EVEREST®

Management Accountability:
The Key to an *Effective* Safety Program

Many organizations typically assign *responsibility* and grant *authority* to their managers to develop and implement loss prevention / accident prevention / safety programs; but then they fail to hold them *accountable* for the programs' results.

A significant amount of effort will go into developing an accident prevention program that looks to be effective (e.g. management responsibilities are assigned; policies and procedures are formulated; worker training is outlined; hazards are identified, safe work practices are detailed; regulatory compliance plans are in place; worker motivation initiatives are set and management enforcement practices are defined). But without an accountability system in place, accident prevention results are likely to be disappointing. When this happens, it is easy for management to conclude that, while it may be important and necessary, the accident prevention program is a poor investment of valuable resources.

Accountability is the key to achieving superior accident prevention results. The first step in this process is to recognize that accident prevention is a management responsibility and must be managed just like other management responsibilities such as productivity, quality, & customer satisfaction. Therefore to achieve desired accident prevention results, responsibilities and accountabilities must be defined and measured. Borrowing from that time-proven axiom, "What gets measured, gets done", superior accident prevention results are achieved by monitoring and measuring key indicators.

The best safety accountability programs assign responsibility and measure performance at every level of the organization. Every manager and employee has measurable responsibilities and therefore plays an important role in the company's accident prevention efforts.

The following components are presented to help outline an effective accountability program for your organization:

TOP MANAGEMENT INVOLVEMENT – If the perception of management and employees is that top management is not really committed to safety, the program has little chance for success. The best way for top management to show their commitment is to hold employees at all levels accountable for accident prevention results just as they are held accountable for other company results such as production. Some of the actions that can be taken by top management include:

- Assign specific safety responsibilities to the management team.
- Allocate sufficient budget and resources to the safety program.
- Include safety as a regular agenda item in all management meetings.

- Allow all managers the time and resources to perform their safety responsibilities.
- Maintain visibility – occasional attendance at safety meetings reinforces top management's commitment and support.

ASSIGNMENT OF SPECIFIC SAFETY ACTIVITIES TO SUPERVISORS AND MANAGERS - Each member of the management team should be assigned activities that must be performed and that will be monitored and measured. Examples include:

- Holding regular safety meetings.
- Performing employee safety training and re-training.
- On-going hazard identification and correction.
- Completion of job safety analyses including daily pre-job planning
- Defined safe job practices such as housekeeping, personal protection, proper lifting practices or mandate the use of machine safeguarding
- Participation in accident investigations
- Motivating and rewarding employees for safe behavior.
- Consistent enforcement of safety rules and safe work practices.
- Proper and complete documentation of safety efforts.
- Effective injury management activities such as Early Return to Work efforts

MEASURE, EVALUATE AND COMMUNICATE – Define and measure safety results as a specific element in all performance evaluations. Avoid using only accident rates; give equal or greater weight to consistent and satisfactory completion of assigned safety activities.

- Give equal attention and weight to safety performance results as is given to quality, productivity and customer service.
- Tie salaries, bonuses and incentives directly to safety performance.
- Reward good performance.
- Communicate opportunities for improvement and set measurable goals.

It is paramount that standards and expectations be established for safety. Successes should be rewarded and there should be consequences for poor performance and results. *Accountability* is the keystone of the most effective accident prevention programs.

ACCOUNTABILITY TECHNIQUES

There are many techniques for implementing accident prevention accountabilities. This document presents just a few ideas. To drive accident prevention, there are 3 general types of accountability systems, post loss, pre loss, or a combination of both.

Post Loss Accountability Systems

Post loss accountability systems focus on measuring loss, injury, or claim activity. The following are commonly utilized post loss accountability methods:

PEER PRESSURE METHOD

This is one of the easiest management accountability techniques and a good place to start. This technique can be applied post loss as described in this section, or on a pre-loss basis.

Select a measurement for evaluating loss experience for each business segment (department, facility, operation, division). This method assumes that all business segments have approximately the same risk for injury or claims due to similar activities or operations. Common post loss accountability measurements may include:

- Incident Rates (e.g. # of injuries or claims per unit of exposure)
- Severity Rates (e.g. total claim costs or total days lost per unit of exposure)

A unit of exposure should be selected from easily obtained information that reflects the amount of activity occurring for each business segment. Examples of exposure units include number of full time equivalent workers, total hours worked, total sales or payroll. Applying an exposure assures equality in comparing results among business segments.

