



INTERVIEW

THE **CURRENT AND FUTURE** ROLE OF **RISK MANAGEMENT**

Insights from Libby Christman, Ahold USA

By James Lee, Executive Editor

EDITOR'S NOTE: *Lizabeth "Libby" Christman is vice president of risk management for Ahold USA, where she is responsible for claims and insurance management, safety, property protection, corporate and operational crisis management, and business continuity. Christman was named to Progressive Grocer magazine's 2010 Top Women in Grocery and Business Insurance magazine's Women to Watch in 2011 lists.*

EDITOR: For those in our readership who are not familiar with the name, tell us about Ahold.

CHRISTMAN: Ahold is an international group of quality supermarkets based in the United States and Europe. Ahold USA supports four regional Divisions—Stop & Shop New England, Stop & Shop New York Metro, Giant Landover, and Giant Carlisle—that together operate more than 750 supermarkets in thirteen states and the District of Columbia. In addition, we operate Peapod, the nation's leading e-commerce grocery shopping/delivery service.

EDITOR: Congratulations on your recent promotion to vice president of risk management. Summarize your responsibilities.

CHRISTMAN: Thank you. I have a number of responsibilities. One is safety, which includes occupational safety and health as well as customer and vendor safety. Another is property protection, which includes fire protection and other systems for protecting physical assets. In addition, I oversee claims management, litigation management, business continuity, and crisis management.

EDITOR: What type of background do you have that would allow you to assume this type of position?

CHRISTMAN: My undergraduate degree is in finance and economics, and I later earned an MBA degree. My first position out of college was with an insurance company. I worked in a variety of different types of claims roles for a number of insurance companies, handling workers' compensation, general liability, and auto liability claims for large, commercial accounts. I also have experience with underwriting as well as safety training. About fifteen years ago I transitioned to Giant Food Stores in Carlisle to manage the workers' comp program, and my

responsibilities have expanded since to include assuming this corporate role in July 2010.

EDITOR: As a corporate executive, describe your working relationship to the multiple operating divisions.

CHRISTMAN: Ultimately my responsibilities are the identification of occupational risks, physical site and operational risks, and application of programs and technologies to reduce those risks. All of the employees who work in the risk management department are corporate support, but we have safety specialists physically located within all of the geographies of stores. One of the things that we've been working on since I took this position has been to work with each division independently and identify specific opportunities to make our operations a safer environment for associates and customers. To achieve that we have to apply different types of policies, programs, and methodologies within stores, sometimes targeting specific departments, to put reductions within those risk factors. Reducing risks and changing management

and associate behavior ultimately manifests itself by reducing the number of claims we have, which reduces the cost of insurance and, in turn, improves the bottom line.

EDITOR: Do the divisions have directors of safety or risk management that you interface with?

CHRISTMAN: No, they don't. All of the people who support risk functions work in my department. I have a senior safety manager, who is an Ahold USA employee, and we have safety specialists that support each one of the divisions, including the warehouse operations.

EDITOR: Interesting. In a more traditional corporate environment with multiple operating divisions, oftentimes the corporate office serves more of an advisory role. Yours sounds much more hands-on.

CHRISTMAN: Since 2010 we've been in a state of transition as the entire Ahold USA organization was reorganized. I've spent the last year trying to make sure that I've been engaged with our division and operations leadership to make sure that they understand the intent and the strategy behind what risk management is all about. I found out early on in this transition that the definition for risk management that I had at the Giant Carlisle division was very different than what risk management was doing in the Stop & Shop or Giant Landover divisions. So we have been trying to bring a common theme to what and how we want to accomplish our goals. Then we have to figure out the best way to have those protocols or changes executed



My goal at Ahold USA is to expand the assumed definition of risk management. As a support function, we can get pigeonholed into just focusing on safety or claims, but I believe we have a lot of expertise that can add value to many areas of the business. We've been meeting with other departments and business areas to help them understand not only what our function is, but also what our function can be; how we can add additional insight on risk factors to the things other departments are doing.

within each one of the divisions, which operates with its own management team.

EDITOR: What operating functions in the divisions do you typically work with?

