

10 MISTAKES MADE MOST OFTEN BY EMPLOYERS TRYING TO CONTROL LOSSES

- 1. FAILURE TO ASSIGN RESPONSIBILITY TO ONE PERSON:**
The buck has to stop somewhere and unless one person feels that need to do something, loss control is left to a committee of people. This is sure to spell disaster through inaction. Make sure that one person has the authority or influence to get the job done.
- 2. FAILURE OF TOP MANAGEMENT TO BE COMMITTED TO LOSS CONTROL:**
Usually this is due to 3 things. Management doesn't appreciate: First - that safety saves money. Second - that a safe company is a well managed company. Third - that management can efficiently improve the loss control record every time by following good loss control methods. Bottom line is that if top management isn't pushing the program it won't happen.
- 3. FAILURE TO CLEARLY STATE THE PROGRAM'S OBJECTIVES AND THE MANAGEMENT'S LOSS CONTROL POLICY:**
This goes beyond hanging a written statement on the wall. Every time a supervisor makes a decision, the policy swings into action. Thus the burden is on top management to make sure that all levels of supervision understand what is expected of them in loss control.
- 4. FAILURE TO RECOGNIZE LOSS CONTROL AS A LINE MANAGEMENT RESPONSIBILITY:**
Giving one person the title of Safety Coordinator does not remove that responsibility from each department head in the organization. Loss control is not an add-on function but simply the essence of good management from top to bottom.
- 5. FAILURE TO MEASURE THE EFFECTIVENESS OF THE PROGRAM:**
Efforts to improve loss control don't stop with naming a Safety Coordinator. Top management must demand results, then challenge the Safety Coordinator to do better each time.
- 6. FAILURE TO PROVIDE ADEQUATE TRAINING:**
85% of accidents are caused by unsafe acts of people. Never assume a worker knows what to do! Experience doesn't always mean wisdom or good sense.
- 7. FAILURE TO CONTROL LOSSES AFTER THE FACT:**
This is the difference between safety and loss control. So little is done in this area by employers it's like a secret. Invest in these secrets before the fact. Profit by them after the fact.
- 8. FAILURE TO RECOGNIZE THE ECONOMIC IMPACT OF POOR SAFETY:**
Companies pay increasing premiums due to poor accident experience. Hidden costs (damaged material, equipment, down time, interrupted work, etc.) can run four times the amount paid by the insurance carrier.
- 9. FAILURE TO ENFORCE SAFETY RULES UNIFORMLY:**
Once a worker is trained to do a task properly, management must see to it that he performs as expected. Safety rules are minimum performance standards that must be applied uniformly and consistently.
- 10. FAILURE TO SET UP AN ACCOUNTABILITY FACTOR FOR ALL LEVELS OF MANAGEMENT:**
Once responsibilities have been assigned and department heads, supervisors, and the labor force is trained and given responsibility there needs to be a follow-up on accountability of their actions. This needs to be documented.

LOSS CONTROL PROGRAM

The cost of motor vehicle accidents both to human life and corporate bottom lines is staggering. The cost has not only been reflected in higher auto liability and worker compensation insurance premiums, but also in business disruptions and employee injuries. Today, fleet accidents account for ten percent of all job related disabling injuries and thirty percent of all job related deaths. The magnitude of the problem demands a sound loss control effort to minimize its impact whenever vehicle operations are part of a business. The guidelines shown below can be used to develop a program that will meet your particular needs.

I. DRIVER SELECTION

- A. A written plan providing hiring criteria should exist. It should address acceptable driving experience, motor vehicle records, and physical condition of prospective driver.
- B. Employment application. All new drivers should complete an application that provides employment history, driving experience, necessary personnel information, medical history, etc.
- C. Reference checks. Documented reference checks must be made with previous employers to verify past driving experience.
- D. Motor Vehicle Records. Motor Vehicle Records should be ordered on all prospective drivers before hiring. MVRs should be followed up at least annually. Uniform criteria should be established to determine the acceptability of driving records.
- E. Road tests. Drivers should be tested in a vehicle of the type they will be required to operate in order to determine familiarity with equipment, ability to operate it under various conditions that will be encountered driving attitude and awareness of motor vehicle laws.
- F. Indoctrination. Drivers should be advised that they are on a probationary status until their driving abilities and attitudes are considered adequate.

