and efficient manner. This view is supported by successive internal audits of the new Health and Safety Management System, which have seen overall compliance scores increase from 56% to 72%.

To date, there has been no formal assessment of the impact of the on-site gymnasium, largely because it was only recently introduced. However, the corporate safety manager is encouraged by the high level of participation and positive reaction of employees. Two-thirds of VSYS's employees have used the fitness facilities. However, he also notes that there is a small but diminishing group of workers who still do not trust the company and fail to recognize the company's efforts to reduce accidents and promote good health. These "mixed reviews" of management's intentions were reiterated through interviews with various Shipyard employees. Those interviewed saw the benefits of such a program and were encouraged by the company's efforts but admitted that "not all employees are onside with this".

Ultimately, the success of the VSYS's wellness initiatives will be judged in financial terms, specifically by way of reduced WCB premiums. The safety manager is confident that VSYS's investment in the gymnasium will pay for itself, by contributing to a fitter workforce, providing injured workers with a convenient rehabilitation service that will expedite a quick return to work, and promoting positive attitudes about the importance of health and safety.

Future Directions

Vancouver Shipyards has made significant progress improving its corporate safety record. The company has introduced a new safety management system, made substantial investments in safety training and equipment, and introduced state-of-the-art fitness facilities as part of its proactive effort to prevent injury and foster a culture of safety in the workplace. These efforts were recently recognized by the Canadian Society of Safety Engineers (CSSE), who cited VSYS as the runner-up for 2001 Safety Organization of the Year.

Moving forward, the company would like to build upon this success. To do so, there are a number of considerations management cites for the future. First is a continued emphasis on health and safety as a corporate priority, and adherence to the new safety management system. Operating under this management framework, safety and health will continue to be approached in a systematic and efficient manner, from the setting of policy through to planning, measurement of performance and review.

In addition, the corporate safety manager is considering the use of "leading indicators" to measure the proactive dimensions of health and safety performance within VSYS. Unlike more traditional indicators such as the number of workplace injuries, leading indicators might measure such things as the number of safety inspections or the frequency of tool box discussions. These leading indicators would allow the company to focus even more on accident prevention, measuring the proactive things that employees, foremen, managers, directors and VPs do.

Consideration is also being given to new wellness initiatives and further investments in the physical work environment. For example, the company has plans to refurbish its lunchroom facilities, and is looking at sponsoring teams for participation in community events.

Finally, VSY plans to give more emphasis to employee participation and communication. For the most part, the safety, health and wellness programs at VSY have been “top down”, management driven initiatives. Workers interviewed for this study indicated that there was a need for better communication. They also would like to better understand what the company is doing and why they are doing it. In the future, the corporate safety manager would like to see greater employee involvement, which might take the form of a Gym-User or Wellness Committee. Consideration is also being given to the use of employee surveys to assess the fitness facility and services. Such efforts to increase communication and employee involvement may go a long way in achieving VSY’s goal of creating a culture of workplace health and safety.