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Putting Employee Safety First Can Improve Your Bottom Line

A Staples Business Advantage White Paper

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Phrases such as “Safety First,” “Safety is Job One” and “Safety is Our Top Priority” are ever-present in American business. You see them on posters in break rooms; you hear them at safety conferences, or any time a senior executive comments about safety. They are clichés, but many businesspeople mean it. Because of their moral commitment to safety, their employees go home every day in the same condition they came into work.

According to a recent survey of facility professionals by Staples Business Advantage, safety-related responsibilities account for a fraction of their daily workload. The time spent varies with company size. Facility professionals in companies with 100 - 500 employees devote 20 to 25 percent of their time to safety. In companies with 500 – 1,000 employees, they will devote 25 to 35 percent of their time to safety issues. These professionals are serious about safety, and take great pride in ensuring employee and workplace safety. “I need to make sure everyone is safe,” is a common phrase among facilities professionals.

One of the big surprises in the survey was how few businesses have a specific budget for safety supplies and training. Granted, the dollar amount spent yearly is not large when compared to other budget categories. However, this lack of a specific safety budget is a cause of concern. Without it, other discretionary spending obscures tracking annual spending for necessary and compulsory safety supplies and training. This, coupled with the constant pressure to cut cost, can silently undermine the best safety efforts. Eventually, this can expose companies big and small to unnecessary risks, needless workplace injuries, lost productivity, OSHA fines and citations, and negative media coverage.

Then again, having a specific safety budget and rigorously tracking safety performance are not enough. One of the most difficult things for companies to overcome is the attitude of employees, “I won’t get hurt at work.” From an early age, we are conditioned that certain things are dangerous, such as sharks, and everyday activities such as work are safe. Typically, shark attacks account for one fatality a year. Yet, according to the most recent U.S. Bureau of Labor Statistics report, in one year, 4,405 workers died of workplace injuries. Another 3 million suffered a serious job-related injury or illness.

This white paper's objective is to give facility professionals useful information they can apply to their effort to reduce workplace injuries and illness and develop a culture of safety:

- How to explain the economic consequences of workplace injuries and illness to senior management
- Insights on how to leverage safety efforts, engage workers, reduce the frequency and duration of workplace injuries, and tips on preparing for an OSHA inspection

This report is presented in four sections:

- Workplace Injuries & OSHA
- Understanding the Economics of Safety
- Creating a Safety Culture
- Resources

Workplace Injuries & OSHA

Since the Occupational Safety and Health Act signed into law on December 29, 1970, workplace deaths and reported injuries have dropped by more than 60 percent. Despite this progress, workers continue to face an intolerable number of work-related deaths, injuries, and illnesses, most of them preventable.

NONFATAL WORKPLACE INJURIES

The Liberty Mutual Workplace Safety Index identifies the top 10 nonfatal workplace injuries that caused an employee to miss six or more days from work to recuperate. This survey looks at workplace injuries by what they cost to treat, rather than the number of injuries that occur. Preventing these types of injuries can reduce workers' compensation claims costs. These injuries accounted for 83.8% of all disabling work related injuries, totaling \$59.98 million in costs.