All results are then distributed on a regular basis (monthly, quarterly) to all managers within the business segment. Performance targets are set. These targets should be achievable, stretch goals that will result in meaningful improvements when achieved. Targets can include reductions over last year's results or against results from similar industries, departments, divisions or other common groupings. The results should have a monetary impact on the manager's performance evaluation. This method appeals to one's competitive nature as well as a monetary awareness and is likely to create a stronger interest in improving one's own loss performance results.

It must be noted that due to recent privacy rights concerns and to avoid possible negative ramifications from distributing loss information throughout the organization, it is recommended that the information be published in a manner that protects the identity of the claimants or injured workers.

Peer Pressure Accountability Example 1 (Post Loss)

	Workers Comp Rates				General Liability Rates				Auto Liability Rates			
	Total claims / 100 workers		Indemnity claims / 100 workers		Claims / $1 mill sales		Claim cost / $1 mill sales		Claims / 1 mill miles		Claim cost / 1 mill miles	
Manager	Target	Result	Target	Result	Target	Result	Target	Result	Target	Result	Target	Result
A	5.0	2.5	3.8	0.7	2.0	0.5	$300	$157	4.3	0.3	$2,450	$2,547
B	5.0	3.8	3.8	1.3	2.0	0.7	$300	$163	4.3	0.5	$2,450	$2,356
C	5.0	4.7	3.8	2.1	2.0	0.9	$300	$198	4.3	2.3	$2,450	**$10,345**
D	5.0	**6.5**	3.8	2.9	2.0	1.0	$300	$245	4.3	**4.8**	$2,450	**$3,123**
E	5.0	**10.1**	3.8	**4.7**	2.0	1.8	$300	**$894**	4.3	**13.6**	$2,450	**$2,980**
F	5.0	**13.4**	3.8	**7.2**	2.0	0.9	$300	$205	4.3	**7.2**	$2,450	**$4,670**

CHARGE BACK METHOD

Another easy to implement accountability is the charge-back method. Charge backs can be done in several ways. The most common charge back technique is to allocate the actual costs associated with the losses to be measured against the business segment that incurred the loss. The following illustrates this method.

Actual Costs Charge Back Method
Example 2

	Incurred Claim Costs	Total Manager Charges
Manager A	$ 700 Paid $2,500 Reserved	$3,200
Manager B	$23,000 Paid $100,000 Reserved	$123,000
Manager C	$45,000 Paid $225,000 Reserved	$270,000

A potential drawback with this direct allocation method is that actual loss costs can change over time as conditions emerge & develop. Additionally, loss costs can be high enough to severely impact the overall "profitability" of a department to such an extent that all other performance measures are overshadowed. This can result in a disincentive, if perceived by management as overly punitive.

In order to mitigate any potential disincentive, loss costs can be allocated. For instance, workers' compensation losses can be allocated by distinguishing between "medical only" and "indemnity payment" (lost time) cases. For each medical only claim, perhaps $1,000 would be allocated against a manager's business unit. For indemnity claims, $5,000 may be an appropriate allocation. By using this method, the impact on overall performance measurements can be limited to some extent. The following illustrates this method.

Example 3
Company standard: *$1,000 per Medical Only Claim and $5,000 for each Loss Time Claim*

	Claims Experience	Total Charges for Location
Manager A	10 Med Only 5 Loss Time	(10 x $1,000) + (5 x $5,000) = $35,000
Manager B	3 Med Only 9 Loss Time	(3 x $1,000) + (9 x $5,000) = $48,000
Manager C	15 Med Only 7 Loss Time	(15 x $1,000) + (7 x $5,000) = $50,000

Note that the application of this allocation method does not readily distinguish between managers with indemnity claims resulting in relatively minor costs and those managers with high severity claims.

