

**Occupational Health &
Safety Council of Ontario**

Prevention System Realignment

- ▶ Case for Change & Vision
- ▶ Financial Business Case
- ▶ Implementation Framework
- ▶ Sample Structures

The current Prevention System is not capable of delivering the sustained improvements necessary to achieve the Road to Zero goals

Four key issues

- 1** Insufficient resources at the front-line
 - We have missed the targeted reduction of 7%
 - Current efforts have resulted in a 5% reduction
 - Achieving our targets would have allowed us to avoid approximately 1,500 more lost-time injuries, and \$30,000,000 in benefits costs

- 2** Disproportionate services and outcomes
 - Both services to workers and employers; and improvement in outcomes are uneven across sectors
 - The ratio of employers to field staff ranges from a low of 31:1 to a high of 2,422:1, as a result, the vast majority of employers in high-ratio industries receive no direct support
 - Annualized LTI rate reductions across sectors average 5.1% over 10 years, but vary from best performer (10.4% reduction) to worst (0.5% increase).

- 3** Lagging behind changes in customer needs
 - The world of work has changed substantially in the past decade, customer demographics demand a shift
 - Manufacturing employment has dropped 13% in just five years.
 - Service sectors, primary resources, construction, healthcare and education employment have all increased faster than the provincial average

- 4** Inefficient use of current resources
 - Less than half of prevention spending currently reaches the front-lines
 - Minimal shared services are in place (primarily facilities amongst a small group).
 - Overhead and supporting functions are duplicated many times over
 - Funding to HSAs is currently apportioned at approximately 50% front-line, 25% operations / support, and 25% management.

There is widespread agreement that we require systemic change in order to meet the *Road to Zero* goals

OHSCO has collectively agreed to move towards:

- ▶ ***“One system that responds in a flexible, active way to all emerging problems”***
 - Smaller, more integrated, focused system with fewer HSAs
 - Consolidated back-office
 - Integrated planning
 - Maintain sector-specificity in the front lines
 - A plan for the north, schedule 2 and federally-regulated firms
 - One door in and out for the employer, unions, and vulnerable workers

From the issues identified, and this set of guiding principles, a vision for the future of the Ontario Prevention System has been developed.

