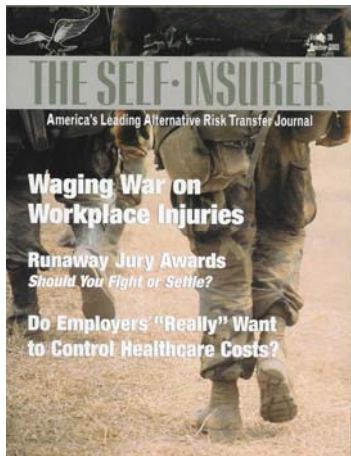


# WAGING WAR ON WORKPLACE INJURIES



## *How (and How Not) To Fight the Good Fight*

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A friend of mine is a preacher's son from a small town in West Virginia. He's known for his wonderful Appalachian drawl that can transform a single syllable word into a three dimensional mental image. As an insurance industry executive, he speaks passionately about workers' compensation and the management of injury prevention. He often ends his thoughts with the expression "it's *hwaarrd*". If you're even a little acquainted with the casualty side of the insurance industry... you know what he means. It can be hard work!

In this article, we review some of the reasons why managing the business of injury prevention is so hard, and what business leaders can do to make their workers' compensation initiative a more successful part of their business plan. First let's look at several views of the battlefield. Those of you who work in this arena will likely recognize a few of these scenarios, maybe blush a little, and hopefully acknowledge that the business of managing injury prevention is ripe with improvement opportunity.

### **THE PROVERBIAL BATTLEFIELD**

The business of injury prevention often resembles a complicated multi-front war, waged by poorly armed soldiers fighting in foreign territory. The accident prevention strategy, if there is one, is often scuttled by Vietnam War style politics that rob the organization of the will to win. The platoon leaders - the front line supervisors - are often bruised and battered from ongoing skirmishes and fire fights; or their fresh out of the academy, full of energy but short on battle field wisdom. In either case, they often lack the firepower, authority, and leadership backing to be successful in the war on injury and illness.

To the rescue are the advisors, the safety engineers, consultants, and risk managers with war game scenarios, impact studies and cost benefit analysis. They have new and improved weapons; tactics and systems; bulletproof personal protective equipment and monitoring devices - all guaranteed to change the outcome of the war. As mere consultants, much of what they say is viewed with skepticism; proposals are subject to question and doubt. Their cutting edge ideas and innovations are necessary ingredients in formulating the winning strategy, but only after they are dissected and altered, often compromised to fit the needs of the day, or transformed into a defective plan. The safety adviser sees this exercised on a daily basis. So by default, today's failures bring tomorrow's work; and the safety consultant's plate is full most of the time.

Throughout the campaign the commander-in-chief is positioned to make the major strategic decisions and delegate tactical authority to his field generals - the guardians of the production machinery, otherwise known as plant managers, superintendents, and general managers. These are the high level soldiers who get the glory when production quotas are met or the boot when things go wrong. These folks are bred for winning the production and profit war. They're highly motivated, ambitious, and masters of making things happen. Their performance and that of their subordinates is measured in every way imaginable, because earning profit is the single most important ingredient in growing a healthy and successful company. It provides momentum for growth and stimulates interest in the business that encourages investment and backing to generate more profit - the stuff that creates jobs, security, and national wealth. On a whole, we do this extremely well. But it's a fair question to ask why these top profit-war savvy soldiers aren't always successful in executing a winning strategy for the elimination of workplace injuries and illnesses?

### **ACCOUNTABILITY**

Most business leaders express a desire, sometimes even a passion to win the war on workplace injuries. However there exists an Achilles' heel even among those leaders who profess to be the strongest advocates of safety. Many executives and business owners fall short in controlling losses because they fail to organize a managed safety system, with top-down accountabilities and well-communicated expectations. Changing the injury loss picture requires change in business practices and performance accountabilities for all levels of employees. Much like production and profit expectations, well-intentioned safety accountabilities won't drive performance unless there are consequences for missing the target goals.

This hurdle often becomes the CEO's biggest obstacle to success, since the consequences and accountabilities are often not supported by other leaders throughout the organization. Safety is frequently perceived as a conflict of interest, competing with other corporate goals, time demands, and priorities. Senior leaders tend to buckle to this argument and strike a seemingly innocent conciliation that



takes the program down the road of compromise. It's through this process of appeasements that the company loses its' corporate will to be successful in safety, and ultimately they fail to assemble and build the tactical expertise to sustain losses to near zero levels.

As a result, we tinker around with plug-and-play injury prevention schemes, safety bingo, incentive programs, and training tactics that leave us questioning why injury trends persist. In short, we sabotage our success with injury prevention because we fail to effectively integrate the required safety management systems into the organization.

