

The ROI of Safety

Sound safety practices both protect the well-being of your employees and are good for your business. Research and industry experience suggest organizations that invest in health and safety programs realize a tangible Return On Investment (ROI).

Returns Stem from:

- ◆ **Decreased Lost Time:** EHS programs can reduce worker injuries and incidents - allowing companies to decrease expenses related to medical care, PTO, litigation and disaster mitigation.
- ◆ **Compliance with Regulations, Laws and Standards:** Non-compliance can be disastrous, impacting an organization financially and damaging their reputation. Avoiding legal fees and fines from OSHA or other regulatory agencies help maintain a healthy bottom line.
- ◆ **Increased Operational Efficiency:** A focus on safety leads to higher productivity, which drives short-term revenue growth and supports long-term sustainability.
- ◆ **Improved Employee Satisfaction:** Recruiting and retaining top talent is easier for organizations that provide safe and comfortable workplaces, care for employee well-being and take steps to protect the environment.
- ◆ **Positive Reputation:** Employers want their employees, customers and the public to view them as safety-focused.

The Cost of Occupational Injuries and Deaths



Total Cost to Society

\$151.1 Billion

\$49.5 billion in wage and productivity losses

\$48.3 billion in administrative expenses

\$33.8 billion in medical expenses

\$12.1 billion in employers' uninsured costs

\$4.7 billion for motor vehicle damage

\$2.7 billion for fire losses



Injury Impact per Worker

\$1,000

This includes the value of goods or services each worker must produce to offset the cost of work injuries. It does not represent the average cost of a work-related injury.



Cost per Medically Consulted Injury

\$32,000

This includes estimates of wage losses, medical expenses, administration expenses and employer costs.



Cost per Fatality

\$1.12 million

Source: Safety & Health Magazine, The ROI of Safety, Jan. 2019, <https://www.safetyandhealthmagazine.com/articles/17819-the-roi-of-safety>

Indirect Costs

There are some obvious direct costs – as shown on the left - related to workplace incidents, but there are also indirect costs that may not always be top of mind.

- ◆ Time lost from work by injured workers
- ◆ Loss of efficiency due to change in work crew
- ◆ Lost time by supervisor
- ◆ Training replacement workers
- ◆ Damage to tools and equipment
- ◆ Damage to reputation
- ◆ Loss of production the day of the accident
- ◆ Damage from accident

Invest in Your Safety Program *Today*

Another challenge to overcome is basing decisions on cost savings versus keeping workers safe. Here's why: Safety+Health magazine reports that investments in safety will result in savings down the line.

For every \$1 spent on safety today, you save \$2 in the future. In fact, you could save \$3, \$4 or even \$6 in the future per dollar spent now.

Although major accidents might never happen in your organization, consider the dollar amounts that demonstrate the enormity of the costs. You may think a workplace fatality is unlikely but put it into perspective. The Centers for Disease Control and Prevention estimate that a fatal injury could cost nearly \$1 million. And the National Safety Council estimates the cost at \$1.4 million. Also, factor in the indirect costs of lost productivity, employee replacement, insurance and attorneys, and the cost jumps to \$3 million on average.

How Much?

Here are some of the more expensive injury types by average cost per workers' compensation claim from 2015 to 2016.

By Cause of Injury

Motor vehicle	\$73,559
Burn	\$49,107
Fall/slip	\$46,297
Caught-in/ Caught-between	\$39,318
Struck by	\$36,196

By Nature of Injury

Amputation	\$95,204
Fracture/crush/dislocation	\$57,519
Other trauma	\$51,603
Burn	\$50,467
Occup. disease/ cumulative injury	\$35,929

By Part of Body

Head/central nervous system	\$87,951
Multiple body parts	\$63,956
Leg	\$57,569
Neck	\$56,365
Hip/thigh/pelvis	\$53,318

Source: National Safety Council, Injury Facts, injuryfacts.nsc.org

How KPA Helps

By leveraging our combination of software, expert consultants and award-winning online training to identify, remedy and prevent safety and compliance risks KPA clients see real financial returns.