Ministry of Labour – Minister

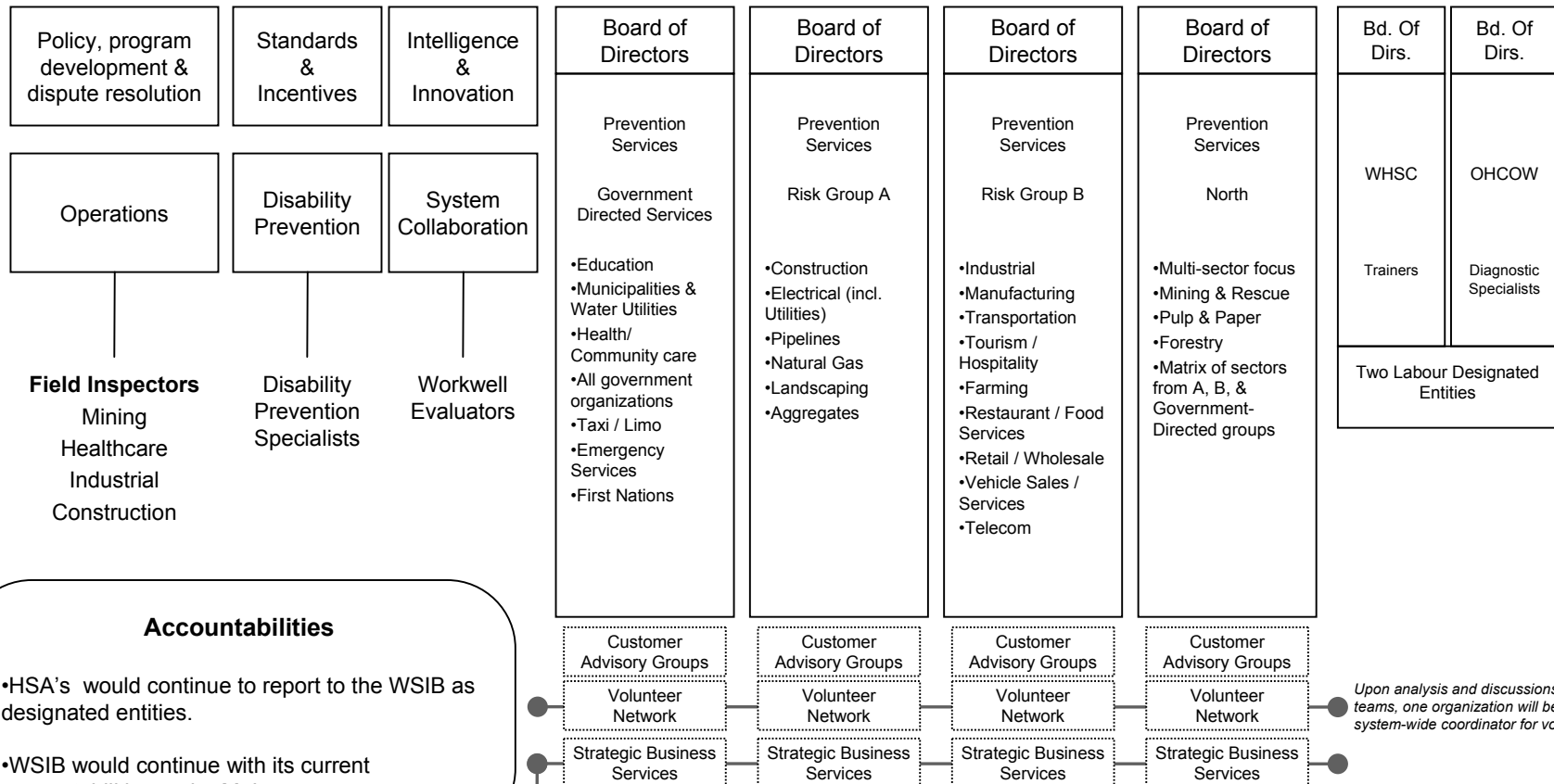
Workplace Safety & Insurance Board – Board of Directors

MoL

WSIB Prevention Division

Prevention Services – Designated Entities

OHSCO



We have made improvements to the new model composition based on feedback

What has been clarified in the new model?

1. Added Volunteer network

- Existing volunteer networks are seen as very high-impact – structural change will seek to enhance and/or create these networks, rather than limiting them.
 - Vital contribution to extending the health & safety message into a wide variety of workplaces and creating the national habit of safety
 - Maintaining ongoing relationships at a variety of levels within customer organizations

2. Sectoral Shifts

- The following sectors were added or shifted in order to maximize commonality of risks, and minimize impacts on conglomerate industries.
 - Federally regulated firms – this designation was removed, all federally-regulated firms will stay with their industry sector
 - Farming – this sector has shifted to Prevention Services Group B to maximize ties with transportation and small business
 - Electrical – this sector will include electrical services, electrical utilities and power generation.
 - Pipelines – all pipeline operators will be serviced together within Prevention Services group A
 - Aggregates – shifted to Prevention Services group A
 - Telecommunications – shifted to Prevention Services group B
 - First Nations – program leadership remains with Government Directed group; both Government Directed and Northern Services will provide services via field staff
 - Mining & Forestry – no longer split ; all field staff and program leadership, regardless of geography, will report to Northern Services

3. Changed placement of Transportation sector

- Placement of Transportation solely in the public sector category is inappropriate due to a large portion of the customer base representing non public firms.
- Transportation has been shifted to Prevention Services Group B

We have made improvements to the new model composition based on feedback

What has been clarified in the new model?