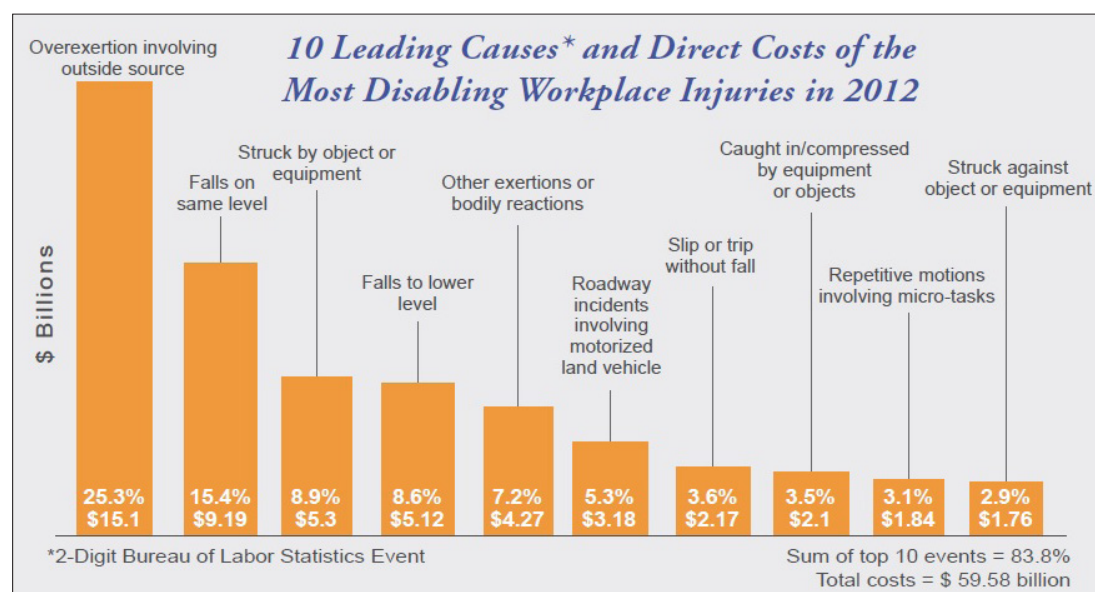


Chart courtesy of Liberty Mutual Workplace

Incidence Rate, Number, and Median Days Away From Work

According to the U.S. Bureau of Labor Statistics, the rate of nonfatal workplace injury and illness cases requiring days away from work was 330 cases per 10,000 full-time workers (3.3 percent). The total number of private industry, state government, and local government cases with days away from work was 1,162,210. The median days away from work, a key measure of severity of injuries and illnesses, was 8 days.

OSHA CITATIONS and PENALTIES

Last year, Federal OSHA conducted more than 43,000 workplace safety and health inspections. This represents only those states covered by Federal OSHA inspections; 27 states and territories operate their own OSHA plans. Based on these federal inspections, OSHA issued more than 81,000 safety violations, and assessed \$52.5 million in penalties. More than 1,000 inspections resulted in a penalty over \$10,000. The top ten most frequently cited OSHA standards violated last year were:

1. Fall Protection
2. Hazard communication standard
3. Scaffolding, general requirements
4. Respiratory protection
5. Powered industrial trucks
6. Control of hazardous energy (lockout/tagout)
7. Ladders
8. Electrical, wiring methods, components and equipment
9. Machinery and machine guarding
10. Electrical systems design

Ten Ways to Avoid OSHA Fines

OSHA's job is to regulate safety in the workplace; failure to comply with its standards can result in citations and fines. Nevertheless, a visit from an OSHA inspector should not be a cause for anxiety — if employers have taken the necessary steps towards compliance, they can rest easy when OSHA inspectors arrive. Here are ten ways to avoid OSHA fines:

1. **Being Prepared** – OSHA does not come knocking without a reason. Possible reasons for a visit to your jobsite include a fatality or serious accident, employee complaint of unsafe conditions, and follow-up inspections.
2. **Hazard Communication (HazCom)** – Failure to maintain a satisfactory HazCom program was the second most common citation. Employees have a right to know about the hazards and how to protect themselves if they may be exposed to hazardous chemicals in the workplace. Compliance includes having a list of all hazardous materials on your jobsite, training in the proper use of personal protective equipment (PPE) and Material Safety and Data Sheets (MSDS) on-site.
3. **Training** – Failure to meet PPE requirements includes not offering required PPE and training to employees as well as maintaining written certification. Simply taking the time to train employees will not only prevent injuries, it saves money in the end.

4. **Paperwork** – OSHA inspectors are likely to review written HazCom or PPE program materials, training documentation and more. By having your paperwork organized and readily available, you are showing that you care about your safety program.
5. **Slips, Trips, and Falls** – OSHA takes fall protection seriously. Employers must be sure to properly install fall protection equipment, adequately train employees in the use of fall protection equipment, and use safe work practices. The data reveals people are using ladders when they should not. Broken or bent ladders should never be used.
6. **Lockout/Tagout** – If your employees use any machinery or equipment that needs to be shut down before performing any routine maintenance or service, you are required to set up a lockout/tagout program.
7. **Proper Ergonomics** – Overexertion is a leading cause of work-related injury, and is unique in that it can happen over time. In simple terms, the remedy is to design the job around the worker by using the science of ergonomics. This reduces the risk and severity of injuries.
8. **Administrative Controls** – These are workplace procedures with the goal of reducing duration, frequency, and severity of exposure to hazards in the workplace. Examples include rotating workers to avoid repetitive motion injuries, requiring breaks when working in hot environments, and proper housekeeping.
9. **Engineering Controls** – These are systems or devices used to remove a hazard or place a barrier between the worker and the hazard. Examples include ventilation systems, sound-dampening materials to reduce noise levels, and safety interlocks.
10. **Research** – The internet has lots of useful information if you are unsure if your facility complies with any OSHA standards. OSHA's website has various materials, supplies, handbooks, and articles that will help you to avoid violations during an inspection.

