

Schumacher, Awards Put Focus On Safety

Keynote speech Explains Economics Of Sound Safety Policies

BY LEEANN MATON

Award presentations and straight talk about safety took center stage at the Builders Association's Spring Meeting, held May 27 at the Hyatt Rosemont.

Safety Committee Chair Paul Flentge of Pepper Construction Company presented the Builders Association's Safety Awards. Five Best of Class Awards and 20 other Safety Recognition Awards honored companies for their dedication to developing and promoting safety on their job sites. (See sidebar for a complete list of winners).

John Schumacher, of Assurance Safety Consulting, gave the keynote address. In his presentation, – “The True Cost Benefit of Safety: Is the Effort Worth It?” – Schumacher explained that implementing measures to promote safety could carry big financial benefits. Schumacher urged contractors to treat the cost-benefit measurement of safety practices “like you treat your financials.”

“Look at the money you could be saving,” he said, after explaining how better-than-average Experience Modification Rates (EMRs) and low incident rates could save contractors substantial amounts of money in the long run. “It’s the same money. It’s a matter if you want to work for it or if you want to save it through strategic safety programs.”

The EMR, a numerical rating based on a company’s three-year history of incidents, helps determine a company’s workers compensation costs, which Schumacher indicated could have a sizable impact on the bottom line.

“If you have some bad cases, it really does stay with you,” he said. “I look at this like high school – if you get a reputation it’s going to stick with you for at least three to four years.”

Although Schumacher’s presentation mentioned that a 1.0 rating is an average EMR, he said he preferred to see companies he works with have an EMR around .8



Twenty-five companies received safety awards from the Builders Association for their commitment to developing and promoting safe working practices in 2008 (see p. 15). John Schumacher of Assurance Safety Consulting delivered the Spring Meeting's keynote speech, explaining how spending money on goal-oriented safety programs can actually save companies money in the long run. Schumacher can be reached at jschumacher@assuranceagency.com.

or .85. His presentation also focused on incident and severity rates, as well as the often-unseen indirect costs of injuries.

“In some cases, you’re looking at hundreds of thousands of dollars if you can click your experience mod [EMR] down a little bit,” he said.

“What I challenge everyone in this room to do is compare yourself to industry averages” with regards to injury rates, he added. He issued a challenge for companies to “try to get better.”

In terms of incidents, his presentation demonstrated that, as he put it, “frequency breeds severity.”

“The difference between a near-miss and a serious case is luck, and you can’t control luck,” he said. “It’s about affecting how people work.”

Indirect cost of losses, which Schumacher said companies don’t often measure because they don’t want to see the cost, nonetheless clearly makes a difference. He estimated that these costs – including investigation time, legal costs, loss of production due to morale, damaged equipment, and more – often measure between two and 10 times the amount of direct costs of incidents.

Schumacher concluded his presentation

by encouraging companies to implement effective safety programs. Currently, he said, programs are often “a series of random activities that are set in place without regard to goals or results,” and focus on OSHA compliance rather than actual loss.

“I like to flip that,” he shared, saying that companies should focus instead on the goal of loss prevention. “If you do that, the OSHA compliance with naturally follow.”

Bob Smith of the Levy Company was recognized for his accomplishments during 10 years as Chairman of the Safety Committee (see page 11). During that time, he helped the association develop a partnership program with OSHA and instituted collaborative roundtable forum events which allow contractors to share solutions to safety problems.

Although Smith mentioned that discussing safety issues at the meeting was like “preaching to the choir,” he said that “we have too many people who aren’t here, who don’t get it.”

To learn more about the winners of the Builders Association’s Safety Awards, or to view a copy of Schumacher’s keynote presentation, please visit www.bldrs.org.