To enhance this distinction, a "surcharge" such as an added cost per day for the total days lost for each indemnity claim can be added. A benefit of using a surcharge for severe losses is an increased interest by managers in getting the injured employee back to work as quickly as possible to minimize potential surcharges. The following illustrates the surcharge concept:

Example 4

Company standard: *$1,000 per Medical Only Claim and $5,000 for each Loss Time Claim + $100 per loss time day*

	Claims Experience	Total Charges for Location	
Manager A	10 Med Only 5 Loss Time 25 Loss Days	(10 x $1,000) + (5 x $5,000) = $100 x 25 Loss Days = Total	$35,000 $2,500 $37,500
Manager B	3 Med Only 9 Loss Time 100 Loss Days	(3 x $1,000) + (9 x $5,000) = $100 x 100 Loss Days = Total	$48,000 $10,000 $58,500
Manager C	15 Med Only 7 Loss Time 250 Loss Days	(15 x $1,000) + (7 x $5,000) = $100 x 250 Loss Days= Total	$50,000 $25,000 $75,000

OSHA INCIDENCE RATE METHOD

OSHA's method for calculating injury incidence rates is widely accepted within the safety field, and can provide a basis for measuring safety performance. The incidence rate formula is:

Incidence Rate = # OSHA Recordable Injuries per 100 Full Time Workers

Safety bonuses can be determined on a sliding scale based on a manager's incidence rate. The following illustrates this method. Note this example also provides incentives for managers that surpass incident rate targets:

Example 5

Incident Rate Company average is 4.5	**Safety Bonus %**
< 2.0	130%
2.1 – 4.0	120%
4.1 – 5.0	100%
5.1 – 6.0	80%
6.1 – 7.0	60%
> 7.0	0%

Manager	Incident Rate	Available Bonus	Safety Bonus %	Safety Bonus
A	1.6	$5,000	130%	$6,500
B	3.5	$5,000	120%	$6,000
C	4.7	$5,000	100%	$5,000
D	6.9	$5,000	60%	$3,000
E	8.6	$5,000	0%	$0

Again, it is important to avoid the perception of the program being overly-punitive. The goal should be to reward good safety performance and create an incentive for improvement to those that have poor safety results. It is understood that the probability of a claim will vary by operation, task, or job. As such managers of business units containing higher claim producing work may be unfairly penalized through this accountability method. For example, a production manager will likely have more claims than an office manager as production work is likely to be more hazardous than office work. To create a level playing field "weighting factors" may be applied for those managers responsible for operations that have

a higher potential for injury (higher risk) and those with a lower risk potential. For example, a manager of a production operation would be expected to have a higher risk of injury compared to a manager responsible for office operations. Fair weight factors can be determined by reviewing the claim history of each business unit. In the following example, due to a higher risk of injury, Department B maintains an incident rate 40% higher than Department A. Similarly, Department C maintains an incident rate 35% higher than Department A. A weighting factor may look like the following:

Example 6

	Manager A	Manager B	Manager C	Manager D	Manager E
Weighting Factor (based on degree of risk)	**100%**	**140% (high risk)**	**135%**	**80%**	**75% (low risk)**
Bonus percentage	Incident Rate Targets with weight factor applied				
130%	< 2.0	< 2.8	< 2.7	,< 1.6	< 1.5
120%	2.1 – 4.0	2.9 – 5.6	2.8 – 5.4	1.7 – 3.2	1.6 – 3.0
100%	4.1. – 5.0	5.7 – 7.0	5.5 – 6.7	3.3 – 4.0	3.1 – 3.7
80%	5.1 – 6.0	7.1 – 8.4	6.8 – 8.1	4.1 – 4.8	3.8 – 4.5
60%	6.1 – 7.0	8.5 – 9.8	8.2 – 9.4	4.9 – 5-6	4.6 – 5.2
0%	> 7.0	> 9.8	> 9.5	> 5.6	> 5.2

Manager	Incident Rate	Available Bonus	Safety Bonus %	Safety Bonus
A	1.6	$5,000	130%	$6,500
B	3.5	$5,000	120%	$6,000
C	4.7	$5,000	120%	$6,000
D	6.9	$5,000	0%	$0
E	8.6	$5,000	0%	$0

Pre-Loss Accountability Systems

Pre-loss accountability systems measure loss prevention activities and results before a claim occurs. There are many types of pre-loss accountability systems. Three of these are discussed below. They include measuring management accident prevention participation, measuring worker observations and peer pressure (discussed above).

