

safetypays!

For every \$1 invested in workplace safety and health . . . employers see a \$4 to \$6 return

TOP TEN Bottom Line Benefits

- 1 Reduced absenteeism
- 2 Lower turnover rates
- 3 Higher productivity
- 4 Greater efficiency
- 5 Increased quality
- 6 Decreased scrap/waste
- 7 Increased employee morale
- 8 Positive brand image
- 9 Decreased health care costs
- 10 Decreased workers compensation costs

*You Pay Yourself When . . .
You Keep Workers Safe!*



Protect Workers. . .Pay Yourself

- The National Safety Council estimates a worker injury with **NO** lost-time costs **\$7,000** on average.
- A company must sell extra product to cover the accident costs.
- For example, if a company has an accident that costs \$5,000 and operates with a profit margin of 3%, then \$167,000 in additional sales are needed to make up what was lost on this one accident. *(See chart below.)*

Sales Needed to Recover the Cost of an Accident

| Accident Cost | Company Profit Margin | | |
|---------------|-----------------------|-----------|-----------|
| | 1% | 3% | 5% |
| \$1,000 | \$100,000 | \$33,000 | \$20,000 |
| 5,000 | 500,000 | 167,000 | 100,000 |
| 10,000 | 1,000,000 | 333,000 | 200,000 |
| 25,000 | 2,500,000 | 833,000 | 500,000 |
| 50,000 | 5,000,000 | 1,666,667 | 1,000,000 |
| 100,000 | 10,000,000 | 3,333,000 | 2,000,000 |

Worksheet for Estimating Your Cost of Occupational Injuries and Illnesses and their Impact on Your Company's Profitability

Employers can use OSHA's "Safety Pays" model for estimating the cost and impact associated with workplace injuries and illnesses on profitability. This model uses certain statistical data such as a company's profit margin, the average costs of an injury or illness, and an indirect cost multiplier to project the amount of sales a company would need to generate to cover those costs. The estimator is available at:

www.osha.gov/dcsp/smallbusiness/safetypays/estimator.html

Nothing Happens Without a Plan

Workplace injuries are preventable. A **safety and health program** is your best defense against a workplace injury.

An effective safety and health program has seven core elements:

- Management Leadership
- Worker Participation
- Hazard Identification and Assessment
- Hazard Prevention and Control
- Education and Training
- Program Evaluation and Improvement
- Communication and Coordination for Host Employers, Contractors, and Staffing Agencies

This systematic approach integrates occupational safety and health objectives into the company's organizational structure.

The results of a system's approach include:

- An effective system that supports the organization's philosophy.
- Safety and health policies and goals that are clearly communicated.
- Accountability for implementing a system that is understood and accepted.
- Long-term solutions that are implemented rather than one-time fixes.
- Evaluation of results that promotes continual improvement over time.
- An effective system that positively impacts the company's bottom line.

CET Services

MIOSHA's **Consultation Education and Training (CET) Division** has consultants available to provide employers with assistance in creating safety and health programs, developing accident prevention programs, and implementing long-term safety and health solutions.

For free statewide safety and health assistance, contact the CET Division:

517-284-7720

800-866-4674

www.michigan.gov/miosha

Michigan Department of Labor and Economic Opportunity (LEO); Michigan Occupational Safety and Health Administration (MIOSHA); Consultation Education and Training (CET) Division

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Workplace Safety Makes Good Business Sense

The costs of reacting to workplace injuries and illnesses far exceed the costs of preventing them from happening in the first place.

Liberty Mutual Workplace Safety Index 2021 report,¹ estimated the direct U.S. workers' compensation costs of workplace injuries at \$58.61 billion in 2019. The top 10 causes comprising 89.2 percent of \$52.3 billion of the total cost burden. According to the report, direct costs of workplace injuries include:

- Overexertion involving outside sources
- Falls on the same level
- Falls to lower level
- Struck by object or equipment

Work Injury Costs and Time Lost²

The National Safety Council (NSC) estimates the total cost of the work injuries in 2019 was \$171.0 billion. "This figure includes wages and productive losses of \$53.9 billion, medical expenses of \$35.5 billion, and administrative expenses of \$59.7 billion. The total also includes employers' uninsured costs of \$13.3 billion, including the value of time lost by workers other than those with disabling injuries who are directly or indirectly involved in injuries, and the cost of time required to investigate injuries, write up injury reports, and so forth." The cost per worker was reported at \$1,100.

In 2019, 70,000,000 days were lost due to disabling work-related injuries. An additional 35,000,000 days were lost in 2019 due to permanently disabling injuries that occurred in prior years.

¹Liberty Mutual Workplace Safety Index 2021.

²NSC Injury Fact. (2021)