

Safety first

How to change a business's culture to improve safety **Interviewed by Elizabeth Grace Saunders**

A business's attitude toward safety can directly impact its productivity and profitability. If you lack safety risk management programs, you're going to have more accidents and waste, which will have a direct effect on profit and bottom-line goals, says David White, risk control manager at Westfield Insurance.

"Not only do you have parts and production loss, but you can experience a decrease in employee productivity and incur large accident costs," White says.

Smart Business spoke with White about the importance of promoting a safe culture and how to encourage this type of environment in your business.

Why is a business's culture a factor in the level of safety within an organization?

Safety needs to be addressed up front to prevent losses and to minimize the impact if accidents do occur. Including safety as an integral part of the culture puts a company in a proactive stance rather than a costly reactive position.

If a business has \$1,000 worth of direct and indirect accident costs and a 4 percent profit margin, its sales force has to sell an additional \$25,000 in order to cover the accident. And the combined losses from material, machinery, production, medical, legal and other accident expenses usually well exceed \$1,000.

What are some of the indirect costs of an accident?

A multitude of hidden costs arise from accidents. Among employees, there can be a loss in productivity due to sympathy, curiosity and disturbance. Supervisors also have to spend time taking care of the accident, rearranging work schedules and possibly replacing an employee. Other related costs include legal, clerical and overtime.

What can make a company's culture safe?

A culture starts from the top and goes down. People in top management have to buy into a safety culture and live it out. Not only do they need to send out a safety



David White
Risk control manager
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statement, but they also need to let employees know they truly care about it. This includes having effective policies and programs that are followed; adequate machinery, and preferably newer machinery with a preventative maintenance program; and a good accident investigation and loss analysis program.

What can make a company's culture unsafe?

One of the main factors that threatens a safe culture is economics. Oftentimes companies think they can't afford to take time for safety or follow special rules. But the truth is they can't afford to not pay attention to safety. The direct and indirect costs of an accident quickly accumulate. The cost of an accident well exceeds the expense of preventing it.

Other issues that can make a business's culture unsafe are changes in rules and regulations, lack of communication and resistance to change.

How can a company's owner assess the level of safety within the business?

First of all, business owners need to believe they have a problem to solve. Then

they can turn to an insurance company, a safety consulting team, Occupational Safety and Health Administration (OSHA) programs or an in-house group to assess the situation.

The evaluations start with loss analysis, where the team analyzes accidents and near-misses. Once team members study where these incidents occur in the facility and in the operation process, they can work to reduce the chance of the accident occurring and improve bottom-line profits.

At least once a year, the entire safety program should be measured to see if it meets OSHA regulations, follows safety and fire standards, increases productivity and has a bottom-line impact. After the evaluation, some kind of safety committee needs to have the authority to make and implement recommendations for improvement.

What can a company do to promote a safe culture?

Incentive programs can have an impact with everything from jackets to days off for an accident-free year. However, these programs need to be very sophisticated and well-planned. Employees need to feel the programs are fairly and evenly measured and administered. Business owners also need to encourage employees to continue to report near-misses, which are crucial parts of evaluating risk.

One of the most effective ways to promote safety is to make it a financial incentive for supervisors and top management. The manager of each facility can have safety measurements as part of their job performance ratings. To create a culture even more focused on safety, companies can have all employees financially involved in the results, from the CEO to the janitor.

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