4. Changed placement of Pulp & Paper sector

- Discussions amongst the Northern Services planning group have shown that the majority of Pulp & Paper customers are located in Southern Ontario.
- In keeping with the design principle of commonality of workplace, risks & hazards, Pulp & Paper is closer in resemblance to manufacturing than other sector categories, and so has been regrouped:
 - Northern Services category – program leadership for Pulp & Paper, and northern Pulp & Paper customers
 - Prevention Services Group B – southern Pulp & Paper customers

5. Increased the multi-sector industry focus for Northern Services

- Discussions amongst the Northern Services planning group have shown that non-resource sectors are substantially under-served in the North. Newly designed structures will seek to enhance service provision and placement of field staff in **all** other sectors.
- Disproportionate additional staffing may be required in the North, due to current insufficiencies across many industries

6. Consolidated Support Services

- As Prevention Services Group A & B have scalable infrastructure, each of the other organizations will gradually transition sourcing toward one of these organizations, with the ultimate aim of migrating to one, fully-integrated, strategic support service for the entire system.
- Attrition from support services creates a reinvestment opportunity for additional front-line resources.
- Any net new investment in support services capabilities or functions will be made to service the entire system.

This model is about changing the overall Prevention System, not just the organizations and structures

What has been clarified in the new model?

7. Governance

- Governance of the new organizations will be through newly established Boards of Directors, intended to be between 10 and 12 members.
- Boards will be established based on corporate governance best practices and ensure competency and sector representation.
- Customer advisory groups will contribute to sector knowledge, targeting, product & service planning, and performance measurement

8. Sector-specific Service

- Sector-specific field staff: Field consultants will be dedicated to one industry focus, as they are today. Customer interventions will be led by sector-specific experts and will utilize other specialized resources as required.
- Representation: Industries will be represented on the new organizational Boards of Directors, and within each of the industry sub-sector customer advisory groups.
- Products, partnerships & services: Maintaining existing partnerships and creating new relationships within industry. Health & safety products, services and training will continue to be developed to suit the needs of specific industry sectors. Standardization of core components will ensure quality and sharing of best practices.

9. Integrated Planning

- All customer segmentation & high-opportunity firms will be linked between the WSIB, Ministry of Labour & the Health & Safety Associations.
- All available front-line resources across the Prevention System will be focused on high-opportunity firms.
- Field staff will fully understand how and when system partners are engaged with particular customers, and seamlessly coordinate with each other when customers must be passed to a new partner.

10. Performance Measurement

- All progress and performance of the new model and each of the new organizations will be tracked rigorously and posted publicly.
- New performance tracking will be rolled out and managed on a month-to-month basis by WSIB

The proposed model represents a significant step forward to address the identified issues with the current state, and contribute to system-wide benefits

This model is designed to maximize the system-wide potential to reduce fatalities, injuries and illnesses.

1. Increasing front-line service

- Reinvests management and supporting activity into front-line services and increases use of volunteer networks
- Dramatically improved coordination and planning between staff (front-line & strategic business services) within each part of the Prevention System

2. Increasing Customer Focus

- The entire Prevention System will be customer-focused and able to meet shifting needs and redeploy resources as industry needs change
- Each organization will create field specializations, utilize industry-specific products & services and establish customer advisory groups

3. Extending Services to Underrepresented Areas

- Results in far more responsive and proportionate funding than the current model

4. Improving Accountability

- Establishes clear and strict standards of accountability within each organization
- Creates clear and transparent reporting across the system

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Analysis of the new model has resulted in financial projections for both costs and benefits moving forward

This model is designed to maximize the system-wide potential to reduce fatalities, injuries and illnesses; and deliver value for money.

Potential cost avoidance associated with these goals has not been estimated; however, the additional insurance cost of not attaining our 7% target is significant.

Cost Projections

Total first year costs have to be determined:

These include the following one-time investment costs:

- Legal costs
- Planning & management costs
- Leadership selection
- Functional integration costs
- System-related enhancements (scaling-up existing systems, common web presence)

Benefit Projections

Total end-state benefits will include:

These include the following areas of savings:

- Volume-based procurement savings
- Reduced strategic business services costs
- Asset pooling & reduction
- Reduced management costs
- Reduced strategic supporting costs
- Reduced marketing spend

