WORKERS' COMPENSATION
HOW TO GUIDE

STARSTONE
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Supervisor Accountability For Safety

What motivates employees to work safely and supervisors to assure that they do as well? Do zero incident incentive based programs assist in preventing injuries and reducing claim costs or are these programs just an administrative headache? This article examines accountability systems, taking a different slant on safety motivation. The focus is on supervisor accountability. What do you expect of your supervisors? Do you measure their loss prevention efforts, loss results, or both?

Imagine supervisors have two tasks assigned, and they are managing multiple priorities. Accomplish one of these tasks and upper management will recognize the results. The other task is said to be important, but no one notices if it's done well or perhaps if it's done at all. Which assignment will get a supervisor's attention? The odds are high they will attend to the task that's monitored and recognized.

Both productivity and safety are responsibilities of the management team, but in the busy world of work, productivity tends to be monitored much more consistently than safety. Are the supervisors in your company accountable for their safety responsibilities? Without recognition and accountability, they may have little motivation to make safety a top priority.

Accountability systems operate under the assumption that people tend to prioritize safety responsibilities only if they are answerable for results. Under these systems, supervisors are evaluated on the basis of safety performance just as they are on meeting production, quality and scheduling goals. Three methods of keeping supervisors or managers on target will be offered here. They include monitoring supervisors' safety activities, comparing injury records between similar work units, and utilizing a charge-back system for injury costs. The most successful accountability programs utilize more than one of these strategies as part of a total injury and illness prevention program.

1. MONITORING SAFETY ACTIVITIES

All safety programs are based upon the assumption that if preventative steps are taken, the number of incidents and injuries will be less than if no steps are taken. The Occupational Safety and Health Administration (OSHA) defends this assumption by setting standards and criteria which employers are required to follow. Specific steps that must be taken to prevent injuries often depend upon the industry, but a few basic strategies apply to all types of operations. The most common of these are:

New employee safety orientation

- Job specific safety training
- Planned safety inspections
- Periodic employee safety meetings
- Incident and injury investigations

Companies with the best safety records expect first line supervisors to carry out these responsibilities, with support from middle and upper management. A safety coordinator, if one exists, should assist supervisors, but should not perform the safety activities for them. Front line supervisors are the key to injury prevention because crew members follow their leadership. To make it all work, upper management must fully clarify what is expected and must recognize safety performance as well as production accomplishments.

A successful safety accountability program should:

1. Define all safety responsibilities in writing
2. Include procedures to be followed and documentation to be completed
3. Provide appropriate forms or checklists to use
4. Provide training in how to effectively complete responsibilities
5. Monitor the completion of safety activity tasks
6. Conduct performance evaluations as to the assigned responsibilities
7. Recognize acceptable as well as outstanding safety performance

Safety personnel may assist in parts of this process, but performance evaluations and recognition should come from upper management. We believe that supervisors who fulfill these safety responsibilities will experience fewer incidents and injuries than those who do not. Evidence can usually be found in a company's injury statistics.

2. COMPARING INJURY RECORDS

With a strong safety program and good participation at supervisory levels, we usually see reductions in the frequency and severity of employee injuries.
The affect can be easily seen in small operations. To pinpoint the source of improvement in larger firms, the injury rates of separate company divisions, departments or projects should be monitored. This brings competition and peer pressure into the picture.

Calculating incident rates, rather than actual injury numbers, is fairer when comparing different sized groups. No injuries are the goal, but we may expect a large work group to have more injuries than a small group. Rate calculations help equalize this, although the rating formulas do tend lose some credibility when very small groups are involved. Another problem is that some operations are more hazardous than others, so they too might have more incidents. One way around this is to compare only work units with similar levels of risk. You can also simply track a work unit's current record against the past record, rather than measure one group against another.