CHRISTMAN: First and foremost, we interface with operations. But we also work closely with quality assurance, finance, human resources, and of course, our LP group, which we call asset protection. We have really made great strides working with asset protection on a number of initiatives in the past year that I think has opened the eyes to our AP professionals about where we have common goals.

EDITOR: What are some of those initiatives or relationships that have helped the asset protection person better understand how they can make an impact on safety and accident reduction?

CHRISTMAN: One of the biggest initiatives involves our CCTV camera systems. Within the Giant Carlisle division where I worked previously, there was a good understanding that risk management needed cameras almost as much as asset protection did—many times

for different reasons. Certainly we wanted to be able to take a look at video for accident investigation. Sometimes we need to do a deeper dive into whether or not a potential claimant was trying to commit fraud with regard to their alleged injury.

We had worked with asset protection to identify different placements of cameras for our mutual benefits, because a lot of times the traditional places where loss prevention put cameras didn't really help us. For example, putting cameras focused strictly on cashiers or in the books, magazines, video tapes, or even the health-and-beauty aisles, are not high-frequency areas for either customer or associate injuries.

So part of our education process this year in the Stop & Shop and Giant Landover divisions was identifying where risk management needed cameras, why do we need them there, and what was the ROI for using the systems.

EDITOR: Many LP people think video is only for fraud related to slips and falls.

CHRISTMAN: But that's not really the case. There are two major reasons we want video

of customer accidents. First and foremost, it is very helpful to really see what happened in an incident; to see whether or not there was a hazard on the floor. Just because there may be a hazard involved doesn't automatically mean that as a retailer, we're liable. Trying to detect how a hazard got on the floor and how long it has been there are important considerations for us.

But one of the more significant reasons, it's become a necessity for most liability claims to have the evidence—most of the time that would be considered the video of the incident—preserved for something called “spoliation purposes.” What that means is that if we are asked at some point after the event to provide a copy of a video for an attorney representing someone who had an incident in our stores, we have a legal obligation to save that evidence. If we don't save the evidence, there's an assumption that what was on the tape implies that we were negligent. So right now, it has become more and more a legal requirement that we have those videos.

EDITOR: In the past in the grocery environment, slips and falls were the



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number one cause of customer injury, predominantly in the produce area.

CHRISTMAN: For most all grocery retailers, the prevalence of customer slips and falls is very high. However, we don't see the highest percentage in the produce departments anymore.

EDITOR: Why is that?

CHRISTMAN: For a couple of reasons. We have been more proactive with proper flooring and the strategic use of rugs in select areas such as where we use sprayers or have ice cases. Plus, the way we've changed how we merchandise certain items has helped. Take grapes for instance. Grapes come packaged in a plastic bag so that they are no longer loose to fall on the floor. By being more proactive, we are actually seeing slips and falls in produce declining.

EDITOR: Many food retailers conduct safety inspections or audits on a routine basis. Do you have similar programs that impact accident prevention?

CHRISTMAN: Absolutely. I have a team that a big part of their function is doing physical audits of stores. The audits encompass taking a look at the entire physical property of the store, both outside and inside. In addition they look for compliance with OSHA regulations as well as established policies and procedures. But in the midst of doing the audit, they also take the opportunity to walk the store with the manager. They coach department associates. This is an opportunity to gain insight as to whether or not people are comfortable with procedures and the personal protective items that we ask them to wear, such as cut-resistant gloves.

EDITOR: Do the stores have safety teams?

CHRISTMAN: Each store has a member of the salaried management team who is designated as the safety promoter or safety coach and is responsible for safety in the store. They also lead the safety committee, which is comprised of both management and hourly associates representing all the major departments in the store. The safety committee meets on a monthly basis to discuss any incidents that have occurred, any physical hazards that need to be repaired, and review the training information we send out monthly in what we call a "Skill Builder." In addition to the committee, each

The goal is to decrease the amount that we're spending on claims, which impacts our insurance premium costs, lost wages replacement, medical costs. I don't mean that to sound like we're only interested in dollars. Obviously, we don't want customers or associates injured because of the possible pain or suffering that may result. But reducing accidents and the severity of injuries can have a significant financial benefit to the company.



department manager is accountable for safety in their department and is required to perform a monthly safety audit.