II. PREVENTATIVE MAINTENANCE

- A. Assigned Vehicles. Drivers should be assigned to specific vehicles in order to establish accountability for all losses and to instill a sense of pride and care for assigned vehicle.
- B. Driver Inspection. Prior to leaving the terminal, it should be inspected by the insure that it is in safe operating condition. Any deficiencies found should be reported to the maintenance department for correction before the vehicle leaves the terminal. Upon returning to the terminal, the driver should sign off, indicating any changes in the condition of the vehicle.
- C. Vehicle Replacement. Criteria should be established and strictly followed for replacement vehicles due to mileage, maintenance costs, age, or some other valid criteria.

III. ACCIDENT REVIEW

- A. Reporting. An accident report form must be completed by the driver immediately after an accident.
- B. Investigation. All accidents should be investigated by a fleet safety person to determine the cause of the accident and to 1) retrain the driver to prevent reoccurrence, 2) identify poor maintenance procedures, 3) identify extra hazardous routes and consider alternative routing, 4) identify accident trends, and 5) serve as a basis for a driver disciplinary action program.

ACCIDENT ANALYSIS - FLEET

Experience has proven that the most effective way to reduce accidents is to concentrate on one phase of the accident problem at a time, rather than attempting to stop all accidents at once. Only rarely do 2 accidents occur in exactly the same way even at large operations where hundreds of accidents may occur annually. Accidents do fall in general patterns and by grouping them according to common features, patterns will be uncovered. Finding the common features and patterns of groups in accidents is the basis of accident analysis.

In order to analyze accident experience, it is essential that good reporting and accident investigation procedures be in place and functioning effectively. The information supplied on the accident investigation reports then only has to be assembled and tabulated into a group of 4 categories. Once this is done, conclusions can be drawn from the data collected.

One method of collecting the data is to select the area of information from the accident reports and record a number of accidents that have occurred during any period of time selected. Any area of information can be selected. Examples of areas that can be used are type of vehicle - straight truck, tractor trailer or pick up; type of driving - inner city, intra-city, long haul, pick up and delivery; time of accident - hour, daylight, dusk or night. ; accident type - struck other vehicle, ran off the road, backing, etc.; accident site - intersection, roadway, driveway, road conditions - dry, wet, icy, fog' our vehicle action - going straight, turning, following, stopped; driver's experience with other company total.

There is no limit to the various areas of accident information that can be selected. it should include the name of the driver, day of the week, etc.

The next logical step, after tabulating the accident according to area, is to determine what specific features are common in the highest percentage of accidents. The conclusions reached will identify the principal areas to concentrate on and preventing accidents. Further study and evaluation of the key features may be necessary to determine why the features are common in the accidents. When the facts that directly lead to the cause of the accident have been uncovered, it should be evident what needs to be corrected. It then becomes necessary to give thought to the selection and application of an effective remedy.

SAFETY MOTIVATION AND PROMOTION

A new Loss Control Program often produces a flurry of activities. Many departments are involved, and then there is a high degree of participation by all employees. But how do you maintain interest in the program? Without continued motivation, employee response will gradually taper off, and after six months, the interest may be at a pre-program level.

To maintain interest, management has to direct and control activities so the employees will benefit directly. Interest will be aroused by activities that appeal to them personally. However, everyone is not motivated by the same incentive; therefore, activities that encompass several motivating factors will gain more overall participation. The key motivating factors are:

Self Preservation: Fear of personal injury
Personal or Material Gain: Desire for reward
Loyalty: Desire to cooperate
Responsibility: Recognition of obligations
Pride: Self-satisfaction and desire to praise

Conformity: Fear of being different
Rivalry: Desire to compete
Leadership: Desire to be outstanding
Logic: Special ability to reason
Humanity: Desire to help others

Programs should be planned using a systematic approach aimed at the factors that are most influential to the affected employees. This will be much more effective than a hit-or-miss technique.