Due Diligence

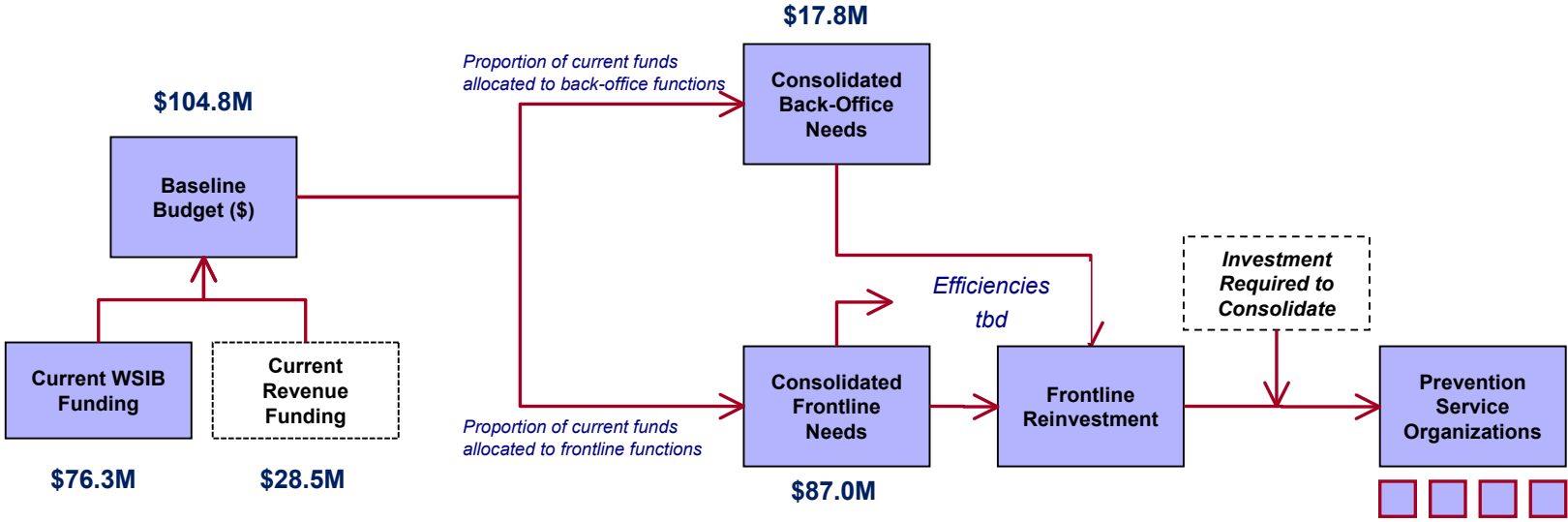
Additional detailed information will be required in order to determine the right way to move forward.

WSIB has established a team to perform due diligence across each of the existing organizations in the areas of Finance, HR, IT & contracts.

Financial benefits of the new model can fully fund the change effort, while providing reinvestment opportunity

Cost Side Methodology

DRAFT – Subject to review



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Once the right leadership team is in place, the new model organizations can begin to be launched in a phased-in approach based on organizational readiness and net impact

Implementation Framework

- ▶ A number of potential phased-in approaches are possible – for the purposes of planning, this framework will be used to assess costs, benefits, and relative timelines.

Dec. 2008

WSIB Board approval of the new model

January - March, 2009

March – August, 2009

Reformation of OHSCO

Ongoing

January, 2010

Strategic Model Review



Once approval has been attained for the new model, the first step will be to establish a small core team to lead and guide the integration process, and put the right leadership in place for future organizations