EDITOR: And are any of those monthly activities reported up to your office or some of your people to ensure that those things are actually happening?

CHRISTMAN: Yes, but because of the sheer number of stores across the divisions, we can't look at all of them every month. Safety specialists look at the reports when they visit a store, and we certainly conduct random spot-checking as well. Of course, if certain stores have more incidents or claims, they're going to get more scrutiny.

EDITOR: You mentioned a term that sometimes brings fear to store managers—OSHA. While OSHA has been around a number of years, it appears that they have become more aggressive with retailers in the last few years.

CHRISTMAN: I think across the board OSHA has become much more focused on inspections and citations for employers. I don't think it's necessarily related just to retail or grocery. It's really across all

industries. In my conversations with other grocery retailers through our FMI [Food Marketing Institute] risk, insurance, and safety group, the consensus is that everybody has seen OSHA more frequently over the last eighteen to twenty-four months. I can say for a fact that we've spent a lot of time dealing with OSHA on sometimes what are nuisance issues that may or may not be based on fact. We have to do an internal investigation to identify whether or not we've done anything wrong and whether or not we need to remediate an issue. Unfortunately, it has a tendency to take our focus away from trying to be proactive, which is really where we want to be.

EDITOR: If there is an accident in a particular store, does the store get charged or suffer financially from that accident?

CHRISTMAN: We have an internal allocation system that we utilize to charge back for claims. Each of our divisions has their own insurance premiums for workers' compensation, general liability, property, and we do allocate those costs directly to each division. That premium is allocated to all locations, but stores that do not perform the required safety activities or have a higher frequency of severe claims will have a higher allocation by rate of sales. We have found that certainly some managers use that as a motivator to improve their business.

EDITOR: We talked about slips and falls from a customer standpoint, what's the primary cause of employee accidents?

CHRISTMAN: We used to see a fairly high number of injuries related to associate

slip-and-fall claims. However, all of our divisions have a pretty stringent slip-resistant shoe program that has been rolling out in varying degrees since 2007. The program is mandatory for associates in fresh departments, in particular the deli, meat, and bakery departments. The floors there have a tendency to become not only wet, but also greasy. We've seen a wonderful decline in the number of associate injuries since rolling out those programs because the shoes work.

We always see strain injuries—necks, shoulders, knees, lower back. Because most of our jobs within the store are physically demanding, there is an increased risk for injury when associates lift, twist, or bend the wrong way. These types of injuries have a tendency to result in higher value claims, and certainly more lost workdays. It can be more difficult to rehabilitate and bring associates back to work after those types of injuries. We do make use of an aggressive return-to-work program in all locations, to get associates back in to the workplace sooner, keep them engaged, and reduce our lost work days.

EDITOR: What are you doing to address those types of injuries?

CHRISTMAN: One of the things that we've been doing in our Giant Carlisle division, and that's in pilot in some of our other divisions, is a nurse-triage program. When an associate reports an injury, the first thing that we do is store management phones a nurse. With the associate present, they talk to the nurse about where the injury occurred and how the person was injured. Then the nurse goes through a list of protocol questions with that associate privately, for confidentiality purposes, and will make an assessment as to what type of medical attention that associate may need. If it's something simple, such as a cut on the finger that doesn't require stitches, they may tell the associate to put some antibiotic ointment on it with a Band-Aid, and they may be able to go back to work immediately.

On the other hand, if the nurse determines that the associate should see a physician immediately, the nurse has a list of all the physicians in the area of the store where that person should seek

treatment. The nurse may instruct the associate to go to a hospital emergency room, an occupational health clinic, or perhaps to see an orthopedic surgeon. So we're trying to get associates to the right type of physician sooner rather than later. Most importantly, what the program does is allow us to not rely on the store manager to make the decision about where the person needs to go for medical treatment.

EDITOR: Are you seeing reductions in cost or lost time?

