

**Social Responsibility**

# Business Is Better Safe Than Sorry

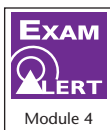
**Through awareness and proper planning, organizations worldwide are realizing that safety is no accident.**

BY JILL SCHILDHOUSE

Thousands of Americans are hurt or killed each year in on-the-job accidents. Ventilation, illumination, noise, physical layouts, exits, fire and storage hazards, electrical equipment, furniture, machinery and tools, and ergonomics all pose office safety concerns that must be carefully considered.

Every organization wants to provide its employees with a safe workplace, but how many achieve 100 percent success year after year? As companies strive to raise the bar on their safety record, supply managers must also take into consideration that of their supply chain.

As one of ISM's seven *Principles of Social Responsibility*, safety involves promoting a safe environment for each employee in the organization and supply chain, and supporting the continuous development and diffusion of safety practices throughout the organization and the supply chain. (See the box on page 29.) ISM recently conducted a social responsibility survey, and the *Principle of safety*, along with ethics and financial responsibility, emerged as areas that are well-established among the respondents. This may be due, in part, to more stringent safety regulations from governmental agencies.



This sixth article in ISM's seven-part series on social responsibility will explore:

- The importance of safety
- How safety affects business

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- The supply manager's role
- The issue of ergonomics in the workplace
- Government regulations
- How your company can develop and implement a safety program

## Taking Safety Seriously

According to the Occupational Safety and Health Administration (OSHA), every day 16 workers die on the job and more than 14,000 experience an injury or illness. Workplace accidents and fatalities can destroy your company's employee morale, financial standing and reputation.

Therefore, a sound safety program gives your business a competitive edge. "At its most basic level," says Kevin J. Williams, C.P.M., director – technology solutions for American Express Corporate Services in Hebron, Connecticut, and a member of ISM's Social Responsibility Committee, "an effective safety program ensures you operate at peak efficiency at all times. Lost labor hours due to injury or illness can only drain your ability to maximize your production."

The monetary costs attached to workplace accidents include wages paid to sick and disabled workers, wages paid to substitute employees and the cost to train them, the costs to repair or replace damaged equipment, insurance claims, workers' compensation, increased insurance rates and OSHA fines.

A company must view its employees as its most important resource, and protect it accordingly. "Safety is one of those unique business areas that does not allow for a risk/reward trade-off," explains Williams. "You simply cannot sacrifice a little bit of safety to try to improve performance. In the world of safety, an incorrect risk can diminish or even take a life. Shortcuts to safety are never worth the minimal gains you might realize."

### Business Case

In addition to the obvious personal implications, there is a business case for making safety a priority as well. If consumers of your product or service become privy to unsettling information about your company's safety record due to a highly publicized incident, your company's reputation can plummet. As a result, long-standing clients could look elsewhere for their needs, and new clients will be hard to entice. As a company's reputation declines, so does its employee morale.

Businesses don't have to tackle safety on their own; they can find allies right under their noses. For example, it is in an insurance company's best financial interest to help its clients become and remain accident-free. Therefore, many loss control departments take on a proactive role as part of their service by offering worksite assessments of hazards and exposures. "Once we know what the exposures are, we can implement administrative and/or engineering controls to minimize them. These things may include utilizing protective equipment, providing specialized training, and/or the development of new policies and procedures specific to the

exposing task," explains Adam Wynn, loss control consultant and former compliance officer for the Arizona Division of Occupational Safety & Health.

Today, more and more insurance companies are requesting a potential client's OSHA history during the underwriting process. A company with a history of safe practices will be more attractive to insurance companies, which may shy away from covering a company with frequent workplace accidents or OSHA violations.

Aside from a client's OSHA incidence rate — calculated by the number of incidents times 200,000 (the equivalent of 100

## In Brief: The Safety Principle

This is the sixth in a series of seven articles detailing ISM's *Principles of Social Responsibility*. The *Principles* are the result of an ISM initiative to promote excellence in social responsibility, assisting in the implementation and continuous improvement of supply management organizations and professionals.

Social responsibility is defined as a framework of measurable corporate policies and procedures and resulting behavior designed to benefit the workplace and, by extension, the individual, the organization and the community.

This month's article details the *Principle of safety*; ISM encourages professionals to:

1. Promote a safe environment for each employee in your organization and the supply chain. (Each organization is responsible for defining "safe" within its organization.)
2. Support the continuous development and diffusion of safety practices throughout your organization and the supply chain.

The following audit questions related specifically to **safety** can be used by an organization to determine if it is moving forward, aspiring to industry best practices and seeking information from others.

1. Does your organization have a formal safety program? How is the plan communicated?
2. Does your organization have a formal tracking system? What does it measure?
3. How does your organization assess and continually review supplier/subcontractor safety?

employees working 40 hours per week, 50 weeks per year) divided by the number of hours worked — Wynn explains that insurance companies use several other formulas to calculate the level of risk: an experience modification (or e-mod) rating that compares actual losses to expected losses; the overall loss ratio, which is the claims cost divided by the insurance premium; the lost time frequency rate, which is the lost time away from work or modified duty because of an injury; and the recordable (any injury that requires medical attention) frequency rate over a specific time period.