Management Participation: Accountability systems based on management participation in the accident prevention program may measure tasks such as

- Holding regular safety meetings
- Conducting employee safety training sessions
- Conducting workplace safety inspections
- Timely completion of accident investigation reports

In this type of system participation targets are set for each activity. For example, all managers may be required to hold monthly safety meetings, conduct daily job safety talks, inspect their workplace for hazards each month, and complete accident investigations within 24 hours following the time of loss. Each manager would be required to submit or maintain documentation supporting the completed activities. Safety audits can be performed to validate results. Safety bonuses can be awarded on how well a manager participates in these activities. The following is an illustration of this method:

Example 7
Manager A
Worker Safety Observations (40%)
Company Standard – 50 Observations
Completed – 45 Observations
Result: 36% (45/50 * 40%)

Weekly Self-Inspections: (35% Weight)
Company Standard - 40 Inspections
Completed – 30 Inspections
Result: 26.25% (30/40 * 35%)

Weekly Tool Box Meetings: (15% Weight)
Company Standard - 30 Meetings
Completed – 25 Meetings
Result: 12.5% (25/30 * 15%)

Accident Investigations and Follow Up (10% Weight)
Company Standard – All accident investigated and f/u conducted
Completed – 10 investigations of the 12 accidents that occurred
Result: 8.3% (10/12 * 10%)

Activities Rating = 83.05% (36%+26.25%+12.5% + 8.3%)
Safety Bonus Available: $5,000
Safety Bonus Awarded: $4,152.50 ($5,000 * 83.05%)

Worker Observations: In a worker observation based accountability system it is critical to identify and measure key predictors of loss. For example, statistics show that 80% of worker injuries result from unsafe acts. An accountability measure based on counting the number of observed safe worker practices would be an example of a good pre-loss accountability system tied to loss prevention. In establishing a fair and effective observation system it is important to define the desired behaviors that will be measured. If a firm's goal is to reduce material handling injuries through adoption of proper material handling practices, then an accountability measure would be the number of times proper material handling practices are observed over a period of time. If a goal is to reduce eye injuries through the use of eye protection, then a measure would be to count the number of times this behavior is observed.

In order to make this accountability fair, observations should be completed over a period of time for all participating business units to establish a baseline. Impartial individuals such as your safety department staff should complete these observations. Upon development of this baseline information, improvement targets can be set. Impartial individuals would then count the number of times the desired behavior is observed over a period of time. In the following example, the goal was to improve safe material handling practices by 50%. Safe material handling practices include any of the following behaviors:

- Use of proper lifting and carrying techniques for loads less than 50 lbs
- Obtaining assistance to handle loads greater than 50 lbs but less than 100 lbs
- Use of lifting aids such as dollies or carts
- For loads greater than 100 lbs – requesting assistance from crane, lift truck or pallet jack operators

Example 8

Safe Material Handling Observations (# safe material handling observations / worker)			
Baseline Observations = 14 Goal = 21			
Observation	Mgr A	Mgr B	Mgr C
1	21	12	17
2	18	18	25
3	12	21	21
4	15	23	15
5	24	15	26
6	16	26	24
Average	17.7	19.2	21.3

Average Safety Bonus: $5,000
Manager A: $4,425 (17.7/20 * $5000)
Manager B: $4,800 (19.2/20 * $5,000)
Manager C: $5,325 (21.3/20 * $5,000)

Peer Pressure Method: As stated above this is one of the easiest methods to implement and appeals to the competitive nature of your management staff. Bonuses can be awarded based on the results of each manager's individual performance as illustrated above.

Example 9

Activity	Annual Target	Mgr A	Mgr B	Mgr C
Worker Observations	50	45	53	42
Self-Inspections	40	30	37	31
Toll Box Meetings	30	30	48	30
Accident Investigations	100% W/I 24 hrs.	10/12	6/6	19/26

COMBINATION MEASUREMENTS METHODS:

A combined results method of accountability utilizes multiple pre-loss and post loss measurements to provide a "combined" safety evaluation for individual managers. This approach rewards managers for their active participation as well as loss results. Combining pre and post loss accountability measures is recommended. It drives completion of activities that are recognized to prevent accidents and holds management to accident results.