Establish New Prevention Model Planning Team

Timeframe

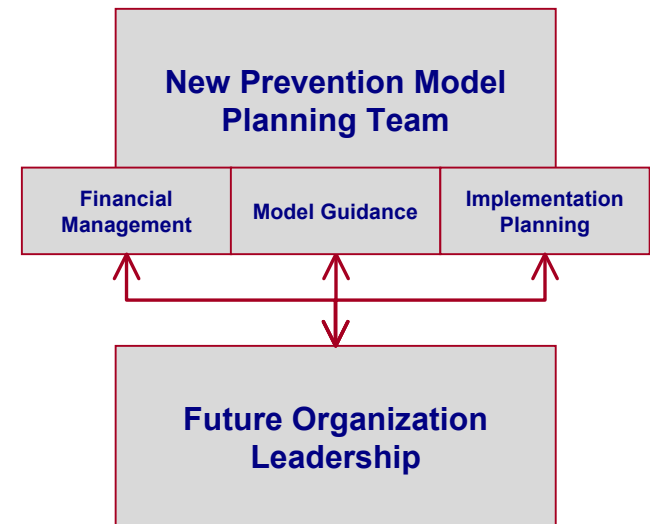
- Initiation - January 1, 2009
- Duration
 - Six Months at 50%
 - Reduced responsibility as leadership is put in place, and integration occurs

New Prevention Model Planning Team

- ▶ It is critical that a core team provide strategic oversight to the development of the new model, as getting there will require difficult considerations of ownership and transfer from past organizations into future organizations, as well as appropriate servicing of the system under the new model.
- ▶ **The new organization's leaders are critical in the change-process, but cannot work in isolation to establish the footprint for their new organization.**

New Prevention Model Planning Team

- Provides oversight during the transition to ensure the new model is appropriately implemented, **and works in cooperation with existing designated entities and management teams.**
- Chairperson: Chief Prevention Officer
- Key Members:
 - Prevention Management
 - Financial Lead
 - Project Management
 - Future Organization Leadership
- Will draw upon other outside resources as required (legal, IT, HR, etc.)
- Key Planning role
 - Ongoing revision and tracking of new model and implementation plan
- Key financial role
 - Gate and approve legacy budget releases
 - Gate and approve transition project spend.



The new organizational leaders must be chosen quickly in the process, and identified early in order to work together and in concert with the planning team

Organizational Leadership Placement

Timeframe

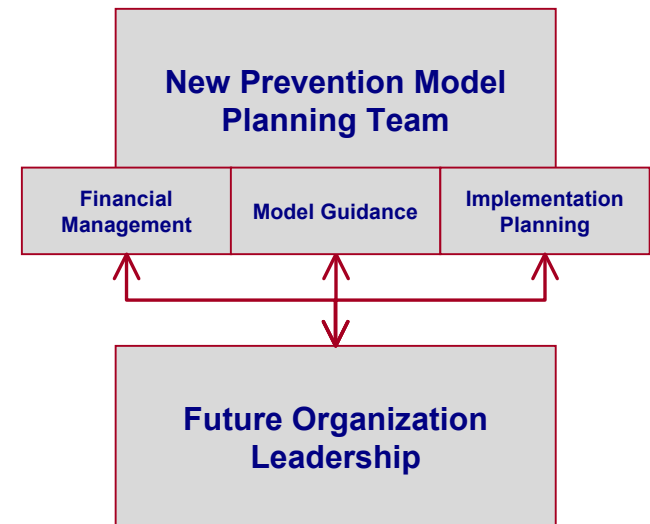
- Initiation - January 1, 2009
- Duration
 - Three Months at full capacity
- New Leadership can be identified by March, 2009

Selection of the new Organizational Leadership Team

- ▶ Selection of new organizational leaders will be performed in an open competition
- ▶ The New Prevention Model Planning Team will oversee the search & evaluation operation, as well as ensuring commonality in the new Boards of Directors composition and their involvement in the selection process

Future Organization Leadership

- Ultimately responsible for the design and planning of each of the new model entities
- 4 Identified Executive positions required in early 2009:
 - Gov't Directed Services CEO
 - Industrial / Services CEO
 - Construction / Electrical / Resources CEO
 - Northern Services CEO
- Concurrent Boards of Directors composition design, selection and placement



The new Prevention Services Groups can be launched upon selection of the new leadership teams

Phase 1 - Launch New Prevention Services Groups

Timeframe

- Q1, 2009 – planning
- Q2, 2009 – legal launch
- Q3 & Q4 2009 – integration

Startup / Integration Approach for Prevention Services Groups:

