



# RIP & SHARE SAFETY HANDOUT

## Safety Programs Pay Off

**E**ffective implementation and management of workplace safety and health programs are proving their value to individuals and companies by reducing the extent, severity and consequences of work-related injury and illness. Information and statistics available from U.S. government agencies and other sources confirm the trend.

Regardless of statistics, the case for safety is easy to make. If we improve the safety of our workplaces, which enables us to reduce the number of injuries—even save lives—and simultaneously reduce costs, it is clear that we can do the right thing for our employees and our businesses.

“From an economic standpoint, the need for effective management of work-related injury or illness is readily apparent,” according to an article on occupational medicine published on MMC HealthWorks’ Web site authored by Dr. David Wehrly (<http://www.mmchealthworks.com/mmchw-health-info-occupational.cfm>). The total cost associated with occupational injuries and illness in the U.S. in 1992 was \$171 billion (\$65 billion direct and \$106 billion indirect). This number—probably much lower than the real cost of injuries because many incidents are unreported—represented 3 percent of the United States’ gross domestic product.

Direct costs are easy to identify and include medical, hospital and physician services, physical therapy and medicine, according to Dr. Wehrly. Other clear costs include workers’ compensation payouts, insurance premium increases, legal fees, emergency

response fees, time and materials and costs to repair equipment and/or tools.

Indirect costs, however, are less obvious and, according to the National Safety Council, related to lost production, productivity and quality; reduced worker morale, fines and/or lawsuits, additional costs to repair or replace damaged equipment; reduced company competitiveness; lost productivity of the injured worker and all others involved in the incident, such as helpers or bystanders; co-workers who must train substitute workers; supervisors and managers who must investigate the incident and hire or train replacements; spoiled/damaged product; administrative work associated with the incident; and other miscellaneous factors.

The National Safety Council has created a formula to help businesses determine their annual costs related to deaths and injuries. The council estimated average direct and indirect costs per incident.

The U.S. Department of Labor’s Occupational Safety & Health Administration (OSHA) states that a company’s expenses related to occupational injuries and illnesses can add up to as much as 5 percent of a company’s total operating costs. Higher accident rates or even a perception among workers that the workplace is unsafe may cause low morale, decreased productivity and absenteeism among non-injured workers. OSHA says that lost productivity alone costs companies \$60 billion per year.

To help reduce these exorbitant costs and, more importantly, to improve the attitude and wellbeing of our workers, the industry should remain committed to improving safety. Operators, miners, regulatory agencies, manufacturers, suppliers, trade and labor organizations and others can work together to carry out risk assessments; implement safety programs that include training for operators and miners; require routine and

Worksheet for Estimating Annual Accident Costs

	Number of incidents	Average cost per incident	Cost
<b>Deaths</b>		<b>\$910,000*</b>	
<b>Lost workday cases</b>		<b>\$28,000*</b>	
<b>Reportable cases without lost work days</b>		<b>\$7,000*</b>	
<b>Total estimated cost of death, injuries, and illnesses</b>			

\* Average cost per incident developed by the National Safety Council (<http://www.msha.gov/s&hinfo/costgenerator/costgenerator.htm>)

thorough inspections by company, state and federal officials; and respect and tolerate enforcement.

According to OSHA's "Safety and Health Add Value..." online brochure, companies that implement safety and health management systems can reduce their injury and illness costs by 20 percent to 40 percent. "In today's business environment," OSHA says, "these costs can be the difference between operating in the black and running in the red." Each year, OSHA works with thousands of companies to help create better workplaces, provide assessments and help to implement systems.

The U.S. Department of Labor's Mine Safety and Health Administration (MSHA) has been helping mining companies and workers save lives, prevent injuries and protect health and safety for almost 30 years. In 1978, 98 fatalities were reported in both surface and underground metal and nonmetal mines. In 2005, 24 fatalities were recorded—representing a 75 percent decrease (<http://www.msha.gov/STATS/PART50/WQ/1978/wq78mn04.asp>). On-the-job injuries and illnesses have also declined significantly. From 2001 to 2004, the number of injuries occurring at all mines decreased by 16 percent. (<http://mshanet.msha.gov/Progarea/PEIR/OPPEStatistics/BookofStatistics/CYMSHA%20Fact%20Sheet-new2004-06-14.doc>).

MSHA is continually searching for new ways to reach out with new information, best practices and innovative education programs to help the mining community. It focuses on finding solutions as well as identifying problems. Its Educational Field Services and Small Mines Office services are free. These include optional confidential on-site services.

In 2004, MSHA launched a risk assessment initiative: "Stop, Look, Analyze and Manage," or SLAM, designed to reach out to operators, miners and contractors at mining operations to remind them that risk assessment is a critical part of each job and each task. This program educates the mining industry on risk assessment management techniques used in the mining industry to reduce accidents, serious injuries, fatalities, medical reportables, process loss and property damage. The program can be tailored to your mine and is simple to implement.

Many accidents could have been avoided had a proper risk assessment been conducted to determine hazards and how to control them. MSHA provides tools such as discussion packages, training at our Mine Health and Safety Academy and via DVD, webcasts, posters and other materials that reach out to the industry. The materials are also available on MSHA's Web site.

The Center for Behavioral Safety has reported a 50 percent reduction in injuries during the first year after implementation of risk assessment management programs such as SLAM (<http://www.cbsafety.com/clientresults.shtml>). The U.S. Bureau of Labor Statistics has listed private companies such as Phelps Dodge having significant improvement in injury reduction after similar implementations ([http://www.phelpsdodge.com/Health\\_Safety/Performance.htm](http://www.phelpsdodge.com/Health_Safety/Performance.htm)).

The industry is quickly moving toward a true culture of prevention. The key is to look at potential accidents before they happen and actively move to correct or control the situation. ■

*This product was developed as part of the MSHA Alliance Program. It does not necessarily reflect the official views of MSHA. Use of the alliance Program logos is reserved for MSHA and its active Alliance partners. The MSHA Alliance Program is designed to promote miner safety and health through voluntary partnerships, which provide training and education, outreach, technical assistance and a national dialog on mine safety and health. For more information, contact MSHA, [www.msha.gov/alliance/alliances.htm](http://www.msha.gov/alliance/alliances.htm).*

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