
MISSION:
ZERO


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October 1987

Prominent Wall Street investors and stock analysts gathered in the ballroom of a posh Manhattan hotel.

They were there to meet the new CEO of the Aluminum Company of America -- or Alcoa as it was known.

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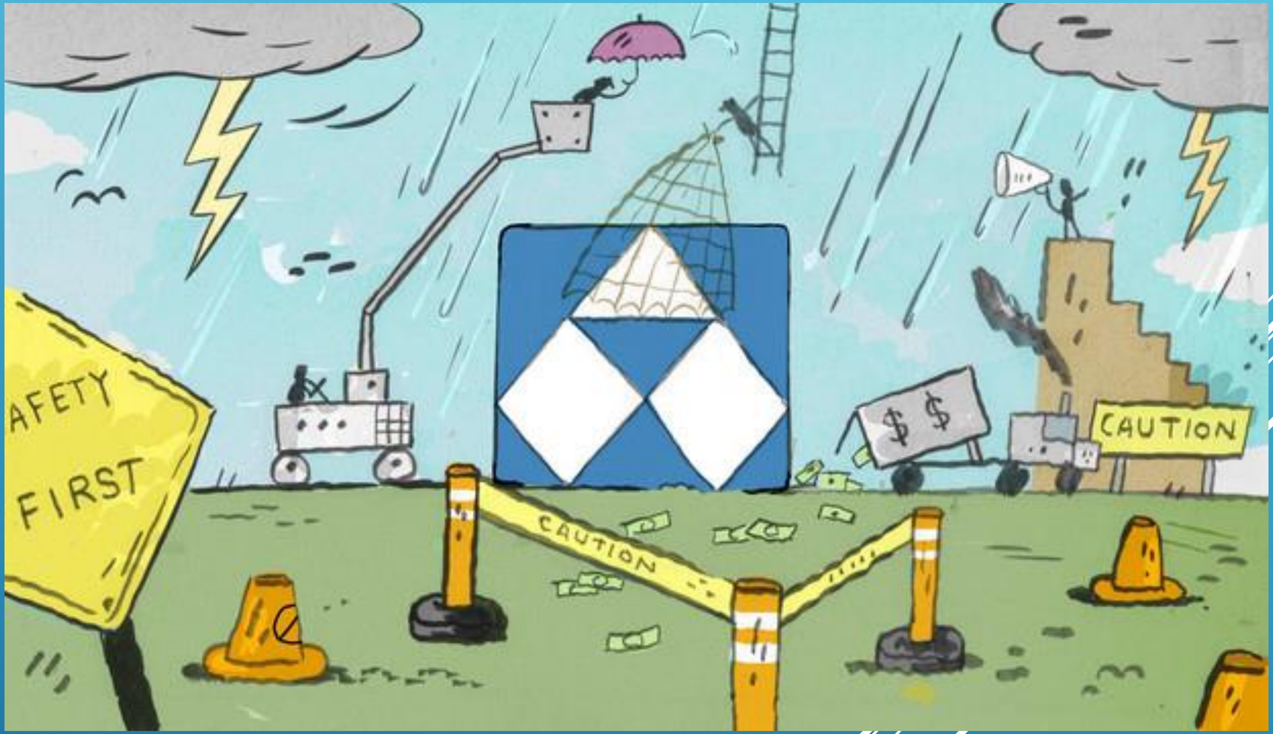
A 100 year old company, it manufactured everything from the foil that wraps Hershey's Kisses and the metal in Coca Cola cans to the bolts that hold satellites together.

A few minutes before noon, the new chief executive, Paul O'Neill, took the stage. He looked dignified, solid, confident. Like a chief executive. Then he opened his mouth.



"I want to talk to you about worker safety," he said. "Every year, numerous Alcoa workers are injured so badly that they miss a day of work.

