

Commitment–Culture–Costs

By Tiff Smith,

Last year, eight fatalities were reported in the construction industry in Oregon. That's eight too many. Causes of death were lead by things like falls, struck-by, and crushed, in that order. The emotional impact of these deaths is inconceivable...think about the wife whose husband never came home at the end of the day, or the child who will live the rest of their life without a parent.

This is nothing new. Some determine that workplace injuries and fatalities are just a part of doing business in tough industries like ours, but that is simply unacceptable. But appealing to the emotions of employers is not enough to shift their focus from production and business growth to safety.

Some contractors believe that safety is nothing more than an expense and an inconvenience, getting in the way of other more important business priorities. Wise industry leaders know that making safety a number one priority in the workplace can do more than reduce the number of accidents and injuries. They realize that safety makes good business sense, saving the company's reputation and competitive advantage in the marketplace. Having a thriving, dynamic safety program saves lives and money!

The financial repercussions of workplace accidents have often been compared to an iceberg; the accident represents just the tip of the iceberg and the indirect costs make up the majority of the expense, which are below the surface (see diagram). These are costs that are not immediately measurable or associated with an accident, like re-training, employee assistance programs, and loss of a good public image. Research shows that the ratio of indirect costs to direct costs varies widely, from a high of 12:1 to a low of 2:1. Regardless, accident costs can add up. The more the construction industry comes to realize how costly being unsafe can be, the more they will be willing to invest in safety

Let's look at some examples of how cutting corners in safety investments can impact the bottom line. According to the U.S. Occupational Safety and Health Administration, in order to pay for an accident with a direct cost of only \$1,000:

- A contractor would have to pour and finish 6,000 square feet of concrete
- An aggregate company would have to deliver 40 truckloads of gravel
- A paving contractor would have to lay 1,800 feet of two-lane asphalt road

Keep in mind that this doesn't take into account the non-monetary costs, such as emotional impact, reduced morale, and damage to corporate image and reputation.

So how can construction companies reduce the cost of accidents and injuries? One proven method is having an effective health and safety management system. AGC safety and loss control consultants have worked with OR-OSHA, SAIF Corporation, and the construction industry to develop programs, policies, and procedures that aim to change the safety culture of the industry. By working with AGC consultants, your organization will join the growing group of successful construction companies who have already realized the direct and indirect benefits of making safety a number one priority.

For assistance in developing your safety programs contact your local AGC loss control consultant or the AGC Safety and Loss Control Department.