Results and Activities Method
This method combines accident results with the degree of participation in accident prevention activities. The following example illustrates this method:

Manager A (From Example 7)
Worker Safety Observations (40%)
Company Standard – 50 Observations

Completed – 45 Observations
Result: 36% (45/50 * 40%)

Weekly Self-Inspections: (35% Weight)
Company Standard - 40 Inspections
Completed – 30 Inspections
Result: 26.25% (30/40 * 35%)

Weekly Tool Box Meetings: (15% Weight)
Company Standard - 30 Meetings
Completed – 25 Meetings
Result: 12.5% (25/30 * 15%)

Accident Investigations and Follow Up (10% Weight)
Company Standard – All accident investigated and f/u conducted
Completed – 10 investigations of the 12 accidents that occurred
Result: 8.3% (10/12 * 10%)

Activities Rating = 83.05% (36%+26.25%+12.5% + 8.3%)
Activities Weight = 50%
Activities Result = 41.5% (83.05 *50%)

Incident Rate Result = 6.9 (which results in a 60% bonus from Example 5)
Incident rate Weight = 50%
Incident Rate Result = 30% (60 * 50%)

Safety Bonus Available: $5,000
Safety Bonus Awarded: $3,575 ($5,000 * (30% + 41.5%)

Results and Observation Method

This method combines a results element with an observation element. This technique is an ideal way to address specific areas of claim activity and improve overall accident results. For example, a firm has a frequency of eye injuries. Accident investigation reports identify causal factors to include a lack of eye protection when performing specific tasks. As in examples 8, management is assigned a target for eye protection enforcement such as 95% and worker observations are performed by impartial workers. Observations are performed and results tabulated. In the following example a 50% weight is assigned to observation results and 50% for incident rate results. The goal of observing eye protection is 60 observations

Manager A
Safe Eye Protection Results = 50
Goal = 60
Observation Rate = 83.3% (50/60)
Observations Result = 41.7% (83.3 * 50%)

Incident Rate Result = 6.9 (which results in a 60% bonus from Example 5)
Incident rate Weight = 50%
Incident Rate Result = 30% (60 * 50%)

Safety Bonus Available: $5,000
Safety Bonus Awarded: $3,585 ($5,000 * (30% + 41.7%)

Conclusion:
Assigning measurable management performance accountabilities is critical to achieve successful results from your accident prevention program. Accountabilities can be assigned on a post loss, pre loss or combination basis. Combining both pre and post loss accountabilities provides the greatest potential to achieve accident prevention excellence.

Remember, Everest National Insurance Company offers loss control services to help you in your loss prevention efforts. If you would like more information about these services, visit our web site at www.everestnational.com.

Loss Control is a daily responsibility of your individual management. This publication is not a substitute for your own loss control program. The information that is provided in this Alert should not be considered as all encompassing, or suitable for all situations, conditions, or environments. Each organization is responsible for implementing their safety/injury/illness prevention program and should consult with legal, medical, technical, or other advisors as to the suitability of using the information contained in this Alert.

Example
Safety Accountability Documentation

Name:	**Department:**
Shift:	**Month Ending:**

1. Supervisory Safety Activity Tracking

Week Ending	Tool Box Meetings Held	Self-Inspections Completed	Employee Observations	Accidents Investigated	Other Safety Activities
Jan 4	1	1	1	1	
Jan 11	0	1	1	0	
Jan 18	1	0	2	0	
Jan 25	1	1	0	0	
Feb 2	1	1	0	1	
Total completed	4	4	4	2	
Total required	5	5	6	3	
% Completed	80%	80%	66%	66%	

Example
Eye Injury Reduction Document

Supervisor Name _____ Week of _____

Department _____

Monitoring/Safety Activity	Mon	Tue	Wed	Thu	Fri
Eye protection available for, required, and used for all tasks that create dust or flying particulates: ❑ Face masks at grinders ❑ Safety glasses at saws ❑ Goggles with chemicals ❑ Helmets for welding ❑ Glasses with UV protection for outdoor work					
Employees wash hands after using chemicals.					
Air hoses/nozzles not being used for workplace cleanup.					
Spray nozzles always directed away from the face (including water)					
Spray nozzles not pointed at other employees.					

Completed By _____ Date _____