

The Business of Safety in a Lean Economy

Carmen Shafer, CSP, CHST, CRIS

In these times of rising gas prices, high foreclosure rates and a slowing economy, most businesses are tightening their belts and taking steps to reduce their overhead in order to survive. Unfortunately, for many companies, reducing overhead includes cutting safety budgets. Many companies still see safety as a cost of doing business, a necessary evil and a drain on overhead and profit. However, a few successful companies have taken a different view of safety and consider it a profit center to be developed and exploited, not a cost to be cut. How can this be accomplished? Read on...

The Old Argument

Most people are familiar with arguments that center on the idea of maintaining a good safety program in order to reduce accident costs and regulatory fines. Fewer accidents result in lower direct costs such as medical bills and reduced indirect costs such as lost productivity, rising workers compensation rates, cost to replace the injured worker, and management costs in handling the case. A safe worksite translates to fewer or no OSHA fines and their resulting indirect costs including lost productivity and management costs in handling the inspection and following up with corrective action. Unfortunately, there are still many companies who see accidents and OSHA citations themselves as a cost of doing business and are willing to gamble that there will not be an accident and that they will be overlooked by OSHA. For those companies, the threat of fines and rising workmen's compensation costs are not much of an incentive to develop or improve their safety programs and practices.

A Different View

Implementing safe work practices within your company can result in many benefits that can also result in fewer overhead expenses and more work. Maintaining a safe worksite is a good business practice. Many insurance companies offer discounts on your premiums if you implement certain safety practices. Purchasing and maintaining high quality reusable safety equipment can reduce "disposable" material costs such as lumber and reduce labor costs. Additionally, visible safety practices can help you earn more business.

Insurance

If your insurance premiums are lower than your competitors, then your overhead is less and you are more competitive. Companies in Ohio can earn discounts on their workers compensation costs by participating in local area safety councils, attending sponsored educational sessions and seminars, and implementing substance abuse training and drug-free workplace programs. The BWC provides free safety training and assistance for participating Ohio companies. More information about these programs can be found at www.ohiobwc.com. In many situations, simply following up on existing workers compensation cases and making sure that they are resolved and closed out in a timely manner can reduce costs associated with an on-the-job injury.

Workers compensation is not the only insurance cost that can be reduced by implementing certain safety and risk management practices. Automobile insurance premiums could be reduced by performing regular MVR checks on drivers, implementing a fleet policy that

Shafer Safety Solutions, LLC

Safety Solutions That Fit The Way You Do Business!

effectively weeds out unsafe drivers, and conducting safe driver training programs. General Liability insurance premiums might be reduced by implementing a written safety program, including safety language in subcontract agreements, maintaining a clean OSHA record, and/or designating an individual in the company who is responsible for safety (i.e. a safety manager or director). Employment and Professional Liability premiums might be reduced by implementing written safety and HR policies and conducting regular training for employees and management. Check with your insurance carrier to find out what steps you can take to reduce your insurance premiums. If necessary, check out other carriers to make sure your company is getting competitive pricing. When pricing insurance, look at the whole package and consider other benefits a carrier might provide such as free training and consulting services, training grants, and discounts on related business services. Above all, take advantage of any free training and consulting services that your carrier offers.

Safety Equipment Investments

When purchasing safety equipment for your company, keep an eye on quality and re-usability. For example, if you typically install wooden guardrails or warning lines to provide fall protection, consider investing in products such as the SafetyBoot (www.safetyboot.com), SafetyRail 2000 (www.safetyrail2000.com), or the parapet rail system by Guardian Fall Protection (www.guardianfall.com). A simple internet search using keywords “reusable guardrail system” should provide an abundance of alternatives. Many companies will rent the equipment to you so you can try it out and make sure it works for you. These products will usually pay for themselves with a just a few uses by reducing lumber and labor costs in addition to reducing construction waste. Taking good care of your equipment to minimize wear and damage will also save money and reduce waste. For example, protect your slings from wear by padding sharp edges and store them in a weather tight location to extend their useable life and do not abuse ladders, scaffolding or other tools through improper use or exceeding their working capacities. Activities such as dropping scaffold planks from the deck rather than lowering them carefully to the ground and leaving them out in the weather can severely reduce their strength and shorten their useable life. If your company is considering pursuing LEED projects and other forms of “Green” construction as well as “Lean” construction practices, reducing waste and labor time by investing in good quality safety equipment can help you reach your goals.

