

# HOW TO EDUCATE MANAGEMENT TO INVEST IN SAFETY?

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## SAFETY IS A SALES JOB

While most management will agree that safety has to be a part of the workplace because of OSHA and compliance, this mentality is only based around fear. The fear of paying an OSHA fine at \$13,260 per offense, or the public relations nightmare from having a major incident. Usually, management's focus is on covering the core compliance and satisfying their regulatory requirements. Any investment into safety or training above that will typically be met by a firm no, because of the cost. **You have to sell them on the value of it.**

While covering compliance is critical, it's never enough. The costs for safety procedures typically encompass equipment, personal protective equipment, training and additional personnel. Each of these areas can have significant variables in terms of initial and ongoing costs, not to mention some areas may require replacing completely if the fit isn't great.

Any in-depth safety analysis includes a risk and behavior-based assessment to truly understand the what and the why of a workplace's environment. From this, you can develop a baseline of the current concerns: incident and near miss rates, employee turnover, risks, and workplace exposures.

One of the main approaches on "why" you should invest in safety beyond compliance is the cost of an average incident is over \$38,000. Typically, a few incident reductions per year results in a net positive gain for the company in overall cost savings.

But the response from most management in this situation?



## HOW DO WE KNOW THE REDUCTION IN INCIDENTS CAME FROM OUR INVESTMENT IN SAFETY, MAYBE IT WAS FROM OTHER ASPECTS?

It can be difficult to judge the ongoing effectiveness of a training program for an unknown incident that may or may not occur.

What other metrics can you use to demonstrate the fiscal value of safety?

One of the most effective is employee turnover. In a study conducted by Go2HR, it demonstrated that **40% of employees who received little to no training left the company within the first year.** But for employees under the age of 35, it's even worse.

PWC also conducted a study which highlighted that those under the age of 35 placed more emphasis on training and development programs than their wages, with them **twelve times more likely to move on** to another position if the company wasn't investing in their safety and training.

Employee turnover has a "hard" cost associated with it. **For a \$10 an hour worker, the cost to replace them is over \$5,000.** However, the cost to replace management is even worse, with an average of six to nine months' worth of their salary in interviewing, hiring, retraining and loss of production. In other words, for a manager making only \$40,000 a year, your **company could lose over \$30,000 every time they leave.**

assess your current turnover rate in your company, even a conservative 10% reduction in employee turnover would result in tens of thousands, and possibly hundreds of thousands, of dollars in annual savings. This is directly correlated to a company's emphasis and investment on safety.

There are also numerous studies that correlate an employee's productivity to increased training, not to mention a broader skill set for the employee to handle more tasks and be experienced in more areas of the workplace.

As you approach management with your safety initiative, always address these core fiscal areas that have a positive impact on the company's bottom line:

1. Less OSHA citations
2. Lower incident rates
3. Lower employee turnover
4. Less worker's compensation
5. Lower insurance premiums

Discuss with management on the best safety products and services necessary to keep your employees safe, be sure to emphasize the **short- and long-term cost** reductions of each above area and how having a proactive stance is always profitable. What methods have you found success with on selling safety to your management?