### **MEASURE PERFORMANCE - NOT FAILURE**

One example of compromise that stands out in many companies is the measurement systems used to assess safety performance. When establishing safety performance goals, many companies will rely on a single safety measure like "injury frequency rate" to gauge the effectiveness of their safety program. This is a number that's tracked by OSHA as a method for measuring and comparing injury/illness statistics. Within any company these rates invariably fluctuate from month to month and from one year to the next, causing the perception of hills and valleys in performance. When there's a month or two with a "low" injury frequency rate, a little celebration is in order to reward the good performance...though everyone is secretly nervous that next month the rates will increase. Such companies are never really able to get their arms around the cause of the fluctuation, so they end up reacting to perceived problems instead of managing the system proactively.

The real value of the incident rate measurement is that it tells us that we had a specific number of total failures in the injury prevention system. That is, all the programs, training, assessments, inspections, work procedures, monitoring, and enforcement failed to prevent a certain number of employees from being injured. If it's argued that a single injury represents a significant failure, few would celebrate when the incident rate is two points below the national average. Such indicators can be useful in analyzing loss trends, but they will not drive safety performance.

Any performance measure that uses injury statistics depends on a stable and consistent definition of "injury". Within the workers' compensation systems in most states, there are many variables that can contribute to a claim of employee injury. Many of these are difficult if not impossible to control. Claims associated with soft tissue injuries or those involving an aggravation of a preexisting injury can drive up frequency rates, but may not reflect poor safety performance.

For this category of injury, often we cannot deny the work-relatedness potential of the employee's claim of injury even though there is reason to believe that the injury resulted from causes other than work. Was poor safety performance the cause of the injury? Was there really an injury? Was it preventable? Was there a failure in the safety system? Of

course the answers depend on an investigation of the facts. But more often the answer is derived from factors such as the diligence that a manager takes in contesting the claim, the paternalistic nature of the company, the attitude of the workforce, whether there is a union, quality of pay scale and benefits, policies for drug and alcohol testing, regional and cultural influences, etc. All of these factors make it very difficult to define "injury" or use an injury frequency rate as a valid comparative indicator of safety performance.

Likewise, luck can and does play a roll in safety performance. Those of us who work with employers occasionally see organizations that do little if anything in the area of safety management, but nevertheless boast enviable injury loss records. If you dig a little, you generally find some skeletons in their past. And when they neglect to take corrective action on recognized safety hazards, their luck usually runs out. The point is that a clean loss record is nice to see, but doesn't necessarily provide a measure of safety diligence or a basis for predicting future losses.

### **HOW ARE WE DOING SO FAR?**

Does the traditional method of managing safety and injury prevention measure up to our expectations? Are we winning the battle? The results have been disappointing and viewed by many as a national tragedy. Let's look at the scorecard...the US statistics:

In an average year approximately 6,000 employees will die as a result of workplace injuries. Two million employees will be injured severely enough to require time away from work. About 850,000 private industry employees will experience a strain or sprain injury that requires some form of medical treatment or restricted work. What is the cost? According to the most recent *Liberty Mutual Workplace Safety Index*, the direct cost of these injuries will exceed \$40 billion in 2002. The total financial impact of both direct and indirect costs (lost productivity, management, overtime, etc.) is estimated to be as much as \$200 billion. That's \$200,000,000,000.00 last year, \$200,000,000,000.00 again this year, \$200,000,000,000.00 again next year.... and so on. That's a lot of revenue taken off the bottom line and logged directly into the collective loss column for American business.

### **WHO IS THE COLLECTIVE "WE" RESPONSIBLE FOR THIS RECORD?**

It starts with the businesses that create the loss exposure and thereby generate a need to manage the risk - the insured, the self-insured, the small business owner, and corporate leaders. The CEO, CFO, and other senior leaders in any organization have the ultimate authority and responsibility to direct change in their company. With regard to injury prevention, those same leaders have the ability to drive change within the insurance industry. I'll spare the refresher on Adam Smith, but the principals of supply and demand still apply in American business. When business leaders decide to change their organization and demand service from their business partners, interesting things can and do happen.



This is obviously a two-way partnership. Service providers are helpless to improve someone else's organization without a willingness and support from that company's leaders. But the impetus for change can come from many sources. Insurance companies, agents and brokers, TPA's, and service providers, all have influence on how an organization manages its injury reduction effort. The colleges and universities that prepare our leaders for making good business decisions are also instrumental in this effort as are our state officials, doctors, and attorneys who work in the field. The collective "we" is all of us who participate in the workers' compensation business. We are the generals, lieutenants, and corporate captains that are responsible and accountable for how the war is waged, won, or lost.