There are many types of program promotions that can create and maintain interest in the loss control efforts:

- A) Posters - selected to promote a theme or call attention to a problem and changed at least monthly.
- B) Handouts - can be used in conjunction with monthly posters. Usually included in payroll envelope.
- C) In-House Newsletters - a section can be devoted to inform employees of current and future loss control activities - messages by top management ideas that worked.
- D) Suggestions - employees should be encouraged to submit written ideas and suggestions.
- E) Group Safety Meetings - most effective when they involve top management, are planned to promote or train, and are of short duration (up to one half hour).
- F) Individual Safety Contracts - usually performed by the employees' supervisor on a scheduled basis with one topic as the basis of discussion.
- G) Safety Campaigns - best results are achieved when everyone is involved and many types of activities interface to promote the campaign.

Programs that show an interest from top management, through the supervisors, to the employees, help to create the spirit of cooperation.

When top management knows and participates in the program, it communicates to all employees that safety is a company effort.

Employees must be motivated to reach the loss control goals established by top management. Programs that are designed to reach those goals must be systematic and effective. The more employees motivated to participate in the Loss Control Program, the more successful it will become.

DEVELOPING A LOSS CONTROL PROGRAM

Establishing a Loss Control Program must be done in a logical, step-by-step procedure. It can be compared to constructing a house. The foundation must be laid before the walls and roof can be erected. The foundation of a program must be sound and support the elements that make up the program. If not, the program will eventually weaken and collapse.

The planning for construction of a program must be done by top management. The planning will determine the success or failure. The need to eliminate or at least control human suffering and the direct and indirect cost of accidents should be an incentive to establish an effective Loss Control Program.

Once the decision has been made to develop a program, management has to initiate action in the following four areas:

- 1) The reasons why the program is needed and what is to be accomplished must be developed. These objectives will determine the depth and scope of the program's development.
- 2) A policy statement should be written and communicated to all employees. It should clearly outline the objectives and indicate top management's intentions and determination in achieving an effective program designed to provide a safe working environment.
- 3) Responsibilities have to be assigned. An effective Loss Control Program involves all staff functions, all levels of management and labor force. Therefore, all employees will have some responsibility and involvement in the program.
- 4) Revisions have to be made for communications to top management on the effectiveness of the program. Their review of the results will enable them to give additional direction and emphasis as needed.

Completing these four items will establish a firm foundation which will support other essential elements of a total Loss Control Program. The sequence of implementation of the elements will depend on the priority of the objectives established by top management. Each element will require the assignment of responsibilities for each phase of implementation.

It should also be remembered that all elements cannot be implemented at once. Building a successful program takes planning, and time must be given to allow the element initiated a chance to become effective. Also, the success of one phase will often lead to the initiation of the next logical phase. Successful implementation will allow one element to compliment the others.

Recommended elements of a Loss Control Program are:

PROPER SELECTION AND PLACEMENT OF PERSONNEL:

This is to insure that the best qualified person is hired and placed based on job qualification standard.

ESTABLISHING SAFETY RULES AND PROCEDURES:

These are guidelines that employees are expected to follow. There should be general and individual department rules. Specific job procedures should be established.

ACCIDENT REPORTING, INVESTIGATION AND ANALYSIS:

Provisions should be made to make sure that all accidents and injuries are reported immediately. Prompt

investigation to uncover the real cause would allow for analysis and corrective action.

TRAINING:

A program designed to provide initial and continued training for all employees, including supervisory personnel should be developed.

INSPECTIONS:

Procedures should be established to regularly check for unsafe conditions and unsafe acts within the company. These inspections will supplement those done by outside agencies.

EMERGENCY PROCEDURES:

This should include provisions for handling serious traffic accidents, hazardous material spills, site clean up, or other disasters.

MOTIVATION:

The thrust of this element is to continually keep all employees interested and involved in Loss Control efforts. It can include a safety committee, posters, hand-outs, incentive programs, etc.

A Loss Control Program, once designed and implemented, should periodically be evaluated to insure its effectiveness. New aspects, techniques, and variations must be adopted when necessary to keep the program alive, growing and effective.

LOSS CONTROL POLICY STATEMENT

Policy has been defined as "a written statement which expresses the wisdom, philosophy, experience, and belief of a company's top management for future guidance toward attainment of stated goals." A Loss Control Policy Statement should therefore reflect management's philosophy and be compatible with the goals of the organization. This will provide the necessary guidance to everyone within the organization in the development and implementation of the loss control efforts.