Earn More Business

Many owners and purchasers are identifying safety business practices with good performance. One very visible safety practice that owners take note of is housekeeping. A clean and well ordered work area and project site is a mark of a professional. A clean worksite has fewer slip, trip and fall hazards and can reduce a large number of work-related injuries. A clean worksite is less likely to experience accidental fires and harbor rodents or other pests. A well ordered worksite means that less time is wasted hunting for materials and tools. A well ordered worksite means that fewer tools are lost or damaged because of improper storage and handling. These benefits all reduce costs and improve productivity, and your client recognizes that fact.

As owners become more sophisticated in their knowledge of safety and how they can benefit from hiring safe contractors, they are raising the bar and pre-qualifying their contractors rather than settling for low bid. A clean OSHA record and an EMR below 1.0 tend to be minimum

Shafer Safety Solutions, LLC

Safety Solutions That Fit The Way You Do Business!

requirements for bidding on many projects including state and federally funded projects. In these cases, seeing OSHA fines and high insurance premiums as a cost of doing business can cost you business. Additionally, many owners are requiring safety training for all employees such as the OSHA 10 and 30-hour courses. Maintaining a workforce that is trained on safe work practices is an investment in your company's future. Some owners are setting minimum safety standards on their project sites such as 100% hard hats, 100% safety glasses, and 100% fall protection, to name a few. If your company already implements these policies and maintains an effective safety program, then you will be more competitive in your industry. You can use your safety program and its positive results as a marketing tool to earn more business.

Small Investments – Huge Gains

Some small safety investments can result in significant gains for your company. For example a paving company in Denver, CO was experiencing a lot of auto accidents that were a result of individuals rear-ending their pickup trucks. Some people might say that these accidents are unavoidable; after all, you can not control the other drivers on the road. The company decided to place bumper stickers on all of their company owned vehicles stating "Target Zero Accidents". Amazingly, their rear-end accident frequency rate decreased dramatically, resulting in less lost time due to these accidents and reduced auto insurance premiums.

Investing in your employees by providing safety training can earn you more business, fewer accidents, and reduced insurance premiums as detailed above. Investing in their health and wellness both on and off the job can also result in fewer accidents, increased productivity and reduced insurance premiums. Several construction companies across the US have taken steps to reduce strain and sprain injuries by bringing in a Physical Therapist to provide input on a stretch and flex program and to teach their workers about manual material handling safety. One such company in St. Louis, MO experienced a 65% reduction in strains and sprains after utilizing a Physical Therapist in this way. Considering that strains and sprains tend to make up a large portion of lost time injuries on the job this was a good investment.

Summary

The above examples are just the tip of the iceberg in demonstrating how safety can have a positive impact on your bottom line. This only works, however, if it is supported by top management and communicated throughout the company. Safety should be seen as a profit center and not simply another overhead cost that gets slashed in these tight economic times. Your company can save overhead by reducing insurance premiums, utilizing free safety training and consulting resources, and making good investments in safety equipment (and then taking good care of that equipment). Your company can use your good safe work practices as a marketing tool and become more competitive in the marketplace.

For more information on how safety can have a positive impact on your bottom line, visit OSHA's "Safety Pays" website <http://www.osha.gov/dcsp/smallbusiness/safetypays/index.html> or contact us at carmen@shafersafetysolutions.com.

© *Shafer Safety Solutions, LLC*

P.O. Box 23, Whipple, OH 45788 • (240) 417-4665 • www.shafersafetysolutions.com