CHRISTMAN: We have definitely seen a reduction in the number of cases where an associate needs to go for outside medical care, number one. Where previously the store manager may have sent someone with a minor injury to the hospital, we're finding now that most of those people really don't need to go to the doctor. They're perfectly satisfied with resolving the issue by talking to a nurse on the telephone. But the other thing that we're seeing is that with those associates who have potentially a more serious injury, we're getting them to the right type of physician right away,

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which leads to quicker, more appropriate medical intervention. That results in getting associates back to work quicker, and with a higher level of satisfaction for the resolution.

EDITOR: That's a pretty strong, very proactive program. Speaking a little more globally, what are the key factors in measuring an effective risk program?

CHRISTMAN: There are a couple of common methods that are universal. Certainly, we measure our frequency of accidents. In the workers' comp area, we measure the number of claims against our labor hours. We basically compare our number of incidents by the number of claims per 200,000 man-hours. This gives us the ability to have a common metric across all of our divisions, all of the stores. No matter what size they are, the metric is consistent, which allows us to know whether or not a store's performing where they need to be. We use a similar metric for customer accidents, where we compare the number of customer claims versus the number of customer transactions.

We also take workers' comp claims and narrow them down to only those claims where lost days are involved. This is important because those are the claims that are more severe and likely to have a negative impact on a store. So, we track these numbers and measure them against labor hours as well. For most companies, the number of lost-time claims in comparison to the total number of claims is usually a much smaller number. Depending on the jurisdiction, it could be 40 percent or it could be 15 percent.

EDITOR: Do these measurements somehow convert to dollars?

CHRISTMAN: Absolutely, that's where the rubber meets the road. The goal is to decrease

the amount that we're spending on claims, which impacts our insurance premium costs, lost wages replacement, medical costs. I don't mean that to sound like we're only interested in dollars. Obviously, we don't want customers or associates injured because of the possible pain or suffering that may result. But reducing accidents and the severity of injuries can have a significant financial benefit to the company.

EDITOR: To change the subject a bit, you had mentioned that one of your responsibilities is crisis management. What role do you play in your world?

CHRISTMAN: In Ahold USA crisis management really is focused on how well we are prepared with people and procedures to react to certain types of events. Over the last year since our reorganization, we instituted crisis management teams within each one of our divisions, distribution centers, as well as here at Ahold USA corporate.

Our team has a manager of business continuity that leads this effort with representation from store operations, asset protection, food safety, human resources, and communications. We have not only recommended designates for each of the teams, but also alternate representatives. We have put together written plans to make sure that we have identified in advance



those particular protocols that really needed to be implemented in a time of crisis.

We've spent an awful lot of time in the past year putting these teams together, meeting with the teams, drafting and redrafting plans and procedures, and utilizing actual events as crisis drills to rehash what we did well, what we didn't do well, and how we can make continual improvements.

EDITOR: Often we think of crisis management as it relates to major crises, like Hurricane Katrina or 9/11. What are some examples of other types of incidents that require a crisis management team to get engaged?

CHRISTMAN: Some of them are not related specifically to multiple stores. For example, let's say you have a fire or a bomb threat in a store. People need to know what to do, whether the bomb threat comes in a letter in the mail or a telephone call. Guidelines on what to do are necessary for store personnel as well as your crisis management team. Some of these events are not necessarily going to generate a huge amount of press, but it's something that we need to prepare for and be able to react immediately.

EDITOR: At the same time given the events of September 11th, how would you describe the change in your responsibilities since 2001?

CHRISTMAN: One thing that we've certainly become more aware of is the whole idea of business continuity. September 11th showed us that an event can occur to disrupt the core functions of your business. You need to be prepared and have a plan in order to keep your business viable. We've placed a significant amount of focus on how we continue to run our business in the event a catastrophe takes out a warehouse, an office building, or somehow takes out our systems. We are making sure that we have documented plans and roadmaps as well as alternative worksites in place to ensure we can continue business.

EDITOR: Shifting gears once again, let's talk about your role as the chairperson of the FMI risk insurance and safety committee. What types of initiatives are under consideration by that committee?

I think across the board OSHA has become much more focused on inspections and citations for employers. I don't think it's necessarily related just to retail or grocery. It's really across all industries. In my conversations with other grocery retailers, the consensus is that everybody has seen OSHA more frequently over the last eighteen to twenty-four months.