There are many safety policies available for use. However, the most effective policy is one that expresses in a personal way, top management's intentions and determination. It should also be written to insure that there will be no confusion concerning direction and assignment of responsibilities.

Safety performance of an organization will be dependent upon the actions taken by all of the individuals within the organization. One of the most important questions that will affect an individual's decision on the course of action that will be taken is, what does the boss want from me? The safety policy will provide the necessary guidance in answering these questions.

Once written, the policy should be issued and assigned by the Chief Executive Officer, or President. The precise form of a written safety policy is not as important as it's clarity in stating management's sincere desires. The policy should reflect their thoughts on the following:

- 1) What is the purpose of the Safety Program?
- 2) Will the Safety Program cover only on the job safety, or will it include off the job, fleet, public, property damage, fire, and/or product safety?
- 3) Who will be assigned safety responsibilities and what will their duties be?
- 4) Will there be safety assistance in the form of a Safety Director, or Safety Committee?
- 5) Who will have the authority to administer the Safety Program?
- 6) Which standards will guide the Program?

Once formulated, written and printed, the policy must be conveyed to all employees. Additional copies should be posted where appropriate as a constant reminder.

In an effort to maintain employee awareness of top management's commitment to safety, the policy statement should be issued annually. Any new goals and objectives will be publicized in this matter.

The safety policy statement is management's express of the direction to be followed. The benefits are:

- 1) It makes it easier to enforce safe practices and conditions.
- 2) It makes it easier for supervisors to comply with company policies.
- 3) It makes it easier for employees to follow safety instructions.

Examples of a Loss Control Policy Statement. I consider safety of personnel the first importance in our operation, and I ask your full cooperation in making this policy effective.

We can and must operate our company without accidents. Safety is one of the most important responsibilities each of us has as a management representative. It is important because failure to succeed means hardship for employees and their families, and loss of prestige for the company. If we utilize to the fullest the talents of our management team, I feel certain our efforts to achieve accident free operations will be successful.

Every employee has an important place in the accident prevention program and is expected to cooperate fully in the measures taken for safety.

The safety of employees continues to be the first consideration in the operation of a business. Working conditions should not only meet accepted standards for the protection, safety and health of employees, but should be maintained in a clean and orderly state, so as to encourage efficient operations and satisfied employees.

DEVELOPING EFFECTIVE SAFETY RULES AND REGULATIONS

Safety rules are necessary for any organization. Most companies have general or specific safety rules, but many are canned; that is, are taken verbatim from another source and do not reflect the hazards of the operations or management's safety policy.

The writing of rules should be assigned to several people working together. The collective experience and judgment of several people results in a more balanced, accurate and complete set of rules. The responsibility for their enforcement lies with management. This should be clearly evident in management's safety policy statement. The following suggestions should be considered when formulating the rules.

- A. Prior to starting the actual writing, applicable portions of the federal, state and other regulations should be studied and incorporated.
- B. Experienced employees and supervisors should be solicited for their suggestions.
- C. Only rules that are logical and enforceable should be drafted. A rule that can not be enforced may impair the effectiveness of others.
- D. Rules should be easy to understand. Short sentences, simple words, and commonly known expressions will achieve understanding.
- E. Positive statements rather than negative whenever possible. They should state what is to be done, rather what is prohibited.

Once written, the rules should be reviewed by a few employees to make sure that they are clear.

Safety rules are not effective unless they are enforced. Since supervisors are assigned that responsibility, it is important that they be thoroughly familiar with all the rules. Their good example will make enforcement easier. Too often, violations of the rules are overlooked until an accident happens. If the employees are corrected for each infraction of a safety rule or safe practice as soon as it is observed, there will be few occasions which will require discipline.

All employees should receive their own copy of the rules and additional copies should be posted on bulletin boards as a constant reminder. A good practice is to have employees sign a receipt indicating they have had the rules explained to them, and that they understand and agree to obey them. The signed statement should be placed in the personnel file. Formulating and putting into writing your own rules has several advantages:

- 1) The interest and philosophy of management will be evident;
- 2) The rules can be structured to the hazards of the operations;
- 3) Written rules will allow for more consistency than oral ones.

