

Safety Pays

How safety can put a cap on workers' compensation costs

By Jim Peduto, Esq., CBSE

Along with death and taxes, workers' compensation is something that every business owner with employees must face. To make the matter worse, the cost of workers' compensation continues to rise – the cost per claim has risen 27 percent in the last four years.

Workers' compensation premiums are based in part on things over which you have little control, such as the type of industry you work in, and the state or region of the country where your business is located. The good news is that you have far more control over your rates than you realize. Your company's rate is heavily influenced by factors over which you do have some control, such as your company's number of workers' compensation claims and payments.

Well-managed BSCs understand that safety is fundamental to their success. In fact, ISSA's Cleaning Industry Management Standard (CIMS), includes health and safety as one of its five major sections. In addition, the cleaning industry is focusing more and more on safety with products and equipment designed to be safer and healthier for workers to use. These innovations and guidelines can help reduce workers' compensation claims; but first, BSCs need to treat safety as a management issue.

With that thought in mind, I have developed a list of five safety-related tips that I have compiled based on many years of work with insurance carriers, risk managers and leading firms throughout the industry.

1. **Make a commitment to an accident-free workplace and mean it.** Make safety a common goal and get your managers, supervisors and employees onboard. Begin with the mindset that every injury is preventable. Don't treat minor injuries as though they are unavoidable and simply accept them. Lots of minor injuries can have as much or more impact on your rates than one major injury. With this commitment, no accident is acceptable, no matter how big or small it may be.
2. **Know and understand your risks.** The U.S. Occupational Safety and Health Administration (OSHA) requires that businesses keep logs of all accidents, injuries and incidents. Your insurance carrier also can provide a report of your past claims. Review that information regularly and analyze the data. Use the 80/20 rule and focus on those few things (20 percent) that happen to be the causes of most accidents (80 percent). You will find that a large percent of your accidents come from similar causes. Eliminate the highest probability first and you'll see a decrease in incidents as a result.
3. **Train your workers and managers.** Many BSCs do not conduct meaningful and ongoing safety training because of high worker turnover. While turnover may

be an issue in our industry, it is not an excuse for not training people. Training is essential to a culture of safety and lower insurance costs.

4. **Be consistent.** Keep your safety program front and center. Your efforts will take time to produce results. The key to safety is to stay focused. Make safety part of everyone's daily activities. Compensate and reward managers based on their safety performance, including how well they train and motivate workers to adhere to safety policies. Include safety as a component for annual manager bonuses.
5. **Look for danger signals.** Safety is a barometer of other operating issues. A failure in one area is often a warning sign. If one management component fails, chances are, other areas are suffering as well. For example, if your business's turnover rate is high, it is likely that the level of safety is poor – and the reverse could be true. Conversely, poor safety is frequently a reflection of a weak manager. Recognize low-performance areas of your business management and fix them before they start to impact other areas.

Safety is about accountability. It is up to BSCs and their management staff to commit to safety, not only because it is the right thing for employees, but because it's the right thing for business.

Jim Peduto is the president of Matrix Integrated Facility Management and the co-founder of the American Institute for Cleaning Sciences, an independent third-party accreditation organization that establishes standards to improve the professional performance of the cleaning industry.

Note: Matrix Integrated Facility Management recently received the Building Service Contractor Association's (BCSAI) Safety Award.