It is relatively easy to calculate incident rates where injury data and hours records are readily available and can be plugged into formulas. Figures most commonly used for computing annual rates are:

1. The number of OSHA recordable injuries (or workers' compensation claims)
2. The number of hours worked
3. The number of injuries which involved time loss
4. The number of time loss days involved
5. 200,000 hours (the estimated number of hours per year for 100 full time employees)

To calculate an OSHA recordable rate or claims rate:
(1) x (5) ÷ (2)

To calculate a time loss rate:
(3) x (5) ÷ (2)

To calculate a severity rate:
(4) x (5) ÷ (2)

To calculate the claims cost per hour worked rate:
Total claim costs ÷ (2)

Suppose you track this data and calculate statistics for different units of your company. If you do not also monitor the safety activities and efforts of these supervisors, how can you tell what influenced a change, either for better or worse? Perhaps some work groups improved their injury record and lowered injury costs because supervisors were more diligent about performing the assigned safety activities, or perhaps they were just plain lucky.

3. CHARGE-BACK SYSTEMS FOR INJURY COSTS

Another way to achieve accountability is to develop a dollar-based scoring system and tie it into the budgets of different projects or divisions. This system charges injury costs to the unit or department where they happened. When workers' compensation claims costs are charged against the operating unit's profit, injury prevention and claims management tend to get full attention, and rightly so. But in today's highly competitive marketplace, this is usually not a sound business approach, especially for firms in high-hazard industries with significant insurance costs. Remember too, that the indirect costs of injuries are an important but hidden expense to be recognized.

Some companies handle all injury and insurance costs through a corporate slush fund, prorating expenses among divisions as part of corporate overhead. But if division managers have no direct control over the costs charged against them, how much energy will they expend to control their own incidents and injuries? Are they more likely to focus on production increases, which can get them attention and credit for superior results?

Allocating injury costs to specific divisions or projects sometimes seems highly complex, but there are workable systems for doing so. An important part of the strategy is to get the assistance of the controller in keeping the basic score. Any system that involves cost accounting needs the skill and blessing of the firm's financial management to be successful.

Basic methods that can be used for charging injury costs include the following:

- The simplest way is to take incurred claims costs for each unit's injuries as they are shown on the insurance loss reports and charge them against that budget item every business period. This is most acceptable for very large organizations.
- "Formula reserving" may be more acceptable for smaller units. First a schedule of charges based on historical averages is devised. Then the amounts charged to units are based on how many claims they incur of a specific type. For example:
- If back strain injury claims for the past five years averaged $10,000 each, a unit's back claim might be charged at $5,000, regardless of outcome. This doesn't wipe out the budget of a smaller unit, with one severe case, especially since a costly back injury can happen anywhere.
- A pro-rated portion of the workers' compensation insurance premium can also be allocated to an operating unit, taking into consideration what influence that unit's claims had against the firm's total cost of insurance.
- Another way of getting everyone's attention is to calculate how many of your company's products have to be produced or sold to cover the cost of your firm's average workers' compensation insurance claim. Supervisors and employees may be astonished to realize that they must construct 800 feet of warehouse space, produce 1,000 gallons of paint, or manufacture 1,500 trailer hitches to pay for the average employee injury claim. This converts company costs to personal hard work. As one example, a firm with a 4% profit margin must sell $2,500,000 in goods or services to pay for yearly injury costs equaling $100,000.

CONCLUSION

B.F. Skinner, the behavioral psychologist said, "What gets rewarded, gets done." In a supervisor safety accountability system, the rewards for mid-managers and supervisors tend to be top management's recognition for completing all aspects of their job well or displeasure for failing to do so. Tangible rewards, such as bonuses, may be given for good safety performance as well, but this should not be the driving force. If bonuses are used, they should be based upon activities and efforts as well as outcomes. How demoralizing it can be to work alongside someone who receives the same compensation as you but doesn't put out the required effort, or who gets a bonus just because they were lucky in terms of their crew's injury experience.

Prevention of injuries and control of costs can significantly affect a company's bottom line, but success requires a measure of responsibility from all levels of the management team. Traditionally, company leaders monitor sales and production quotas closely. Smart managers also develop supervisor accountability systems to measure safety performance. It requires some administrative effort to keep the records, but you just can't manage and control what you don't measure.

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If you would like to know more about Supervisor Accountability For Safety you can contact your local StarStone Workers' Compensation representative.

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