

## A Fresh Approach to Controlling WC Costs

If your business is dealing with rising workers' compensation costs as a result of workplace accidents, it's time to take a new approach to safety. The key to spending fewer dollars is more than just stopping a few accidents on the manufacturing floor; it requires a comprehensive safety program designed to continuously improve. A safety program that is compliant with Occupational Safety and Health Administration (OSHA) standards can yield significant savings by reducing injuries and illnesses, saving workers' compensation dollars over the long run.

### Building a Solid OSHA Program

There are five entry-level steps you can take to have a well-rounded safety program that produces a safe work environment, achieves OSHA compliance, reduces accidents and ultimately reduces workers' compensation costs.

1. Develop the various programs required by the OSHA standards.
2. Integrate those programs into daily operations.
3. Investigate all injuries and illnesses.
4. Provide training to develop safety competence in all employees.
5. Audit your programs and your work areas on a regular basis to stimulate continuous improvement.

### Develop Programs Required by OSHA Standards

Aside from being a requirement for manufacturers, OSHA standards provide a good pathway to incident

reductions. Many accidents stem from poorly developed or implemented OSHA programs: slips or trips may come from not keeping walking and working surfaces clear, tampering with machine guarding may result in excessive lacerations and not following proper lockout/tagout procedures can result in serious injury or death.

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**Businesses that stop rising workers' compensation costs have an effective accident investigation process that digs out the root cause of the problem.**

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Many of the OSHA standards require that a written program be developed and communicated to employees. Experience shows that companies with thoroughly developed, OSHA-compliant programs have fewer accidents, more productive employees and lower workers' compensation costs.

### Integrate Programs into Daily Operations

Policies alone won't get results; your safety program must move from paper to practice to succeed. Putting a policy into practice requires a strategic plan clearly communicated to key participants, good execution of that plan based on developed competencies, and a culture that inspires and rewards people to do their best.

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As with any business initiative, the success of your safety program depends on putting supervisors in the best position to succeed. If your frontline supervisors understand the program and are motivated to make it work, the program succeeds; if not, the program is an endless drain on resources and energies. Providing supervisors with knowledge and skills through training is critical to the success of any program.

A solid OSHA program, integrated into the daily operation and led by competent supervisors, is just the beginning. Successful safety programs focus on being proactive instead of reactive. Accident investigations provide an excellent source of information on real or potential issues present in the workplace.

## Investigate All Injuries and Illnesses

Workers' compensation is designed to recompense employees for injuries or illnesses that arise from or out of the course of employment. This should not come as a surprise, but increasing claims drive up workers' compensation costs. To reduce those costs, you must reduce your accidents. And the ability to reduce accidents is significantly enhanced when accidents are fully investigated instead of simply being reported.

Accident reports cite facts; accident investigations go deeper to uncover the root cause of an accident and make improvements to prevent its reoccurrence. To stop your workers' compensation costs from rising unnecessarily, you must have an effective accident investigation process. Unless you can determine the root cause of an accident, recommendations for improvement will remain fruitless. Again, training proves beneficial because a supervisor skilled in incident analysis is a better problem solver for all types of production-related issues, not just safety.

All accidents should be investigated to find out what went wrong and why. Some may suggest investigating every accident is a bit over the top and that only those that incur significant costs are worthy of scrutiny. But ask yourself this question: If you only investigated serious

quality concerns instead of every little deviation, would your quality program still be effective? Companies with solid quality programs investigate and resolve every deviation from quality standards.

If your emphasis is only on those incidents that have to be recorded on the OSHA 300 log, you ignore the single largest accident category: first aid-only incidents. Many companies get upset about recordables or lost-time accidents because of the significant costs involved, but they don't realize that the small costs and high numbers of first aid-only incidents really add up.

Statistics show that for every 100 accidents, 10 will be recordable and one a lost-time incident. If you investigate only recordables or lost-time accidents, 89 incidents go unnoticed. Would you consider a quality program that allows an 89 percent failure rate successful? Reducing serious accidents means you must reduce your overall rate of all accidents – including first aid-only incidents. That only happens when every incident is fully investigated, and remedial actions are identified and integrated into daily operations.

## Training and Auditing for Continuous Improvement

The final steps focus on training and auditing your program for continuous improvement. Training plays a significant role in safety and in reducing workers' compensation costs. The goal of training is to develop competent people who have the knowledge, skill and understanding to perform assigned job responsibilities. Competence, more than anything else, will improve all aspects of your business and drive down costs. Supervisors must have the knowledge and ability to integrate the safety program into their specific areas of responsibility. All employees must know what is expected of them when it comes to implementing safe work procedures. Once the program is developed and implemented, it must be reviewed on a regular basis to make sure they are still relevant and effective.

This might require a significant change in how you

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manage your safety program, but if your workers' compensation rates are high, it may be time to make this leap.

## Tangible Benefits

1. Studies indicate there is a return on investment and that companies see direct bottom-line benefits with a properly designed, implemented and integrated safety program.
2. A competency-based safety program is compliant with OSHA requirements and therefore reduces the threat of OSHA fines.
3. A competency-based safety program lowers accidents, which reduces workers' compensation costs. When incidents do occur, a competency-based safety program fully evaluates the issue and finds the root cause to prevent reoccurrence and provides a workplace that is free from recognized hazards.
4. A safer workplace creates better morale and improves employee retention. Auditing keeps your programs fresh and effective and drives continuous improvement.
5. A competency-based program produces people who are fully engaged in every aspect of their job, which results in high-quality goods and services.

## How Can We Assist You?

At Peabody Insurance Agency, we are committed to helping you establish a strong safety program that minimizes your workers' compensation exposures. Contact us today at 810-629-1504 to learn more about our OSHA compliance and safety program resources.