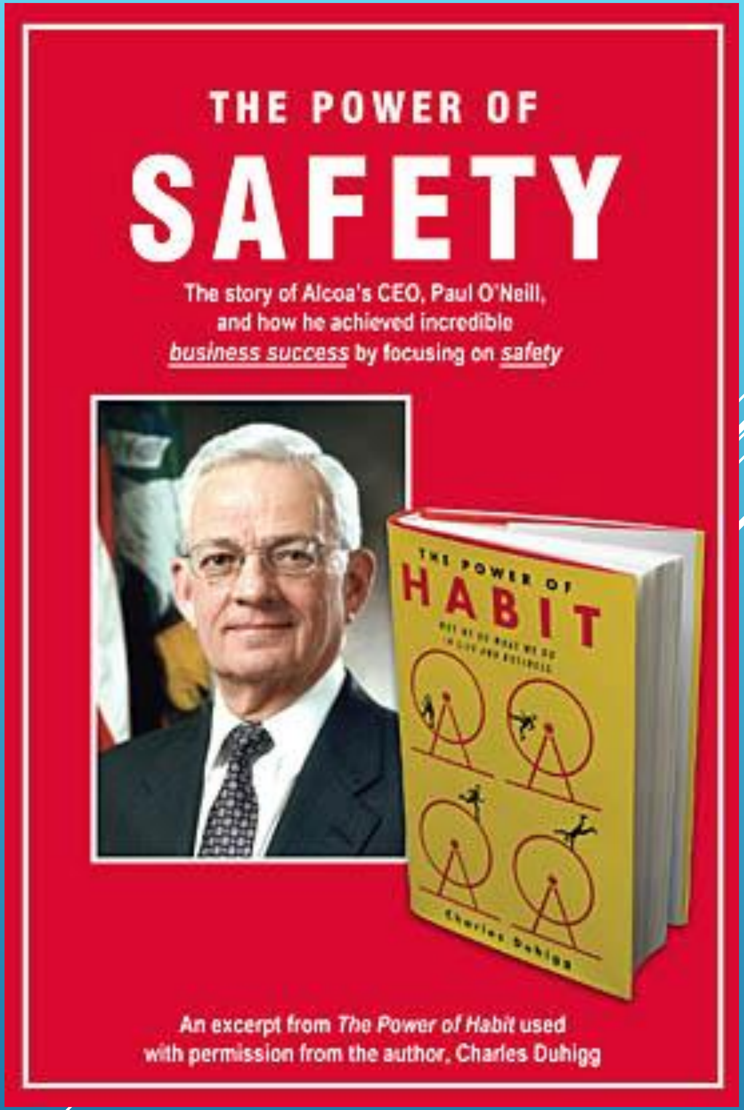
"I intend to make Alcoa the safest company in America. I intend to go for zero injuries."

The audience was confused. Usually, new CEOs talked about profit margins, new markets and 'synergy' or 'competition.' But O'Neill hadn't said anything about profits. He didn't mention any business buzzwords.

Eventually, someone raised a hand and asked about inventories in the aerospace division. Another asked about the company's capital ratios.

"I'm **not certain** you heard me,"

O'Neill said. "If you want to understand how Alcoa is doing, you need to look at our workplace safety figures." Profits, he said, didn't matter as much as **safety**.



The investors in the room almost stampeded out the doors when the presentation ended and called their clients…

The board put a crazy hippie in charge and he's going to kill the company.

Sell Alcoa shares before it is too late.

Within a year of O'Neill's speech, Alcoa's profits would hit a record high. By the time O'Neill retired in 2000, the company's annual net income was five times larger than before he arrived, and its market capitalization had risen by $27 billion.

What's more, all that growth occurred while Alcoa became one of the safest companies in the world.

So how did O'Neill make one of the largest, stodgiest, and most potentially dangerous companies into a profit machine and a bastion of safety?

By attacking one habit and then watching the changes ripple through the organization.

He identified a simple cue of poor safety

An employee injury.