Taking the proactive steps, you can work with OSHA to ensure all employees work in safe and healthy conditions to prevent injuries.

Understanding the Economics of Safety

The direct cost of a workplace injury is easy to understand and quantify. It includes the costs of emergency room and doctor visits, medical bills, prescriptions, rehabilitation, and costs for legal services. However, managers often fail to consider the indirect cost of a workplace injury. Indirect costs can easily be four times the direct cost of an injury. Indirect costs include training replacement employees, accident investigation and implementation of corrective measures, lost productivity, repairs of damaged equipment and property, and costs associated with lower employee morale and absenteeism, loss of reputation, unwanted media attention, and more.

A National Safety Council estimate of the direct cost of a disabling workplace injury came to \$54,000. Assuming the indirect cost is four times the direct costs, the total cost would be \$270,000. Assuming on average in a company of 750 employees, eight workers will suffer a nonfatal disabling workplace injury during the year, this brings the total cost to the company to \$2,160,000 a year.

Many managers are shocked when shown the impact of workplace injuries on profits. However, that is only part of the story. The big question: Where is a company going to get the money to cover the costs of workplace injuries? Three basic choices exist. One, it can cut costs. Two, it can produce more revenues. How much is needed? The company's profit margin is the basis for calculating the extra revenue required. For the following example, we have assumed an average profit margin of 6.55 percent. The formula for calculating the additional revenue: total cost divided by profit margin. For this company of 750 employees to offset the total cost of workplace injuries, it will need to increase annual sales by \$33 million or \$43,000 per worker. This works out to be \$4.1 million revenue each year per injured worker. The third alternative: reduce or eliminate workplace injuries.

Table: The Cost of Workplace Injuries

A Direct cost	\$54,000
B Indirect cost multiplier	4
C Indirect Cost (A × B)	\$216,000
D Total Cost (A + C)	\$270,000
E Number of Employees	750
F Incident Rate per 10,000 workers full time workers	105.2
G Percentage of Workers w/Nonfatal Injury (F/10,000)	1.1%
H Nonfatal Disabling Workplace Injury During Year (E × G)	8
I Total Annual Cost to Company (D × H)	\$2,160,000
J Profit Margin	6.55%
K Additional Revenue Need to Offset Workplace Injuries (I/(J/100))	\$32,977,099
L Added Revenue Needed to Offset an Injured Worker	\$4,122,137

Table courtesy of The National Safety Council

But we work in an office

Many people think that just because they work in an office setting, they are immune to workplace injuries. Last year, over 150,000 office workers suffered disabling workplace injuries compared with 90,000 workers in construction and extraction occupations. Granted, the incident rate for construction and extraction workers is several times that of office occupations, and more people work in an office environment than a construction site. To put this into context, the incident rate for legal occupations is 4.7 percent of the rate

for construction and extraction workers. Last year, 1,240 workers in legal occupations suffered disabling workplace injuries – less than 2 percent of those in construction and extraction. The median days away from work – 2 days for legal occupations compared with 12 for workers in construction and extraction occupations.

Beyond where workers are injured, many fail to realize the most common injury events, such as slips, trips, and falls or overexertion are easily preventable with a healthy dose of common sense and a reasonable deployment of personal safety products.

In today's competitive marketplace, it is just smart business to embrace safety.

Creating a Safety Culture

What is a safety culture? It is the values used by management and workers to determine how they behave at work. Safety should not be looked at as a priority. The priorities of a company can change, but values do not. Here are eight steps that companies can take to help create a safety culture:

1. Portray safety as a continuous integrated process rather than a compliance requirement.
2. When introducing new safety activities, present it as a regular part of the work process—avoid giving workers the impression this is just another flavor of the month initiative.
3. Make the effort to encourage workers to improve safety performance, watch for improvements, and recognize them.
4. Engage employees in the safety decision-making process instead of dictating new policies and priorities.
5. When near misses occur, consider it an opportunity to identify a potential hazard and find a way to control the hazard.
6. Look at accident investigations as process improvement projects, not fault-finding missions.
7. When setting up a new process, make sure the affected workers understand why they are being asked to change what they normally do, and explain what success will look like.
8. Identify the “hidden” costs of workplace injuries and illnesses, such as lost workdays, worker's compensation, and replacing a worker, and measure them over time. If you can measure it, you can manage it. Make the case to management and to workers that a stronger commitment to safety can reduce costs and improve the bottom line.

Real change in safety performance will come with changes in the organization's safety culture. Changing any part of a company's culture requires consistent leadership, repetition, and patience.