THE UNINSURED (HIDDEN) COSTS OF ACCIDENTS

The insured costs of accidents are visible and can easily be calculated by adding the medical cost incurred and compensation payments and physical damage payments. These are paid by the insurance company using your premium dollars. The uninsured costs, which are at least equal to the insured costs are paid by you, the employer. Studies indicate that these uninsured costs that you are absorbing are 4 - 5 times the insured cost.

THE ELEMENTS OF UNINSURED COSTS

- 1) Cost of wages paid for time lost by the injured employee. This includes medical treatment time and time away from the job not covered by workers compensation insurance.
- 2) Cost of wages paid to other workers not injured. This includes those who stopped work to watch or assist the injured, and those who need the output of the injured to complete their task. Additionally, time spent discussing the accident with other employees.
- 3) Cost of damage to material or equipment. Even when there is no property damage, costs are incurred in getting materials reorganized after the accident, so production can be resumed.
- 4) Cost of overtime necessitated by the accident. This includes cost of make-up for loss production, additional supervision, and additional equipment.
- 5) Cost of wages paid to the supervisor for time spent on activities related to the accident. This includes caring for the injured, investigating the accident, and supervising the activities necessary to get the department back functioning. All of these activities will disrupt the supervisor's productivity.
- 6) Cost associated with instructing, training, and repositioning employees to resume production. In some cases, it may be necessary to hire a replacement with all the associated hiring costs.
- 7) Medical costs paid by the employer. This includes treatment, facilities, personnel, equipment and supplies costs.
- 8) Cost of managers and clericals personnel investigating and processing claim forms and related paperwork, telephone calls, interviews.
- 9) Miscellaneous. This includes costs which are less typical. These are not incurred in all accidents, but can be substantial in some cases depending on severity and type of accident. A) Reduced competitive position caused by delays and delivery, B) Increased operating costs and unfavorable publicity, C) Increased cost of insurance, D) Civil penalties, fines, late fees, and time involvement for safety violations.

While the costs created by the accidents may be hidden, they may be paid for by profits from the sale of products. The following table indicates the amount of dollars needed in sales to pay for the different amount of accident costs at varying profit margins. See the table below:

Accident Costs	PROFIT MARGIN				
	\$	1%	2%	3%	4%
1,000	100,000	50,000	33,000	25,000	20,000
5,000	500,000	250,000	167,000	125,000	100,000
10,000	1,000,000	500,000	333,000	250,000	200,000
25,000	2,500,000	125,000	833,000	625,000	500,000
100,000	10,000,000	5,000,000	3,333,000	2,500,000	2,000,000

Today, a business climate of tough competition and lower profit margins makes the control of accidents and their associated costs a management necessity. Your safety program can contribute more profit than your best sales personnel.

ADVERSE DRIVING CONDITION

Extreme weather conditions are characterized by two factors:

Reduced Traction: The friction of a tire on the highway is called traction.

Reduced Visibility: Visibility involved your ability to distinguish objects sharing the highway with you.

There are two rules you should remember when you are driving in extreme conditions:

- X reduce speed, you are more likely to stay in control if you take it slow.
- X increase following distance (giving yourself enough room is important, but it is vital in bad weather when your stopping distance is increased).

Driving in Rain: Rain slick roads are by far the most common reduced-traction situation drivers face. Be prepared to handle them. Reduce your speed, extend your following distance so you have more time to stop in case you have to do so.

Driving In/On Snow: Snowy conditions cause reduced traction and poor visibility. Both conditions demand driving skill and good judgment in dealing with them. Just as ice varies in hazard level, driving in snow varies in difficulty too. The closer to the freezing point you get, the more hazardous snow becomes.

Easy does it should be the general rule when you are driving in snow. Steering and braking should also be done carefully and smoothly to minimize the chance for skids on snow covered roads.

Driving in Fog: Number one rule when visibility is severely reduced as in fog is to slow down. Fog also cuts down on your ability to judge distance. Vehicles ahead or other hazards may actually be closer than they appear to be. This fact all by itself makes maintaining a sufficient gap between you and other vehicles important.

Use your lights, use your wipers, listen to the road; you may want to roll down your window part way so you can hear road noises. When visibility is poor, anything you can do to improve your perception of your surroundings is a plus.

Remember - Reduce Speed - Increase Following Distance