He instituted an automatic routine

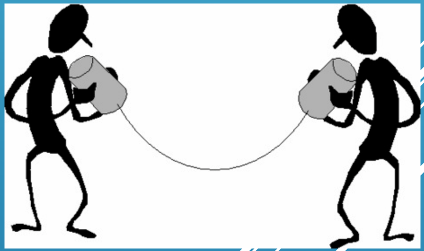
Any time someone was injured, the unit president had to report it to O'Neill within **twenty four hours** and present a **plan** for making sure the **injury never happened again**.

And there was a reward:

The only people who got **promoted** were those who **embraced the system**.

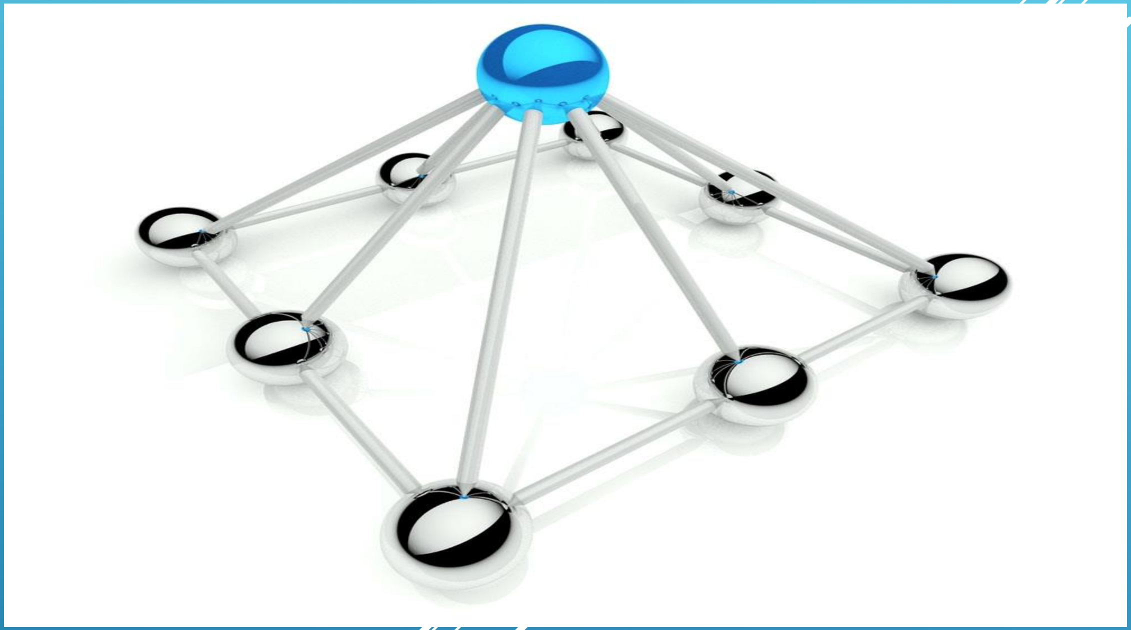
Unit Presidents were busy people. To contract O'Neill within twenty four hours of an injury, they needed to hear about an accident from their vice president as soon as it happened.

So vice president needed to be in constant communication with floor managers.



Floor managers needed to get workers to raise warnings as soon as they saw a problem and keep a list of suggestions nearby.

To make all of that happen, each unit had to make it easier for the lowliest worker to get an idea to the senior executives, as fast as possible.



Almost everything about the company's rigid hierarchy had to change to accommodate O'Neill's safety program.

He was building new corporate habits.

Unions embraced productivity measurement for assessing safety risks

Managers encouraged worker autonomy to stop injuries before they occurred

Employees started driving safety culture with vendors

O'Neill **never promised** that his focus on worker safety would increase Alcoa's profits.

However, as his new routines moved through the organization, **costs came down**, **quality went up**, and **productivity skyrocketed**.