



Safe-T-Net, Inc.



Safety Economics 101 Frequency Reduction Is the Name of the Game

Most safety directors are not "bean counters". Many come into their position quite by accident - no pun intended. Some were the company pilot, superintendent, or maybe a retired highway patrolman. Very few, however, prepared for this position. Regardless, they should be able to analyze your company's history of accidents to determine "what's broken" and how to fix it. One measurement critical to determining the health of a company's safety efforts is frequency. Frequency rates, including at least 3-5 years of data, indicate whether your safety program is accomplishing its main objective - PREVENTING ACCIDENTS.

An example of a frequency rate is: total number of employee accidents divided by the total hours worked. Of course "employee accidents"; would need defining. It could be all employee accidents, including first-aid and lost-time, or just lost-time accidents. It's whatever you want to measure. A frequency measure of automobile accidents could be: total number of collision claims divided by the total miles driven - or total number of collision claims divided by the gallons of fuel consumed.

Rates equalize differences in hours worked, miles driven, etc., from one year to another year, or from one division to another division. Comparing company frequency rates for a five year period can give you a very good indication if your safety program is having the accident preventing impact you want. It's also useful to compare frequency rates among divisions within the same company for that same five year period. Safety accountability programs rely on this type of information to separate the "safety producers" from the "non-producers".

The safety director should be well versed in the economics of safety. Otherwise they are asking top management to accept changes without communicating in terms they understand - the bottom line. Like it or not, being able to justify your existence by demonstrating a positive impact on your company's bottom line separates safety programs which flourish and grow, from those which become stale and eventually die. Translation: "YOU'RE FIRED".

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