Addressing Safety Manager Pains Equates to Tangible Cost Savings

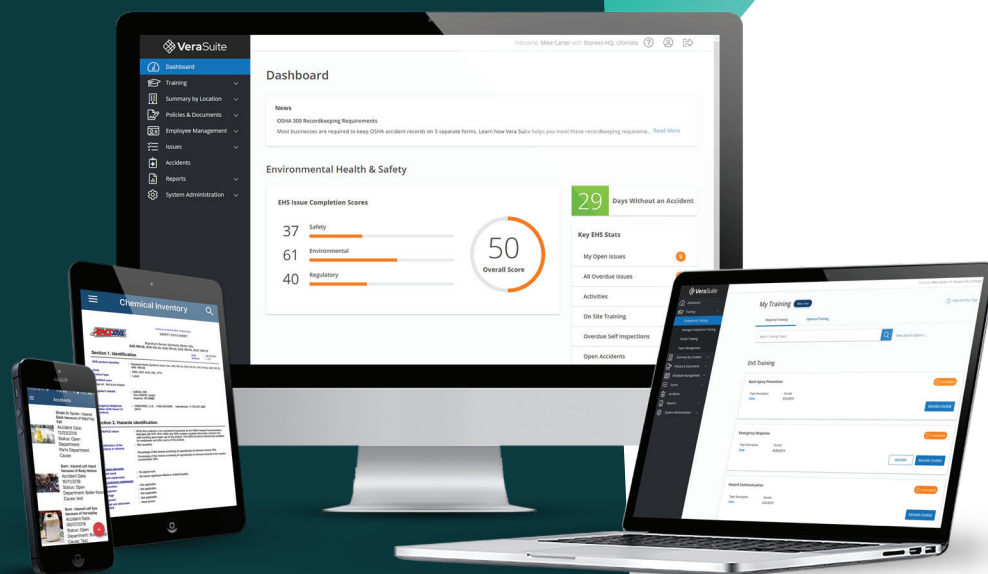
Here is a common safety manager pain point:

“I spend too much time doing paperwork, manually inputting data and compiling reports from different sources.”

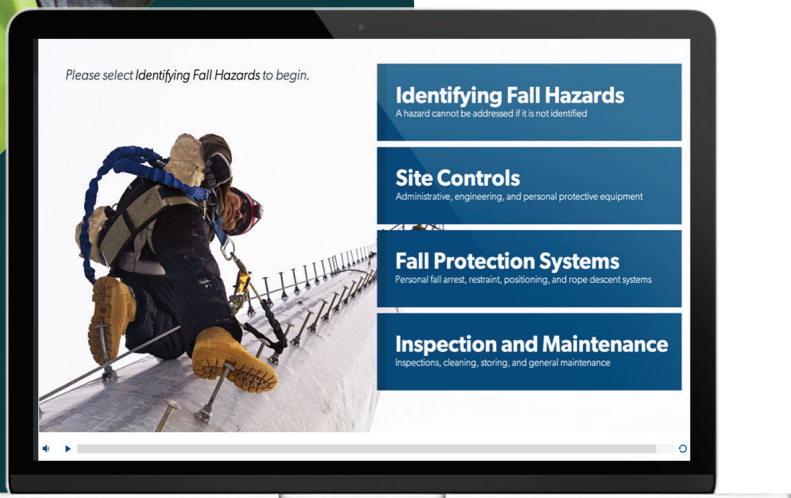
Why this creates risk and impacts your bottom line:

- ◆ Less time is spent in the field performing observations.
- ◆ Fewer hazards are identified and corrected, causing more incidents.
- ◆ Increased number of incidents drive up the cost of labor.
- ◆ Higher costs of labor decrease profitability, driving up prices.
- ◆ Higher prices drive customers to competitors resulting in potential lost revenue.

With KPA's software and services many key safety management processes can be automated or performed by a KPA expert consultant.



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Workplace EHS Initiatives Help Reduce Injury Risks and Promote Cost Savings

They include:

- ◆ Emergency Response Planning
- ◆ Safe Driving
- ◆ Hazard Communication
- ◆ Personal Protective Equipment
- ◆ Hazardous Waste Management
- ◆ Workplace Violence Prevention
- ◆ Back Injury Prevention

KPA online and on-site training, in conjunction with consultant-led safety program development, can help an organization drive these initiatives. Research shows strong correlations between investing in occupational safety and health and experiencing lower incident rates and higher profit margins.

Quantifying the Impact

Estimate the cost of an incident to your organization (average insurance costs, lost time, training of new employees) and use that to quantify how much additional incidents can impact the cost of labor. To help estimate costs go to [OSHA's statistics page](#).



Improve Safety. Lower Risk. Save Money.

KPA solutions help clients identify, remedy, and prevent workplace safety and compliance problems across their entire enterprise. The combination of KPA's software, consulting, and training helps organizations minimize overall risk so they can focus on what's important—their core business.

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or call **866.356.1735**.