SAFETY AND HEALTH MANAGEMENT FOR BUSINESS: IT’S GOOD BUSINESS!

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Safety and Health Management

What is it?
- It’s a part of doing business.
- It’s a systematic approach for managing safety and health.
- It’s value-added to the bottom line.
- It’s about beliefs and attitudes.
A Fundamental Principle:

- Before any injury, illness or hazardous condition can exist........
- There must be one or more failures in the Management System.
  - Failure to recognize
  - Failure to fix
  - Failure to train
  - Failure to..........

Safety and Health Management
Why manage Safety and Health?

- The business of hurting people.
  - 5,214 Fatalities in 2008 (7 already this year in our region)
  - >4,600,000 non-fatal injuries (2009)
  - Events requiring days to recover finally fell below 1,000,000
  - 169,000 Illnesses
  - Tens of thousand die from workplace acquired disease
Why manage Safety and Health?

- Every single day at work -
  - 15 Workers are killed
  - 9,100 Workers are injured
  - You have a 1 in 25 change of being hurt
Why manage Safety and Health?

- **OSHA (2009)**
  - 39,004 inspections conducted
  - 87,663 citations issued
  - $86.2 million in penalties
  - 4.2 citations per visit (on average)
  - ~$1,000 per citation (increasing to $3-4K)

- Inspections based on rates (DART) using site-specific targeting (SST)
Why Manage Safety and Health?

- It’s too expensive not to.
  - 125,000,000 Lost Work Days.
  - More than $171 Billion Direct costs
  - $940,000 per Fatality
  - $28,000 per Disabling Injury
- Total Loss = Combined profit of the 50 largest corporations in America.
Why Manage Safety and Health?

- Rates
  - injury and illness rates
    - Days Away, Restricted or Transferred (DART)
    - Total Recordable Cases (TRC)
- National average for all business is around 3.5 per 100 workers.
- Businesses above this will be targeted.
Why Manage Safety and Health?

- Lets say you operate a small business.
  - 20 employees
  - Net profit margin of 3.7%.

- 1 recordable injury, DART = 5.0
  - You are above the national average.

- 2 recordable injuries, DART = 10.0
  - You are in a targeted group.
The business aspect.

- For this 20 employee company.
  - 2 recordable injuries last year
    - A laceration and a strain
      - Laceration = $15,398 ($16,937 indirect)
      - Strain = $27,363 ($30,099 indirect)
    - Total direct cost = $42,761
    - Total indirect = $47,036
  - Based on a 3.7% Net profit margin (2005$):
    - $1,271,272 additional sales to cover indirect
    - $2,426,945 additional sales to cover total cost
The business aspect.

- According to the National Council on Compensation Insurance (NCCI, 2005):
  - Indirect costs are not proportional to direct costs.
    
    | Direct Cost of Event | Indirect Cost ratio |
    |----------------------|---------------------|
    | 0 - $2,999           | 4.5                 |
    | $3,000 - $4,999      | 1.6                 |
    | $5,000 - $9,999      | 1.2                 |
    | $10,000 and up       | 1.1                 |

- But are always higher
What businesses can do.

- Implement a Comprehensive Safety and Health Management System.
  
  1. Management Leadership and Employee Involvement
  2. Workplace Analysis
  3. Hazard Prevention
  4. Safety and Health Training
Documentation

- ISO 9001 and 14001
  - International Organization for Standardization
- OHSAS 18001:1999
  - Occupational Health and Safety Advisory Services
- ANSI Z-10
  - American National Standards Institute
It’s a System, not a Program.

- Safety and health should be based on an organizational system.
- This system has 3 components
  - Operational Component
  - Managerial Component
  - Cultural Component
Operational Component

- Finding and Fixing potential problems.
- The operational component gets things done.
  - Hazard anticipation and detection
  - Hazard prevention and control
Operational Component

- Medical Community Involvement
  - Direct intervention
  - Workplace remediation
  - Stressor control/elimination
  - Program implementation
    - Respiratory protection
    - Hearing conservation
    - Expanded health standards
Managerial Component

- Makes things happen by establishing and maintaining the Operational Component.
- Applies traditional managerial functions to safety and health.

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Managerial Component

3 Major activities

- Planning and Evaluation
- Administration and Supervision
- Safety and Health Training
Managerial Component

- Medical Community Involvement
  - Trend analysis
  - Case management
  - Training
Cultural Component

- Concerns values and principles mutually held by members of an organization.

- To work, there must be:
  - Management Leadership
  - Employee involvement

- It all starts with top management.
  - Remember, it’s about values, not priorities.
Cultural Component

- You know you’ve got it when:
  - Everyone believes they have a **right** to be safe and healthy.
  - Everyone believes it is their **responsibility** to protect themselves.
  - Everyone believes it is their **duty** to protect their colleagues.
Cultural Component

- Medical Community Involvement
  - Goal setting
  - Performance reviews
Getting Started

- **Management must take a stand**
  - Let employees know that safety and health is a value
- **Write a company safety and health policy**
  - Establish some measurable and achievable goals (SMART)
- **Establish employee involvement and participation**
Getting Started

- Find the catalyst
  - In all successful businesses, someone is driving the System
- Assign responsibility
  - Make sure people know what is expected
- Hold people accountable
  - Part of the job description/performance evaluation
- Dedicate resources
  - Money, Time and Support
The business aspect

- Safety and Health requires resources
  - Dollars and time
- The costs are less than injuries and illness
- How much will it cost?
  - What’s the starting point
  - What’s the need
  - What’s the complexity
What can it save?

- Workers Comp. Cost Containment
  - Premium reductions (now and future)
- Indirect costs of an accident
  - Wage costs of other employees due to lost time or work stoppage
  - Administrative costs and WC paperwork
  - Employee training and replacement costs
  - Lost productivity due to new employee learning curve or accommodation of injured employee
  - Can range from 1 to 5 times the direct cost
  - Not covered by WC insurance
We know it works

- We use 58 criteria to evaluate the effectiveness of a safety and health management system.
- There is a direct, inverse relationship between System performance and injuries and illnesses.
- If you have a good System, you will have fewer recordables and DART will go down.
Odell Brewing Company

- Corkie Odell
  - COO and Co-Owner
- Craft brewery with 25 employees
- 1996 DART was 5X national rate
- 36 months without a lost time injury
- Mod Rate of 0.87
Point 5 Windows

- Gordon Hannaford
  - VP and Co-Owner
- Custom Windows and Millwork
- 65 Employees
- 1996 DART of 51.1
- Now at 2.5
- Average savings in WC cost is $70,000 per year.
Good Samaritan

- Sherri Friesen
  - Administrator - COO
- OSHA Targeted
- 125 Employees
- DART of 24.4 to 4.2
- WC Premium savings of $75K in 1 year
Anthony Forest Products

- In 1990, WC Premium was approaching $1 Million!
  - Implemented a Comprehensive Safety and Health Management System in all 6 facilities.

- In 2010
  - DART = 2.0
  - EMR = 0.56
  - WC Premium = $125,000
Other Area Success Stories

- Front Range Steel
- Yancey’s Produce
- Fiberlok, Inc.
- Dan Ostermiller, Sculptor
- Colorado Crystal
Summary

- Comprehensive Safety and Health Management Systems result in:
  - Fewer injuries and illnesses
  - Reduced WC experience modifiers
    - Lower WC premiums
  - Lower out-of-pocket expenses
    - Self-insured
    - Indirect costs
  - Increased profitability
Summary

- Thanks for your attention