Of course there is dark side at play on the battleground. We know some of our employees don't play by the rules, and there is a tendency to blame excessive losses on fraud, exaggerated claims, or abuse of "the system". While there are valid arguments to be made in this area, the reality is that we seldom apply the same level of management commitment and aptitude to injury prevention as we do to the management of other business functions. While it is arguably a matter of perspective, it's fair to say that most business leaders tend to do just enough in the area of safety and health to satisfy minimum government requirements. Based on OSHA citation statistics, we struggle to meet even these minimal standards.

#### **DO SERVICE PROVIDERS MEASURE UP?**

While strategies vary among insurance companies, TPA's, and other service providers, there is no doubt of a common theme in the delivery of loss control "service". Even within the safety profession it is widely acknowledged that there is a milk-route mentality in the delivery of this service. Underwriting style loss control with an emphasis on "visits made" rather than "quality of service provided", has won the day in many parts of the country. The industry provides embarrassingly little in the way of risk improvement services, while the art and science of safety engineering has been relegated to the theoretical – something that would be nice to do, but too costly to implement.

If there's blame to be had for this, we can all take a piece of it, and the buyers of insurance service products are eligible for their share too. Pressured by the perception of cost-savings, we see otherwise astute buyers of insurance products overlook their most important and effective tool for reducing losses. Instead, safety engineering is often viewed as an add-on, or ancillary service that can be used "as needed" to put out fires or ensure compliance. Perhaps this is a chicken and the egg scenario where it can be argued that poor service has resulted in cautious buyers. Or the reverse may be true; that buyers aren't interested enough in injury prevention to pay the additional premium or fees associated with the service. In either case the result has been an industry emphasis on managing the injury rather than engaging systems that prevent it from happening in the first place.

#### **ARE WE JUST RISK TAKERS BY NATURE?**

As a loss prevention consultant, I've surveyed thousands of businesses, some as recent as this month, that continue to allow exposures that will likely result in employee injury. More often than not, if you probe just a little, you'll find an employee, supervisor or plant manager that is well aware of these unsafe conditions and the consequences of not correcting them. This always evolves into an interesting conversation, and sometimes a game of cat and mouse, as to how and why the condition is allowed to exist. We usually find that organizations have developed a culture of "risk-acceptance". They tolerate risk taking, some more than others, because it is often viewed as a necessary and expedient way to serve the higher purpose of productivity.

It's a fair argument that this attitude is somewhat inbred into our society and national culture. American's tend to be risk takers by nature and have a 250-year history of rewarding those who demonstrate an ability to exercise and tolerate risk. Our corporate generals and entrepreneurs exemplify the kind of rugged individualism that sets up a cultural predisposition to risk taking within an organization. We reap what we sow!

#### **DO WE HAVE A MORAL OBLIGATION?**

It's taboo to even raise this question to the business community, but it's as relevant as asking if we have an obligation now, post 9/11, to protect passengers on an airplane. Twice as many employees will die this year in predictable and preventable workplace accidents, as perished in the World Trade Center. No monuments will be erected; there will be no speeches by the President; any public outrage or opinion polls; and you won't see these statistics reported on CNN. Hundreds of thousands of lives will be impacted by a reduced quality of life for the injured employees and their families. Do business owners and CEO's have a moral obligation to eliminate injuries from their organization? A better question is "do they think it's even possible"?

After twenty years working with business owners and corporate leaders, I can say with certainty that the reality of a "zero injuries" loss record is a difficult one for most people to grasp. The concept is clear, but the prospect of achieving, let alone sustaining such a high standard of excellence is difficult for most people to think about. ...So we don't. We take the fork in the road labeled "compromise." We begin the rationalization process that allows us to justify a certain number of *acceptable* injuries per year. We compare our results to other like companies that have made the same compromise, and we're often proud of the fact we're on a par with the national average. Collectively, we plateau at a level of mediocrity that allows for the statistics noted earlier. Do we have a moral obligation? It's a rhetorical question!

If the battlefield analogy leaves you a bit nauseated, rest assured it's not the only reality available. There are pockets of excellence and success throughout the industry. In fact, there always have been, and they continue to spawn great



success stories. So what does a safety diligent organization look like? Here is a glimpse at some of the values and attitudes of successful safety teams and leaders, young and old, white collar and blue, from all levels of the organization:

### **THE CHAMPIONSHIP TEAM**

You're employees are advocates of following safety rules, and maintaining organized work areas. They hold each other accountable to high standards of safety excellence because they know it will improve the company they work for. They're eager participants at safety meetings and they practice what they preach. They like to be held accountable and measured on performance because they work harder to be better, and they value the recognition of their accomplishments. A safety champion will be an ardent proponent of change in the organization, but is never afraid to listen to other employee's concerns or opinions. She'll tap the vice president on the shoulder and remind him to put his safety glasses on because the culture requires teamwork and full participation in the safety program. A safety leader is a plant manager that has the courage to stop production and miss schedule completion because a machine is creating a safety hazard. He won't compromise safety for production because in his mind they're inseparable. She'll fire an employee for violating a safety policy, rather than tell his wife he's been hospitalized and lost an arm in a machine. By nature they're improvement specialist, and you don't have to recruit them because they work in your company right now. They adapt to good leadership and high standards of excellence, and they're willing participants in the challenges of a successful team.

