



The business case for Injury and Illness Prevention Programs (I2P2)

Employers that implement comprehensive injury and illness prevention programs (also known as safety and health management systems) can substantially reduce the number and severity of workplace injuries and illnesses. These programs can also help transform workplace culture, leading to higher productivity and quality, reduced turnover, reduced costs, and greater worker satisfaction.

Whether you are an executive, a business owner or safety leader, consider the following facts that can have a direct impact on your operational performance and revenues:

- Employers paid \$55.4 billion in 2011 — more than \$1 billion per week — for direct workers compensation costs (medical plus indemnity) for the most disabling workplace injuries and illnesses.
- Each prevented lost-time injury or illness saves \$37,000, and each avoided occupational fatality saves \$1,390,000.
- Investors are increasingly using workplace safety and health measures to screen out underperforming stocks, and are showing stronger returns for doing so.
- Over 60% of CFOs reported that each \$1 invested in injury prevention returned \$2 or more, and over 40% said productivity was the greatest benefit of an effective workplace safety program.
- OSHA continues to ramp up its enforcement efforts for companies ignoring safety, conducting nearly 39,000 inspections resulting in over 78,000 safety and health violations in FY 2013, assessing fines and penalties when appropriate.


That's just a very tiny snapshot of both the potential costs of injury and illness, as well as some of the potential benefits of deploying a structured safety program. While there are many demands vying for the attention of today's executives, decision makers at the highest levels need to have a solid understanding of why investing in health and safety makes sense for their business.

Consider, too, the following scenario:

The chief financial officer of a small business arrives at work, pulls into the parking lot outside her office and steps into the lobby, only to trip on a weather mat that has a fairly substantial wrinkle in it. Falling to the floor and not able to catch herself, she breaks her fall with her right elbow and lands on her laptop that she was carrying, breaking her elbow and cracking two ribs.

Having missed a complete day of work at the hospital, she spends the next day in pain at home with a cast up to her shoulder preventing her from doing any substantive work. She continues to stay home to heal for two weeks. Meanwhile, the business is in dire need





of its CFO. Contract negotiations for a large customer have stalled, and the company's new product rollout has hit a snag because the analysis cannot be performed during the CFO's recovery. In addition, the day-to-day activities like vendor payments and payroll approvals are lacking crucial oversight during this downtime.

This type of business interruption that results from workplace incidents plays out across all positions and responsibilities. It's easy to see how an injury to a worker on an assembly line, in a distribution center, on a construction site, or in a healthcare facility or other industry can disrupt the normal, efficient flow of business. In addition to the pain and suffering of the individual involved, there is also the issue of the work that is not taking place while the company responds, cares for the injured, recovers from the interruption, finds a replacement worker and investigates the root cause of the incident. The business advantage to preventing workplace injuries and illnesses is clear.

Simply stated, every person counts, and this is especially so in smaller businesses with fewer resources. In a small business, each person may wear multiple hats and is a critical member of the business family. A single incident involving one employee such as an injury, a serious illness, or family crisis can affect everyone around them, not to mention the effects the business interruption has on production or service. How do you ensure that your small business continues to operate when a key employee — or even the boss — is suddenly out of commission? As with many aspects of running a business, you need a plan. The many benefits of safety and health initiatives cut across every size organization and industry. Studies show that these efforts can have a positive outcome on financial performance, worker productivity and satisfaction, regulatory compliance, and the environment.

Business owners and executives have the opportunity to gain a competitive advantage via a proven source – investment in your organization's safety and health management systems. Safety affects your business not only from the direct and indirect costs of incidents, but also the impacts to the emotional and physical health and well-being of your employees. It affects your ability to win bids, competitively price your goods and services, and even attract and retain top talent. And with medical costs continuing to rise, organizations that invest in the safety, health and wellness of their workforce can expect fewer costs from workplace injuries, illnesses, unplanned absences and lost productivity.

Research shows that there are common safety and health elements among companies with superior safety outcomes and that these elements quantifiably reduce risk and lower injury and illness rates. They are:

Leadership and employee engagement: Leaders foster a culture where safety is a fully integrated, core value of the business, with all employees engaging and sharing responsibility for each other's safety.

Safety and health management systems: A safety and health management system outlines a framework of processes and procedures to ensure that work tasks are completed to achieve safe workplaces.

Risk reduction: There is risk in every work task performed and those organizations that actively strive to reduce it will outperform those that do not.

Performance measurement: To manage improvement, it is essential to have measurable goals, using a mix of leading and lagging indicators to measure safety performance.

These elements are consistent with the major elements of OSHA's overall safety and health management system that include management leadership/employee involvement, hazard identification and assessment, hazard prevention and control, education and training, and program evaluation and improvement.

Whether you own a small business or run a large corporation, it is easy to see the interdependent relationship between safety investments and business performance. From increases in price per share to a positive media and community presence, creating a safe workplace is becoming increasingly important to business success. While there is an initial outlay of time or expense associated with any safety investment, the benefits in the long-term — and even in the short-term — can and do outweigh the costs. From a less calculated and more human perspective, investing in the safety and health of your greatest assets — your people — is perhaps the strongest case any business leader can make.

Additional Information:

- Injury and Illness Prevention Programs. OSHA Web Page: osha.gov/dsg/topics/safetyhealth/index.html
- Safety Pays Program. OSHA Web Page: osha.gov/dcsp/smallbusiness/safetypays/index.html
- Making the Business Case for Safety and Health. OSHA Web Page: osha.gov/dcsp/products/topics/businesscase/index.html
- Journey to Safety Excellence. National Safety Council Web Page: nsc.org/safety_work/Pages/Journey-to-Safety-Excellence.aspx

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¹ Liberty Mutual Insurance. Workplace safety index. 2013. Accessed from: http://www.libertymutualgroup.com/omapps/ContentServer?c=cms_document&pagename=LMG_ResearchInstitute%2Fcms_document%2FShowDoc&cid=1138365240689

² National Safety Council. Injury facts, 2013 edition.

³ Goldman Sachs JB Were Investment Research. Good workplace health & safety = good investment returns. 2007.

⁴ Liberty Mutual Insurance. Chief financial officer survey. 2005. Accessed from: http://www.libertymutualgroup.com/omapps/ContentServer?cid=1138358195557&pagename=L_MGroup/Views/ImgView98&kw=false&c=cms_asset

⁵ OSHA Directorate of Enforcement Programs



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