

safety pays!

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

Kamminga & Roodvoets paid itself \$211,000

“ We developed a more visible and structured safety and health system. Our Experience Modification Rate (EMR) is now **below 0.6**, resulting in savings in our workers' compensation costs this year of more than \$211,000. ”

Kamminga & Roodvoets, Inc.,
Grand Rapids, Rob De Ward,
Safety Director

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

RAM Construction paid itself \$246,000

“ It took several years, but we decreased our Experience Modification Rate (EMR) from a high of 1.43 to a **low of 0.286**. This reduction resulted in an average savings in workers' compensation costs of \$82,000 per year for the last 3 years. ”

RAM Construction Services, Inc., Livonia,
Vince Griffin, Safety Director

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



Protect Workers... Pay Yourself

Nothing Happens Without a Plan

Workplace injuries are preventable. A **safety and health management system (SHMS)** is your best defense against a workplace injury.

An effective safety and health management system has five primary elements:

- Management Commitment,
- Employee Involvement,
- Workplace Analysis,
- Hazard Prevention and Control, and
- Safety and Health Training.

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

The results of a system approach include:

- An effective system supports the organization's philosophy,
- Safety and health policies and goals are clearly communicated,
- Accountability for implementing the system is understood and accepted,
- Long-term solutions are implemented rather than one-time fixes,
- Evaluation of results over time promotes continual improvement,
- An effective system 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 systems, developing accident prevention programs, and implementing long-term safety and health solutions.

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

517.322.1809, 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 \$48.6 billion in 2006.*

Direct costs of a workplace accident/incident include:

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

Businesses paid an additional \$127 billion to \$212 billion of **indirect costs** in 2006.*

Indirect costs of a workplace accident/incident include:

- Replacement workers,
- Damaged property,
- Accident investigation,
- Corrective action,
- Delays/lost productivity,
- Low employee morale,
- Increased absenteeism, and
- Poor customer/community relations.

The total financial impact of serious workplace incidents is between \$170 and \$255 billion annually.*

**Liberty Mutual 2008 Workplace Safety Index.*



Michigan Department of Energy, Labor & Economic Growth (DELEG); Michigan Occupational Safety and Health Administration (MIOSHA); Consultation Education and Training (CET) Division

DELEG is an equal opportunity employer/program. Auxiliary aids, services and other reasonable accommodations are available upon request to individuals with disabilities.

15,000 copies printed at a cost of \$1,235.07 or \$0.08 per copy / MIOSHA CET #0182 / 12/09