### A Supply Manager's Safety Role

Supply managers have an opportunity to play an important role in a company's safety program. According to Williams, supply managers have a unique view of the broader processes in place. "Internally, they can see the safety weak points in key areas, such as shipping and receiving, work in process, and inspection. Supply managers can identify different processes that reduce key safety issues, such as slips and falls. And introduce inexpensive solutions, such as adding safer flooring to prevent slips." Don't just file away those material safety data sheets (MSDS), warns Williams. Read them and learn about the materials you are bringing into your environment.

Externally, supply managers also should be aware of their suppliers' safety records. Poor safety records and noneffective safety measures often result in higher insurance premiums and lower productivity — this extra cost may be passed along to you in the form of higher prices. Likewise, your clients and shareholders will not look favorably upon your company working with a supplier



Art by Jason Steed



## Safety Survey Results

ISM's social responsibility survey compiled the following responses about the *Principle of safety*. Along with ethics and financial responsibility, respondents identified safety as an area in which their companies are extensively involved. The survey was part of the first-ever social responsibility report for supply managers by ISM. This data can be found in the box at right:

Extremes of Spectrum of Responses for Safety	Total Number of Responses for the Statement	To No Extent or Almost No Extent		To a Good, Great or Very Great Extent	
		Number	Percent	Number	Percent
Ensures that suppliers' locations are operated in a safe manner	941	340	36%	331	35%
Ensures the safe incoming movement of product to our facilities	941	106	11%	638	68%
Ensures that each employee in our organization works in a safe environment	941	50	5%	824	88%

notorious for workplace accidents. If your company has a solid safety program in place, why not share this information with your suppliers in order to help them boost their efforts? They can learn from your example, creating a win-win situation for both parties.

Supply managers must also take into account the role safety plays for their overseas supply base. They will find differences in the definitions and policies of safe practices around the globe. Agencies similar to OSHA exist in many countries, so it's beneficial to become familiar with their rules and regulations.

### Ergonomics in the Workplace

Workplace safety hazards will vary depending on the industry in which you work. Ergonomics happens to be a particularly common and too-often ignored issue that doesn't relegate itself to any specific industry. According to the U.K.-based Ergonomics Society, ergonomics is the application of scientific information concerning humans to the design of objects, systems and environments for human use. Ergonomics incorporates elements from anatomy, physiology, psychology and design to ensure that people's capabilities and limitations are taken into account.

In an effort to reduce the number of soft-tissue injuries of its plant workers, raise employee morale, lower lost and restricted time, reduce workers' compensation dollars and increase product profit margins, Sterling, Illinois-based National Manufacturing Company — a manufacturer of builder's hardware — decided to implement an Ergonomics and Early Intervention program. Through the use of an injury-reduction program that allowed the company to become proactive in addressing pain before it became an injury, allowed early reporting with no penalty, and allowed immediate access to treatment, National Manufacturing reduced recordable injuries from 61 to 40 per year and reduced the workers' compensation dollars spent in one year by \$380,000.

"This new program allows us to treat people's aches and pains in-house via an onsite registered nurse using electrical massage to break up adhesions in the muscles," explains Paul Stachewicz, safety director for National Manufacturing Company. "This way we've eliminated the lost time, restricted work, and pay constraints on that person. If they follow the nurse's protocol, 90 percent of the time they feel better. If the in-house treatment doesn't work, they are referred to a physician."

## How Does Your Company Compare?

In April 2004, ISM conducted a baseline study to determine firms' activities with regard to social responsibility. Below is a sample of responses provided with regard to safety and safety policies.

- Safety audits, internal and external. Monthly safety talks. Incidents, accidents and near-misses reviewed monthly. Safety officers do spot-checks.
- We have safety standards enforced by a full-time safety department.
- OSHA regulations are relied upon for supplier compliance.
- Part of a new supplier assessment or reassessment.
- We have weekly safety BINGO where we track and discuss safety with number of injuries, accidents, etc.
- Safety meetings are held monthly at all locations. Safety goals are incorporated annually for all employees.

For a full copy of the baseline study, visit [www.ism.ws/SR/files/SR\\_baselineStudy.pdf](http://www.ism.ws/SR/files/SR_baselineStudy.pdf).

Knowing its employees' injuries before they manifest into disabilities allows the company to make changes in the equipment to eliminate future problems. "When an employee reports an injury, the nurse logs what type of machine they were using and what body part was affected," says Stachewicz. "So, I get a list stating that, say, 30 people who all run a particular machine all complain of a left-wrist injury. We then do an evaluation on the machine and those people, and that leads to work-center changes. You have to be committed to making the changes no matter the cost." For example, many National Manufacturing workers were reporting neck aches. The company switched from monitors at the left of a work station to centering them at eye level; this eliminated 1,800 to 2,000 unnecessary neck motions to the left each day and reduced eye strain.

