

TOOL BOX TALKS

The Direct and Indirect Cost of Accidents

The cost of accidents should be of major concern to any organization. Many times, companies are hemorrhaging hard earned revenue on accidents and damage. Many managers do not realize the REAL cost of accidents, and how \$4 to \$10 are spent in soft cost for every \$1 spent in actual hard cost. Attention must be paid, from the company owner down, to safety performance and that safety ALWAYS saves money and provides value to the customer.

WORKSAFE TIPS

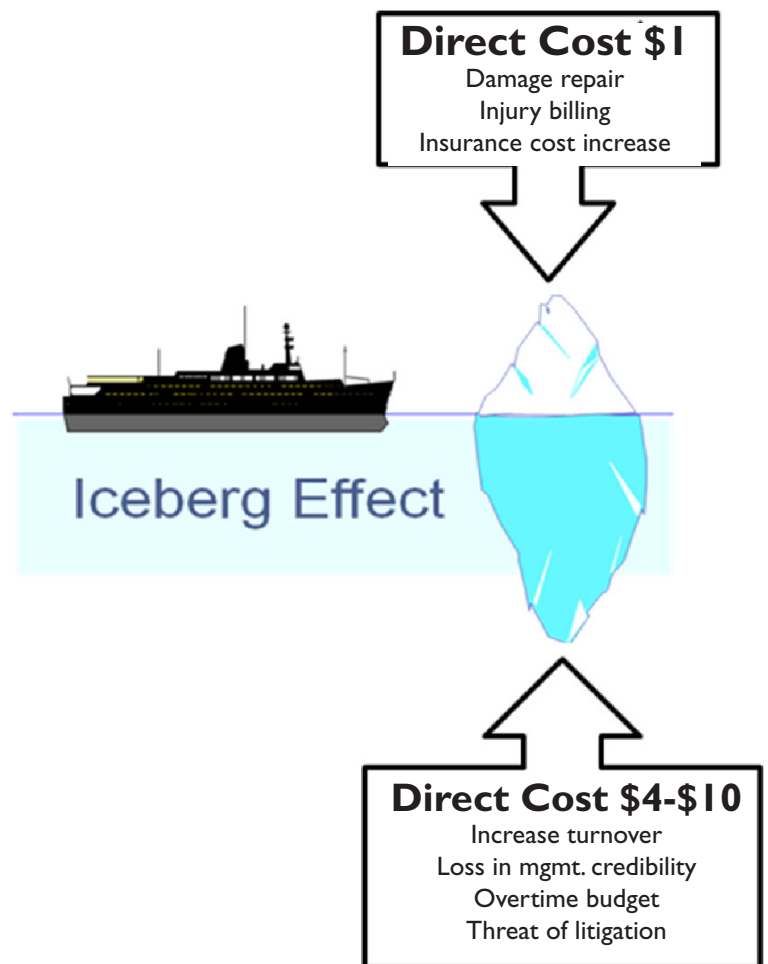
Accident Prevention

- A series of costly accidents can severely reduce company profits and marketability.
- Insurance rates in many cases double after major/costly accidents.
- It's never acceptable for employees to say "that's what we have insurance for..."
- In many cases, companies are not insurable due to their accident rate because they lose coverage, and cannot obtain new coverage due to their risk.
- Additionally, insurance only covers a portion of total accident cost—doesn't cover indirect costs.
- Indirect costs far outweigh the direct costs.
- What are these indirect costs?
 - Time lost from work by the injured.
 - Loss in earning power.
 - Economic loss to injured's family.
 - Slowed work by a crew or work team.
 - Lost time by supervision during accident management and investigation.
 - Failure to fill orders on time.
- Some of the more serious indirect costs are:
 - Criminal proceedings
 - Civil proceedings
 - Embarrassment
 - Internal investigation findings

The HIDDEN SAVINGS IN SAFETY

- Employees not injured or killed
- Property and materials aren't destroyed or damaged.
- Production flows more smoothly.
- Worker morale is higher.
- More time is available for other duties and projects.

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Work **SAFE**

Smart, Accident-Free Environments