ALLIES & LEVERAGE

Since the “hidden costs” of workplace injuries show up in the P&Ls of many departments, you have a number of potential allies in creating a safety culture. Here is a partial list of allies that can benefit from improved workplace safety:

- **Accounting:** Each department must include safety in its operating budget, so accounting can include it in overall budgeting and allow for possible expenses related to ensuring a safe environment or safety training.
- **Finance:** The cost of workplace injuries can eat away a company’s profits. On the other hand, an effective safety program can avoid the costs of workplace injuries and illness, and improve the company’s bottom line. Nothing puts a smile on a CFO’s face like avoiding unnecessary costs.
- **Human Resources:** Every safety-related incident or safety violation requires HR documentation and interface with the affected employee. HR leadership also has a role to play in creating the culture of safety in the workplace.
- **Legal Department:** Workplace injuries or safety violations require the legal department’s involvement. Even a seemingly minor workplace injury can result in many legal proceedings that can require the use of costly outside legal counsel and take years to resolve. Even if the company is without fault, the legal fees can be a huge drain on profits. A company’s legal department can play a key leadership role in creating the culture of safety in the workplace.
- **Media & Investor Relations:** Workplace injuries and safety violations force a company’s media and investor relations professional into a damage control mode. Even if the company was not responsible for the incident, it can quickly tarnish a company’s hard-earned reputation. Alternatively, media and investor relations professionals are always on the lookout for good news. Worker safety can make a good human-interest story for the media.
- **Operations-Manufacturing:** Nothing can ruin the day of an operations or manufacturing manager like a workplace injury incident. Besides the human costs, downtime, replacing damaged equipment, negative impact on schedules, and the possibility of safety violations can have a serious impact on morale and company profits. Clearly, these managers have a stake in worker safety and are an essential part of any company’s worker safety and wellness program.
- **Purchasing Department:** Getting the right safety products at the best available price and ensuring that those products are available to workers when they need them is essential to every effective safety and wellness program. Because of their position in the supply chain, purchasing professionals can be a good source of information on new safety products.

- **Risk Management:** The professionals in a company's risk management department have access to the safety experts from insurance brokers and companies. These experts can be a good source of no cost/low cost consulting and training on ways to avoid workplace injuries and sickness. By preventing workplace injuries, they can reduce insurance costs and improve the bottom line.
- **Senior Management:** The support of senior management is the key to a successful workplace safety program. They can ensure that safety is a top priority for everyone and can remove the internal roadblocks that always happen in any large organization.
- **Union:** Effective union engagement in a worker safety program can pay benefits in many areas. This resource should not be wasted.

How to Get Employees Engaged

Front-line supervisors and managers are essential in engaging employees in successful safety programs. Their closeness to individual team members allows them to communicate the aims and values of the organization in a way that no other leader can.

Organizations have tried for years to leverage their front-line supervisors and managers to improve safety by adding on to existing priorities and demands. Unfortunately, these good intentions rarely survive daily realities. Taking a lesson from lean manufacturing, savvy organizations use the interactions that front line managers are already having with their employees to talk about ways to manage risks and create a safe workplace.

When supervisors communicate with workers about safety, how they approach these communications, what they focus on or ignore, and what they delegate to others all have a powerful impact on safety.

Here are five activities that front-line supervisors and managers can leverage to shape their organization's safety culture:

1. Any communication between a supervisor and a direct report focused on safety is an opportunity to communicate the organization's safety values.
2. Use safety meetings to focus on identifying ways to mitigate hazards, plan the safest way to approach a task, and to set a practical standard for safe work. Supervisors should conduct these meetings as a two-way dialogue, confirming that workers understand rules and processes before work resumes.
3. Good workers can unintentionally develop dangerous shortcuts when trying to balance being efficient with safety procedures. The only way for supervisors to know if hazards are occurring is to check personally. Supervisors must go into the field and verify that work procedures are conducted properly.

4. Even if employees are doing everything correctly, they still can be exposed to a hazard without realizing it. Supervisors should broaden their inspection beyond workers' actions to look for potential hazards in surrounding conditions and equipment.
5. How supervisors handle incident response and root cause analysis says a lot to workers. When an incident occurs, supervisors must respond immediately to care for the worker and take mitigating steps to address exposures. Supervisors must ask the right questions to understand the root cause of an incident, then use that information to define and apply a successful plan of action. Effectively doing this can have an immediate and positive impact on employee participation in safety efforts.

By focusing on a few important safety activities, front-line supervisors can manage their daily responsibilities and directly engage the most critical safety issues. This is not to say these activities are easy to do. However, with leadership support, the right focus, and consistent application, supervisors who do these activities can create significant and lasting change in both safety performance and the organization's overall culture.

