

safetypays!

For every \$1 invested in workplace safety and health . . . employers see a \$4 to \$6 return

TOP TEN

Bottom Line Benefits

- 1 Reduced absenteeism
- 2 Lower turnover rates
- 3 Higher productivity
- 4 Greater efficiency
- 5 Increased quality
- 6 Decreased scrap/waste
- 7 Increased employee morale
- 8 Positive brand image
- 9 Decreased health care costs
- 10 Decreased workers compensation costs

*You Pay Yourself When . . .
You Keep Workers Safe!*



Protect Workers. . .Pay Yourself

- The National Safety Council estimates a worker injury with **NO** lost-time costs **\$7,000** on average.
- A company must sell extra product to cover the accident costs.
- For example, if a company has an accident that costs \$5,000 and operates with a profit margin of 3%, then \$167,000 in additional sales are needed to make up what was lost on this one accident. (See chart below.)

Sales Needed to Recover the Cost of an Accident

Accident Cost	Company Profit Margin		
	1%	3%	5%
\$1,000	\$100,000	\$33,000	\$20,000
\$5,000	500,000	167,000	100,000
\$10,000	1,000,000	333,000	200,000
\$25,000	2,500,000	833,000	500,000
\$50,000	5,000,000	1,666,667	1,000,000
\$100,000	10,000,000	3,333,000	2,000,000

Worksheet for Estimating Your Cost of Occupational Injuries and Illnesses and their Impact on Your Company's Profitability

Employers can use OSHA's "Safety Pays" model for estimating the cost and impact associated with workplace injuries and illnesses on profitability. This model uses certain statistical data such as a company's profit margin, the average costs of an injury or illness, and an indirect cost multiplier to project the amount of sales a company would need to generate to cover those costs. The estimator is available at:

www.osha.gov/dcsp/smallbusiness/safetypays/estimator.html

Nothing Happens Without a Plan

Workplace injuries are preventable. A **safety and health program** is your best defense against a workplace injury.

An effective safety and health program has seven primary elements:

- Management Leadership
- Employee Participation
- Hazard Identification and Assessment
- Hazard Prevention and Control
- Education and Training
- Program Evaluation and Improvement
- Communication and Coordination for Host Employers, Contractors, and Staffing Agencies

This systematic approach integrates occupational safety and health objectives into the company's organizational structure.

The results of a system's approach include:

- An effective system that supports the organization's philosophy.
- Safety and health policies and goals that are clearly communicated.
- Accountability for implementing a system that is understood and accepted.
- Long-term solutions that are implemented rather than one-time fixes.
- Evaluation of results that promotes continual improvement over time.
- An effective system that positively impacts the company's bottom line.

CET Services

MIOSHA's **Consultation Education and Training (CET) Division** has consultants available to provide employers with assistance in creating safety and health program, developing accident prevention programs, and implementing long-term safety and health solutions.

For free statewide safety and health assistance, contact the CET Division:

517-284-7720, phone

800-866-4674, toll-free

www.michigan.gov/miosha, web

Workplace Safety Makes Good Business Sense

The costs of reacting to workplace injuries and illnesses far exceed the costs of preventing them from happening in the first place.

The **direct costs** of workplace accidents were estimated at \$59.87 billion in 2017.¹ **Direct costs** of a workplace accident/incident include:

- Payment to workers,
- Workers' compensation payments,
- Medical expenses, and
- Costs for legal services.

A published study² observed that chief financial executives reported, on average, that each \$1 of direct costs due to injuries generated \$2.12 of indirect costs, including the overtime, training, and lost productivity related to an injured employee not being able to perform their work. This same study further reported that financial decision-makers believed the return on investment for each \$1 invested in improving workplace safety was on average of \$4.41.

¹Liberty Mutual 2017 Workplace Safety Index.

²Huang, Y.H., Leamon, T.B., Courtney, T.K., DeArmond, S. Chen, P.Y., & Blair, M.F. (2009). *Corporate financial decision-makers' views of workplace safety: What safety professionals should know. Professional Safety, 36-42.*