While companies should take the initiative to examine and reduce the number of injuries their employees acquire, they

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## ISM's SR Web Site: [www.ism.ws/sr](http://www.ism.ws/sr)

ISM is committed to becoming the central repository of information in support of all matters related to social responsibility. The following resources can be accessed through the ISM Web site at [www.ism.ws/sr](http://www.ism.ws/sr):



- *Principles of Social Responsibility*
- The accompanying supply management audit for the social responsibility *Principles*
- Links to other social responsibility related Web sites (for example, OSHA, National Institute for Occupational Safety and Health, and *Occupational Health and Safety* magazine)
- Social responsibility articles and research
- ISM's Committee on Social Responsibility
- Ways you can foster social responsibility and show your support for the ISM *Principles*

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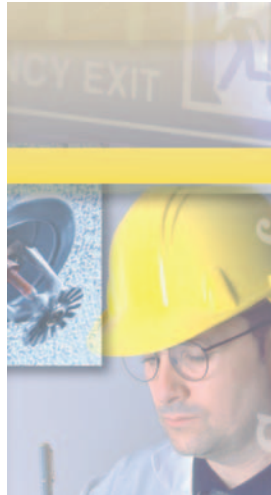
should also bear in mind the U.S. government's specific regulations to assess and monitor safe work environments.

### Government Regulations

Although social responsibility is about achieving a level of awareness and activity higher than just following the law, the government's legal mandates are the bare minimum of what a company must adhere to. The Occupational Safety and Health Act of 1970 was created to ensure safe and healthful working conditions. The Act created both The National Institute for Occupational Safety and Health (NIOSH) and OSHA. NIOSH, in the U.S. Department of Health and Human Services, helps ensure safe and healthful working conditions by providing research, information, education and training in the field of occupational safety and health. OSHA and its state partners establish and enforce protective standards, and reach out to employers and employees through technical assistance and consultation programs. Since it was created in 1971, the workplace fatality rate has declined 62 percent and occupational injury and illness rates have dropped 42 percent.

While OSHA is working hard to help U.S. organizations understand and implement proper safety standards, Wynn warns employers that it's their responsibility to protect their employees from workplace hazards. This means they need to determine what those hazards are and then address them. If they don't know what their hazards are, the best place to start is by reviewing their injury logs. "Employees cannot wait for OSHA to show up and tell them what to do," he cautions. "By then, it may be too late." Instead of spending money on OSHA citations, spend it on prevention.

While OSHA violations can result in monetary penalties upwards of \$70,000 per incident, it will take into account the size of the company, its history and its demonstration of good faith. "Unfortunately, money is everything to a company," says Wynn. "Employers often overlook the importance of safety until you remind them of the cost associated with workplace injuries, OSHA citations and high-risk insurance premiums — then suddenly companies are willing to jump on board with it."



Whether a company's motivation comes from insurance concerns, financial worries, employee welfare or the government, it must implement and maintain a sound safety program.

### A Corporate Safety Program

With the National Safety Council's National Safety Month just one month away, now is the perfect time for your organization to examine and re-evaluate its safety efforts. On-the-job accidents can be reduced with a well-structured safety program that provides proper training, employee and management participation, and accountability.

If your company has an existing safety program in place, it's time to judge its effectiveness. Performance can be measured by a reduction in lost-time injury frequency, medical-treatment injury frequency, sick days used, workers' compensation costs and medical benefits payments.

If your company is lagging behind in establishing an organizationwide safety program, or if it's time to revamp the existing one, begin by identifying current and potential hazards. Some will be general office dangers, while others will be industry-specific. A proper safety policy will include details of specific safety precautions and how violations will be handled.

Safety orientation for new employees should be conducted on

the worker's first day. The program — whether administered via a safety handbook, a video presentation and/or a management-led meeting — should cover company safety policy, emergency response, personal protection equipment, and hazard communication. Documentation of this training, often by an employee's signature on the safety handbook, should be kept in the employee's human resource file as proof of your efforts in the event an incident arises.

"Like all other concerns, you want to make sure you are in touch with subject-matter experts," says Williams. "Ask your company's workers' compensation insurance provider to help you compile a safety audit of your key processes that you can then perform on a regular basis. Review information provided by insurance carriers and OSHA on techniques for identifying possible safety gaps. Most importantly,

learn about top safety issues for your industry. The more knowledge you have, the better prepared you will be to spot and address safety issues head-on in the future."

Advances in technology and more stringent safety and health laws emerge each year, making safety in today's workplace an evolving phenomenon. Therefore, ongoing research and training are necessary to keep organizations and their workers up-to-date on changing hazards, codes and precautionary measures.

Management must show employees that safety is of the utmost importance and enforce policies consistently. Involving employees in the planning and carrying out of safety activities will further encourage compliance. Employees who perceive their management to be cognizant, concerned and consistent about workplace safety issues feel more secure and are more likely to abide by their company's program.

"Safety in itself is a full-time job and it must be managed on a day-to-day basis," concludes Wynn. "Not just on the clerical side, but also in the field where the hazards are occurring." *ism*