A Key to Reducing Disability Claims and Costs

Research reveals that companies can reduce injury claims and disability costs when they improve the way front-line supervisors and managers respond to employees' symptoms or concerns about work-related injuries.

Every year, nearly four million U.S. workers miss work because of a work-related injury or illness, according to the U.S. Bureau of Labor Statistics. Most absences only last a few days, yet, a small percentage can last a year or longer. These long-term disability cases generate large financial and emotional strain on the injured workers, their families, and their employers. Scientific studies suggest that many of these long-term absences can be prevented.

A training program piloted by the Liberty Mutual Research Institute provided education to front line supervisors on how to respond more effectively to worker reports of musculoskeletal discomfort. The program focused on communication, problem-solving skills, and ergonomics. The goal of the program was to resolve health and safety problems as early as possible and to help injured workers return to work safely.

The results were dramatic. When front-line supervisors trained to properly respond, communicate, and problem-solve with employees, an overall decrease of 19 to 28 percent in the number of new disability claims and 68 percent reduction in the duration period could be assigned to the training.

"...We saw a substantial reduction in injury claim frequency and disability. Supervisors clearly learned new skills and expressed confidence that they could better deal with these issues," said Research Scientist William S. Shaw, Ph.D., P.E., lead researcher on the investigation. "Even employers in industries with high physical work demands and high-risk workplaces can use this program to improve communication between supervisors and workers on work-related injury issues. It's an effective disability prevention strategy."

Previous studies revealed that how a supervisor responds to reports of work injuries (specifically, musculoskeletal complaints) influenced whether an injured worker had a rapid return to work or prolonged disability. Sometimes, the supervisor's response was more important than the severity of the injury or the quality of medical care.

Consider the following scenarios: Two supervisors at an industrial plant are confronted with an employee complaining of persistent back pain. In each case, the individual is a skilled, long-term employee who reluctantly brings this concern to the supervisor's attention.

- Supervisor A responds by asking the employee what he did to cause the injury. The supervisor complains that an accident report will have to be filed and that production goals will not be met if the employee cannot perform his normal job responsibilities. He refers the worker to the on-site health clinic with no specific plan for follow-up.
- Supervisor B responds by offering to meet privately with the employee. He asks him to describe the pain and identify the tasks and activities that cause discomfort, both at home as well as at work. After brainstorming potential ways to modify his work, the supervisor expresses concern for his health. He phones the on-site nurse, who recommends the employee report to the health clinic. The supervisor and employee agree to meet again after the clinic visit to make additional plans.

Both interactions resulted in the same short-term outcome (referral to the on-site health clinic), but Supervisor A communicated the message that complaints that interfere with production are neither tolerated nor accommodated. He probably convinced the employee that requests for temporary job modifications would be unwelcome.

Supervisor B expressed genuine concern, engaged the employee in finding a temporary job modification, collaborated in solving the problems that caused the condition (at home and at work), and made plans for follow-up. The most likely outcome: a shorter period away from work, or the employee remaining at work without any work absence if medical assessment considers appropriate.

Goals and Objectives of a Training Program to Optimize Front Line Supervisors' Responses to Injury

Reduce injury rates through early detection and problem-solving

- Encourage early reporting
- Take all complaints seriously
- Provide private and confidential exchange
- Encourage medical evaluation and treatment
- Engage worker in problem-solving to reduce discomfort

Respond effectively to injured workers to reduce or prevent work disability

- Minimize blame and stigma
- Provide supportive message (“We want you back.”)
- Maintain (at least weekly) communication with injured worker during recovery
- Discuss potential options for temporary workplace accommodations
- Understand worker’s concerns about recurring pain or re-injury
- Develop an initial plan for return to work

Improve Accommodation Efforts

- Develop a list of usual job tasks with the injured worker
- Identify potential ergonomic factors
- Brainstorm options for modified or alternative work
- Communicate suggestions to medical case manager
- Monitor effectiveness of job accommodations after return to work

Resources to Maximize Your Program

OSHA—Take advantage of free OSHA assistance and its training guidelines and resources for compliance:
<https://www.osha.gov/dte/library/index.html>

FEMA—Emergency Preparedness Plans for the Workplace:
<http://www.ready.gov/business>

GOJO—Purell for Workplace Wellness Resources and Posters:
<http://gojo.com/united-states/market/office-buildings.aspx>

Your Staples Business Advantage Team—For access to training and resources, partner with Staples Business Advantage and our leading suppliers for the best solutions for wellness and safety.

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