- ▶ Establishment of Board of Directors
- ▶ Legal organization launch
- ▶ Establishment of Management Team
- ▶ Business model design
 - Integrated organizational strategy
 - Organizational structure
 - Key roles and accountabilities
- ▶ Integration plan with legacy organizations
- ▶ Establishment of customer advisory groups
- ▶ Performance measurement and reporting
- ▶ Launch cultural and functional integration programs
- ▶ Placement of staff
- ▶ Rebranding
- ▶ Support services consolidation & efficiencies

Category	Government Directed Services	Group A – Construction & Electrical	Group B – Industrial & Services	Northern Services
Legacy organizations	MHSA, OSACH, ESAO	CSAO, EUSA	IAPA, OSSA, FSA, THSAO	OFSWA, PPHSA, MASHA & MRP
Issues	<ul style="list-style-type: none"> • Urgent customer need for coordinated action and results • Co-location of ESAO & OSACH • Lack of existing scalable support services 	<ul style="list-style-type: none"> • Not currently co-located • Scalable support services • Overlapping management structures 	<ul style="list-style-type: none"> • Three are co-located with existing scalable support services • Strong opportunities for cultural and functional integration • Overlapping management structures 	<ul style="list-style-type: none"> • Currently co-located • Lack of existing scalable support services • Expansion required

Gradual integration of shared supporting services will allow for economies of scale and eventual operating cost savings

**Phase 2
Shared Services
Integration**

- Gradual consolidation of all support functions from existing organizations into one, scalable shared-services centre
- Leverage existing capabilities
- Focus on:
 - HR
 - Finance
 - IT Systems & Support
 - Procurement
 - Printing
- Gradually build efficiency

Timeframe

- Detailed planning to transfer from working group to new leadership in March, 2009
- Initial integration performed within new Prevention Services Groups
- Net new investments will all be targeted in a scalable fashion to meet the needs of the entire system

Consolidating business services

- ▶ Shared services will be provided in two-stages:
 - First, each of the four organizations will consolidate existing support functions into their own consolidated services.
 - Second, all net new investments will be made in such a way as to provide scalable shared services to the entire system through one of the existing organizations.

- ▶ It is understood and expected that the ongoing development of the consolidated back-office plan will come to affect these assumptions.

Category	Functions included	Functions excluded	Target Rationale
Back-office supporting	<ul style="list-style-type: none"> • HR Support • IT Support • Finance Support • Procurement • Printing 	<ul style="list-style-type: none"> • Facilities • Reception & administrative assistants • Strategic roles in HR, Finance & IT 	<p>Efficiencies targeted within back-office supporting functions can be substantial due to economies of scope and processing.</p> <p>These efficiencies are gained upon harmonization of existing business systems and processes.</p>

Strategic shared services may also generate operational costs savings; however, the primary benefits are customer focus, standardization and quality service & products

**Phase 3
Strategic Shared Services**

- Gradual consolidation of strategic services from existing organizations into one, scalable shared-services centre
- Leverage existing capabilities
- Focus on:
 - Marketing
 - Product Development
 - Business Analysis
 - Research
- Gradually build efficiency

Consolidating strategic support services

- ▶ Shared services will be provided in two-stages:
 - First, each of the four organizations will consolidate existing strategic functions into their own consolidated services.
 - Second, all net new investments will be made in such a way as to provide scalable shared services to the entire system through one of the existing organizations.
- ▶ It is understood and expected that the ongoing development of the consolidated back-office plan will come to affect these assumptions.

Category	Functions included	Functions excluded	Target Rationale
Strategic supporting	<ul style="list-style-type: none"> • Marketing • Product Development • Communications • Business Analytics 	<ul style="list-style-type: none"> • Technical specialist services • Business development 	Efficiencies within strategic supporting functions are typically smaller than those found within back-office supporting functions; and are gained over time with the propagation of best-practices standards.

Timeframe

- Detailed planning to take place with new leadership

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Potential future structures for the newly created organizations should be drafted to assist in operational planning for the new model and leadership selection – Ultimately structural decisions will be made by the new leadership

Services & Industrial

- ▶ Current organizations likely to be integrated: IAPA, OSSA, FSA, THSAO

