

Mastering Safety Issues Yields Dramatic Results Workers Comp Relief

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Major ROI from Safety Program

What happens when you get serious about safety?

For Vistage chair and former Vistage member [Jon Shipp](#) , who took on safety issues as executive vice president and general manager responsible for 350 employees at McCoy, Inc. in Houston, the results were powerful.

- Worker's compensation claims costs decreased by 78% percent -- from \$251,691 in 1998 to \$53,704 in 2003.
- The company's OSHA 200 measure dropped favorably from 12.9 to 4.2 over a three-year period. This is the number of recordable accidents per 200,000 hours, as reported to the U.S. Occupational, Safety and Health Administration.
- Major customers like Shell, Exxon and Amoco were retained. Their business was worth millions to McCoy, and it all could have been lost had the safety program not been implemented.

"The only way to reduce worker's comp costs is to improve safety. Otherwise you're just hopping insurance companies until it catches up with you, and then you wind up being uninsurable," says Shipp.

He spent three years working with dedicated safety manager Danny Uhyrek, developing and implementing the safety program, which continues to produce major benefits for McCoy.

Pitfalls to Avoid

Shipp sees many ways in which companies get sidetracked in their safety initiatives. Among them:

- **Inaccurate Record Keeping** -- Companies that try to "fudge" the records so their safety experience looks more positive almost always get caught, either by a government agency or in a lawsuit. The upshot can be costly, a public relations nightmare and, in the worst cases, deadly when inadequate safety measures cause loss of life on the job.

- **The Misconception that Safety and Productivity Are Mutually Exclusive** -- In fact, excellent safety measures can increase efficiency and productivity. Don't let managers', supervisors' or employees' resistance to change undermine your efforts.
- **Putting the Wrong Person in Charge of Safety** -- Some companies use the safety director's position as a "job of last resort" for employees who have failed in other capacities. The person who runs your safety initiative should be passionate about making your workplace safer, and have the knowledge and interpersonal skills to make that happen.

"Danny was the right man to head up safety. He came from the field and was clearly passionate to make McCoy a safer place to work," says Shipp. "Because he knew the job, he made sure the employees had tools and processes that were helpful. Danny also knew enough about their activities that the excuses from employees for not following safety rules were minimized."
- **Failing to Support Safety throughout the Organization** -- Managers must be willing to support all safety initiatives. Employees who refuse to maintain safety standards must be disciplined appropriately and, if their behavior does not change, they must be terminated.

Get a Safety Improvement Process Going

Creating a world-class environment of safety involves seven steps:

1. **Evaluate your current situation.** Find your baseline. Former OSHA employees can be hired to do audits and make recommendations. Your insurance carrier can really be your partner to help you set benchmarks with similar companies.
2. **Set safety and performance standards.** Standards should be realistic for the job. That is, the standards should keep employees safe without creating an insurmountable burden for the task.
3. **Train your staff to these standards.** You will encounter resistance to the change that standards represent. For example, Shipp had employees who resisted wearing safety glasses when using power tools. So they were required to wear safety glasses any time they were on the job. Eventually, Shipp reduced the requirement to wearing the glasses within areas where power tools were used.
4. **Hire and retain employees who agree to work to these standards.** Require employees to read and sign documents indicating that they have read and understood your safety policies. "Be ready to fire your top performer if he/she does not support your safety program," says Shipp. "You have to let everyone know you are serious or the program will end up as another 'Flavor of the Month' program."
5. **Measure your progress with frequent audits.** Audit aggressively and often. Seatbelts are required, so failure to wear them should be a violation -- whether for a truck driver or an executive on the job. Violation reports are learning opportunities for improvement. Companies that "doctor" reports to make their incident record appear cleaner than it is only create greater risk exposure for themselves.
6. **Reinforce the message in various ways.** The message is especially powerful when it comes from the CEO. Your passion for safety can be communicated in monthly meetings and written materials, online and in congratulatory letters sent to employees' residences. Some businesses post photographs of injuries on the company bulletin board as real-life reminders of failure to follow safety protocols.
7. **Take action as appropriate when employees fail to follow standards.** When an employee is suspended or terminated for failure to comply with safety standards, the importance of the standard is reinforced.

A 'Top Down' Initiative

If the CEO only pays lip service to the company's safety initiative, it will be minimally effective or virtually ineffective.

"The CEO must make safety a top priority. He or she should be a role model, talk about safety, provide training, send reminders and reward success," says Shipp.

When the CEO wears the "safety auditor" hat from time to time, the message is heard more completely.

The CEO should also ensure that the right person is working on safety in the company. The designated safety director does not need to devote 100 percent of his or her workday to that task. However, the safety director does need to be 100 percent dedicated to safety as a cause in the company.

"He or she should be appropriately trained to oversee safety in the fleet and/or safety of the facilities," explains Shipp.

A company's insurance representative can help by conducting accident/incident review meetings with the safety director, to explain how to improve the record.

"I got religion about safety when I worked at Cabot Corporation. The CEO set high standards in terms of housekeeping and safety. He invested like hell in that. Some people thought he spent too much. But six or eight years later, the EPA (Environmental Protection Agency) was requiring his competitors to bring their plants up to his standard. His company was actually more competitive because of his emphasis on safety."