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CHRISTMAN: First of all, we really want to rebrand FMI to the risk, insurance and safety community within the retail arena. In prior years, the risk and safety group was primarily focused on conference planning. Now we have a group of industry experts in risk and safety that will be focused on several initiatives to bring value to FMI members.

One of the things we are looking at is benchmarking. We are trying to determine the best way to get participation from FMI member groups to participate in a benchmarking study that's relevant for all of us. We all want to be able to measure ourselves, and who best to measure ourselves against than other retailers or wholesalers in the grocery business.

We're also looking at how we can do a better job with sharing information. We want to implement some type of an e-share system where we can ask questions, share answers, and become engaged with one another on a more frequent basis. Like loss prevention, risk and safety are areas where we feel a little bit freer about sharing information about what we're doing and how we're doing it because we're not sharing proprietary information. At the end of the day, what we're all trying to do is protect our associates and our customers.

We all win when we have good solutions. And sometimes the best way to do that is to not reinvent the wheel, but to find out how somebody else is making it work.

EDITOR: Does your committee have responsibility for putting together specific sessions for the upcoming asset protection and safety conference in March?

CHRISTMAN: Yes, we've tried to put together sessions that focus on safety, claims management, medical management, and other areas where we can give attendees something practical that they can take away and put into action at their own company. I think people want to go to a conference where they can hear something that was successful for somebody else and have the tools or information to take back to their company and implement a solution. We plan to have a lot of sessions that are going to be like that. (See sidebar below for a list of risk and safety topics scheduled for the upcoming conference.)

EDITOR: Looking forward, how do you see your role, and risk management in general, evolving in the retail industry?

CHRISTMAN: My goal at Ahold USA is to expand the assumed definition of risk management. As a support function, we can

get pigeonholed into just focusing on safety or claims, but I believe we have a lot of expertise that can add value to many areas of the business. We've been meeting with other departments and business areas to help them understand not only what our function is, but also what our function can be; how we can add additional insight on risk factors to the things other departments are doing.

Apart from working with the asset protection department as we discussed earlier, we've also been working closely with our maintenance department on proactive measures in stores. We've been working with our human resources group on some conceptual training ideas. We've been working with store operations to a greater degree not only on tactical things, but also more strategic solutions for risk factors. We've been taking a look at construction to provide input on particular design elements that have caused problems. We've been working with our purchasing department on ergonomic issues with certain equipment. So, we're trying to insert ourselves into different business areas that weren't accustomed to seeing somebody in risk management have any input or opinion before.

EDITOR: That's very proactive and shows that today's risk management executive should be a value-adding business partner, not just someone looking at reports and numbers.

CHRISTMAN: That's very true. But even when it comes to data, we are using technology today in a much more sophisticated way than in the past. For example, we've been working with our claims group on a predictive modeling project that takes a decade worth of claims data and tries to pinpoint what factors contribute to a bad claim. If we can identify these factors so that we know within thirty to sixty days that a claim has the potential to be open for ten years or cost half a million dollars, then we can determine what we can do proactively to make sure that that doesn't happen. Risk management has come a long way in the past decade, and I believe we'll continue to grow and contribute in many different ways in the future.

EDITOR: No doubt. Thank you for sharing your thoughts on risk management with our readers. ■

FMI's Risk, Insurance, and Safety-Related Conference Sessions

Following are some of the educational sessions that may interest risk, insurance, and safety professionals at the Food Marketing Institute's Asset Protection Conference March 11 – 14 in New Orleans. Go to www.fmi.org for more information.

General Sessions

- Power-Lift Training—A Practical Guide to Reducing Material-Handling Injuries
- Current and Innovative Trends in Risk and Safety
- Preparedness Is NOT Paranoia

Breakout Sessions

- Managing Your Fleet to Reduce Losses and Improve Operations
- Responding to the Catastrophic Claim—Are Your Routine Investigative Protocols Sufficient?

- Safety for Smaller Footprint Operators
- Cyber Risk Liability
- Risk Data Mining and Analytics
- How to Prepare for an OSHA Audit

Roundtables

- Claims and Insurance
- Environmental Compliance

Workshops

- Techniques of Risk Management
- Active Shooter—Readiness, Response, and Recovery