

# Five Steps to Lower Work Comp Costs

Is your warehousing business burdened by rising workers' compensation costs? If so, you are not alone. Others in the industry have attempted to reduce insurance costs and spending by controlling internal activities, but we have a different approach. Our five-step plan helps you establish a safety program that is both compliant with Occupational Safety and Health Administration (OSHA) standards and designed to stimulate continuous improvement, helping you spend fewer workers' comp dollars through a holistic approach that protects your bottom line.

## 5-Step Approach

Our five-step approach leads to a well-rounded safety program that produces a safe work environment, achieves OSHA compliance, reduces accidents and ultimately reduces workers' compensation costs. It includes:

1. Developing an OSHA-compliant safety program
2. Integrating the program into daily operations
3. Investigating all injuries and illnesses
4. Providing training to develop safety competence in all employees
5. Auditing the program on a regular basis to promote continuous improvement

### Step 1: Develop an OSHA-compliant Safety Program

Aside from being a requirement for employers, OSHA standards provide a good pathway to incident

reductions. Many accidents stem from poorly developed or implemented OSHA programs: slips or trips from not keeping walking and working surfaces clear, struck-by-vehicle injuries due to inattentive forklift driving and improper lockout/tagout procedures all can result in serious injury or death.

Many of the OSHA standards require some type of written program to be developed and then communicated to employees. Experience shows that companies with thoroughly developed, OSHA-compliant programs have fewer accidents, more productive employees and lower workers' compensation costs.

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**Safety competence, more than anything else, will improve all aspects of your business – ultimately driving down workers' compensation costs.**

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### Step 2: Integrate Program into Daily Operations

Policies alone won't get results; the program must move from paper to practice to succeed. Putting a policy into practice requires a strategic plan clearly communicated to key participants, good execution of that plan based on developed competencies and a culture that inspires and rewards people to do their best.

As with any business initiative, the success of your safety program depends on putting supervisors in the best position to succeed. If your frontline supervisors understand the program and are motivated to make it

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## Provided GDP Advisors

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work, the program succeeds; if not, the program is an endless drain on resources and energies. Providing supervisors with knowledge and skills through training is critical to the success of any program.

A solid OSHA program, integrated into the daily operation and led by competent supervisors, is just the beginning. Successful safety programs focus on being proactive instead of reactive. Accident investigations provide an excellent source of information on real or potential issues present in the workplace.

## Step 3: Investigate All Accidents

Workers' compensation is designed to recompense employees for injuries or illnesses that arise from or out of the course of employment. This should not come as a surprise, but increasing claims drive up workers' compensation costs. To reduce those costs, you must reduce your accidents. And the ability to reduce accidents is significantly enhanced when accidents are fully investigated instead of simply being reported.

Accident reports cite facts; accident investigations go deeper to uncover the root cause of an accident and make improvements to prevent its reoccurrence. Businesses that are able to curb rising workers' compensation costs have an effective accident investigation process that digs out the root cause of the problem. Unless the root cause is discovered, recommendations for improvement will remain fruitless. Again, training proves beneficial because a supervisor skilled in incident analysis is a better problem solver for all types of production-related issues, not just safety.

All workplace accidents should be investigated to find out what went wrong and why. Some may suggest investigating every accident is a bit over the top and that only those that incur significant costs are worthy of scrutiny, but this is shortsighted. If your emphasis is only on incidents that must be recorded on the OSHA 300 log, you close your eyes to the biggest accident category: first aid-only incidents. Many companies get upset about recordables or lost-time accidents because of the

significant costs involved, but they don't realize that the small costs and high numbers of first aid-only incidents really add up.

Statistics show that for every 100 accidents, 10 will be recordable and one a lost-time incident. If you investigate only recordables or lost time accidents, 89 incidents go unnoticed. Reducing serious accidents means you must reduce your overall rate of all accidents—including first aid-only incidents. That only happens when every incident is fully investigated to determine the root cause, and remedial actions are identified and integrated into the daily operation.

## Step 4: Provide Safety-competence Training

Training plays a significant role in safety and in reducing workers' compensation costs. The goal of training is to develop competent people who have the knowledge, skill and understanding to perform assigned job responsibilities. Competence, more than anything else, will improve all aspects of your business and drive down costs. Supervisors must have the knowledge and ability to integrate the safety program into their specific areas of responsibility. Every employee must know what is expected of them when it comes to implementing safe work procedures.

## Step 5: Audit Program for Continuous Improvement

Once the programs are developed and implemented, they must be reviewed on a regular basis to make sure they are still relevant and effective.

## Gain Rewards

These five steps might require a significant change in how you manage your safety program, but if your workers' compensation rates are high, it may be time to make the leap.

1. Studies indicate there is a return on investment and that companies see direct bottom-line benefits with a properly designed, implemented and integrated

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safety program.

2. A competency-based safety program is compliant with OSHA requirements and reduces the threat of OSHA fines.
3. A competency-based safety program reduces accidents, therefore decreasing overall workers' compensation costs. When incidents do occur, a competency-based safety program fully evaluates the issue and finds the root cause to prevent reoccurrence and provides a workplace that is free from recognized hazards.
4. A safer workplace creates better morale and improves employee retention. Auditing keeps programs fresh and effective and drives continuous improvement.
5. A competency-based program produces people who are fully engaged in every aspect of their job and are satisfied and fulfilled producing high-quality goods and services.

## Partner with Experts

At Awesome Agency, we are committed to helping you establish a strong safety program that minimizes your workers' compensation exposures. Contact us today at 800-473-8697 to learn more about our OSHA compliance and safety program resources.