

The Cost of Safety

Scott D. Cole, CSP

Agenda

Direct versus Indirect Safety Expenses

Calculating Incident Costs

Budgeting for Safety

Average Cost of Safety

Why the Concern?

Workers' Comp
Costs

Medical Costs

Absenteeism

Employee Turnover

Productivity
Concerns

Quality

Schedule Delays

Training

Legal Fees

Employee Morale

Lost Contracts

Executive Motivators

1. Workers' compensation costs
59%
2. Right thing to do 51%
3. Increases profitability 33%
4. It's the law 31%
5. Too many accidents 29%
6. Employee morale 26%
7. Productivity 23%
8. OSHA fines 20%

Billions Dollar Question

Does safety improve a company's bottom line?

Direct Safety Costs

Workers' Comp
Costs

Medical Costs

Indemnity Payments

Salaries

Indirect Safety Costs

Absenteeism

Employee Turnover

Productivity

Concerns

Community

Perception

Quality

Schedule Delays

Employee Morale

Lost Contracts

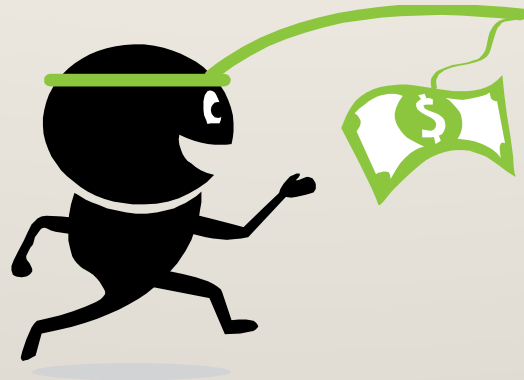
Question

Is safety a fixed budget?





3 Easy Steps for Calculating the Impact of a Loss



Step 1: Calculating Direct Costs

Medical costs

+

Indemnity Payments

= Direct Cost

Step 2: Calculating Indirect Costs

Direct Cost

X

Cost Multiplier

= Indirect Cost

Cost Multipliers

If your direct cost is:

Use this
cost

multiplier:

\$0 – \$2,999

4.5

\$3,000 - \$4,999

1.6

\$5,000 - \$9,999

1.2

10,000 or more

1.1

Step 3: Calculating Total Cost

Direct Cost

+

Indirect Cost

= Total Cost



U.S. Department of Labor
Occupational Safety & Health Administration

www.osha.gov

Search GO [Advanced Search](#) | [A-Z Index](#)



Safety & Health Management Systems eTool

HOME



- [Module 1: Main Page](#)
- [Cost of Accidents](#)
- [Cost calculator](#) ←
- [Reducing the costs of accidents](#)

Cost Calculation Worksheet

I. ESTIMATED ANNUAL ACCIDENT COSTS

	Enter		Results
Annual number of occupational deaths	<input type="text" value="0"/>	× \$910,000* = \$	<input type="text"/>
Annual number of lost workday cases	<input type="text" value="0"/>	× \$28,000* = \$	<input type="text"/>
Annual number of reportable cases without lost work days	<input type="text" value="0"/>	× \$7,000* = \$	<input type="text"/>
Total estimated annual cost of occupational deaths, injuries and illnesses		= \$	<input type="text"/>

Calculate

*Using National Safety Council average costs for 1998, includes both direct and indirect costs, excludes property damage.



log on

help

print

search

glossary

contact

e-account

Accident/Injury Info »

Claim Costs

Claim Info »

Claim Payment

Claim Reference Info »

Communications profile

Custom Services »

Payroll/Premium »

Rates »

Policy Management »

Programs »

Quick pay

Safety Services »

Self-Insured »

State-fund guide

Forms

Section Map

Online Support available Monday through Friday 7:30 am - 5:30 pm Click here to get help!

OhioBWC - Employer - Service: (Annual claim costs statistics) - Search

Claim

Policy

Annual claim costs statistics

Claim payment transactions - policy

Claim reserve predictions - policy

Quarterly claim costs

Summary of reserve changes

Details

This service offering allows you to search for specific data based on annual statistics for the data elements below. You can also search for specific data elements below.

Enter at least one of the search criteria below, and click next.

ICD-9:

Manual class:

Age of claim:

next

Safety Budgeting

- Planning and Preparing
- Strategic Plan for Safety
- Industrial Hygiene Sampling Strategy
- Internal and External Audits
- MOC

Org Safety Budget

1019	Safety Wages
1200	Professional Dues
1201	Continuing Education
1202	Training - External
1510	Cellular Expenses
1542	Minor Safety Equipment
1543	Training - Employee Wages
1544	Safety Footwear
1545	Personal Protective Equipment
1546	Safety Uniform
1547	Training - Internal
1548	Contract Services
1549	Medical / Hygiene
1553	Office Supplies
1628	Mileage
1632	Subsistence

Selling Loss Prevention – Step 1

Calculating Profit Margin

Total Profit

/

Total Sales

= Profit Margin

Selling Loss Prevention - Step 2: Calculating the Impact

Total Cost of the Incident

/

Profit Margin

= Additional Sales Needed to Pay for the
Incident

Good Jobs for Everyone

FY 2013

12 billion

17,419 full-time Federal employees

2,200 inspectors for 130 million workers

1 : 59,000

Organizational Safety Budget

What's the magic number?

Thank You

Scott Cole

colesafety3@yahoo.com