### **THE CHAMPIONSHIP LEADER**

You are the owner of or a manager in a successful organization that strives for excellence in your safety program. You don't accept injuries or illnesses as a cost of doing business. When one does occur, your team digs to find solutions to ensure that a repeat never happens. You consider a near-miss accident a rare opportunity, a second chance to improve a faulty system. Most of all, you're proud of your organization because it's made up of people that are aligned in their thinking about safety. They share a philosophy that any injury, even a small minor injury, is unacceptable. Injury incident rates are used as a reminder of failure, a need to improve – not a measure of success. You engage the talent and knowledge of all employees in a system that self-manages the safety program. Safety is managed as a “given”, a non-negotiable tenet throughout your company. It's integral to all parts of the business and permeates the thinking from design stage engineering, to the delivery of the products or service to your customers. You know that the discipline and business acumen that is learned in this management process becomes generalized to other work habits that impact quality, efficiency, and productivity. Used this way, the safety program is a powerful tool for improving your company! These are the reason why you can honestly say that your employees are your most valued asset...and they know it's true when you say it.

### **USE A ROAD MAP AND STAY THE COURSE**

Successful safety programs come in a variety of shapes and sizes. Each organization will need to assess where their unique strengths and weaknesses are and build a management strategy that will address specific needs. But there are a few basic components that most successful safety programs share. Build your own road map, but here are a few ideas that will help steer you in the right direction.

#### **CEO leadership**

There is an inclination in business leaders to hire consultants or add staff to “lead” the safety and injury prevention program for them. What they often neglect to remember is that consultants teach or perform specific tasks for their clients; managers manage; but successful leaders make it *their* job to personally engage the process, communicate expectations to subordinates, and hold others accountable for high standards of excellence. A safety manager is still necessary in most organization because there are activities, tasks, monitoring, and administrative functions that must be performed. But the structure necessarily involves a top down process that requires the leadership passion and commitment of the organizations senior officials. The momentum that drives the kind of culture that won't tolerate losses starts with the CEO, who in turn delegates authority for safety to employees throughout the organization. For the few that engage the system in this way, there will be a statistically quantifiable improvement in safety performance. For those who master this management technique, a zero injury loss record becomes not only a realistic goal, but also a track record of successful performance.

#### **Accountability:**

Well-communicated roles and responsibilities are imperative for success. Employees at all levels of the organization must recognize that they have specific responsibilities, and will be held accountable for adhering to established rules. This doesn't mean they get fired if they forget to wear safety glasses...the first time. It does mean that there are expectations for safe work behavior and performance. Managers and supervisors must recognize that they are accountable for employee injuries and unsafe conditions in their area of responsibility. All employees need encouragement, coaching, and recognition for positive performance. But all successful teams require an appropriate progressive discipline program that includes termination of employment for repeat safety violations. Part of a leader's job involves establishing and enforcing the rules that are necessary for running a safe business. Your good employees, which should be the overwhelming majority of them, expect and deserve that leadership.

#### **Drug and alcohol testing:**

Statistics on drug and alcohol use in the workplace are alarming. Winning teams are necessarily comprised of the best and brightest employees. If your hiring process and human resource practices don't include screening for drug and alcohol use, it's a good bet you'll experience losses related to this omission. A well managed pre-employment,

post accident, random, and reasonable-suspicion drug and alcohol testing policy will improve your team, and help to prevent losses associated with impaired workers.

### **Proactive performance measures:**

It doesn't hurt to keep track of injury frequency and severity rates, but these measures alone will not drive safety performance. Your managers and supervisors should be measured on, and held accountable for performing specific activities that will eliminate the precursors to injury. Every organization has its own unique set of issues. Proactive safety management involves identifying what those issues are and then measuring individual and team performance in addressing them. The theory being - that which is measured gets managed.

### **WIN THE WAR THROUGH HARD WORK**

He doesn't know it, but I imitate my friend from West Virginia on a regular basis when working with employer's on injury elimination strategies. My awkward attempts at his Appalachian drawl usually come during my discussions on leadership involvement in the safety program. Managing the loss prevention effort proactively may seem like a logical process, but the implementation is often counter-intuitive for many business leaders. Developing a safety culture to the level described above is difficult, and I'm constantly reminded of this fact as company leaders finally make the decision to organize their programs for success. The journey is tough, and it requires more leadership than most people think. But a well-organized, properly equipped management team supported by committed business partners can wage a successful war on workplace injury and illness. But make no mistake....it's *hwaarrd!*

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