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Safety Management Programs: an Owner's Priority

A total of 4.7 million nonfatal injuries and illnesses were reported in private industry workplaces in 2002, according to the Bureau of Labor Statistics. In the same year, the construction industry alone reported incidence rates of 7.1 injuries and illnesses per 100 full-time workers. With worker injuries and accidents so prevalent, construction jobsite safety becomes an essential factor of a successful project.

The impact of safety for an owner can be tremendous. By making safety a priority, owners can significantly reduce jobsite accidents and injuries and avoid schedule delays and costly lawsuits resulting from third party liability, both of which directly diminish the owner's bottom line. The financial benefits of safety also extend to insurance. Many owners participate in Owner Controlled Insurance Programs that "are structured so that the owner shares in the loss with the insurance carrier by way of a deductible or self-insured retention," says Karen Schwartzkopf, Senior Vice President of the Owners Segment for Zurich North America Construction. "With these programs, the key to controlling cost is to control loss within the deductible or self-insured retention layer." By enforcing safety onsite, owners can curb accidents and injuries and thereby decrease their loss and cost. Also, as contractors with fewer accidents and injuries have lower workers' compensation premiums, this savings is often passed on to owners in the form of lower bids. When owners fail to focus on safety, the consequences can include negative publicity, loss of good name and serious moral implications.

Safety Factors to Consider

"The successful partnering of owners and general contractors is paramount to the construction process," stresses Paul Flentge, Safety Director of Pepper Construction Company. "Safety management programs are one of the core elements in determining the compatibility and ultimate success of this partnership." When selecting a general contractor, there are many safety-related factors that should be considered. As part of the bidding process, owners should require and carefully review statistical data such as the general contractor's and their subcontractors' incidence rates, fatality rates and Experience Modification Factor (EMF). Incidence rates represent the number of injuries and illnesses per 100 full-time workers (see sidebar for formula). Fatality rates are employment-based and measure the risk for those employed during a given period of time, regardless of exposure hours (see sidebar for formula).

The Bureau of Labor Statistics provides incidence and fatality rates based on industry, as well as a variety of case types, that can be used as national averages to compare against individual firms. The EMF allows the comparison of losses and safety results of an employer to other similarly classified employers in the state and can serve as a simple means of quantifying the success of a contractor's safety program. An EMF of less than 1.0 represents fewer accidents and injuries than the state average for your industry, while an EMF of greater than 1.0 represents more accidents and injuries than the state average.

In addition to statistical data, Flentge comments, "Another consideration should be the experience a given contractor possesses, relating to the specific type of project being bid. Health care, commercial, tenant build-out, warehouse, etc. are project types that benefit from previous history."

Elements of "Good" Safety Programs

Not only should owners require that a general contractor have a safety management program in place, but they also should look for specific elements within the program. Deron Cowan, Senior Construction Manager for Zurich North America Construction, states, "Two of the most critical components of a safety program are a substance abuse program and a fall protection program. We find that when these are utilized, there is an initial and immediate protection put in place [for workers, contractors and owners]."

Other important components include an accountability structure, an incentive program for safe behavior and verifiable safety training and education programs. Flentge also strongly recommends that owners require project- and site-specific safety plans and that they consider the corporate support of the safety program. Cowan emphasizes that once contractors have developed such a program, the owner should continually evaluate how well they adhere to the established safe operating expectations and at what management level they are held accountable.

A Proactive Approach

While OSHA has established basic, minimum safety standards (Part 1926 - Safety and Health Regulations for Construction), Cowan strongly recommends that contractors take a proactive approach to safety and operate far above these standards. One of the most innovative tools in safety and risk management is SafetyNet, a service developed by California-based firm DBO2.

This software-based service helps commercial contractors accurately and consistently predict and prevent accidents and incidents before they happen. The contractor's employees perform jobsite inspections using handheld Personal Digital Assistants (PDAs) to record observations in up to 19 specific safety and risk areas. The collected data is uploaded to DBO2's server and reviewed against safety and risk parameters, organized and prioritized. Contractors are trained to review this information online, so that they may intervene or take corrective action on a daily basis. Robert Smith, Vice President of Sales and Marketing at DBO2, feels that the most important benefit of SafetyNet is that "it allows contractors and owners to see exactly what is happening today with regard to safe jobsite performance. It lets owners see what contractors are doing well and where they should intervene in areas of risk."

DBO2 has partnered with commercial construction associations, including the Builders Association in Chicago and QUOIN in Dallas, to improve their members' jobsite conditions, communication, collaboration, decision making, planning and benchmarking abilities. Bob Smith, Safety Director of Northbrook-based The Levy Company, says that two crucial benefits of DBO2 *SafetyNet* are "the ability to identify trends for safe and unsafe acts and conditions and to track the effectiveness of actions taken".

DBO2 President Barry Nelson says there is a vast difference between companies that truly embrace safety and those that just go through the motions. "Overall, it's a combination of culture, process, people, experience and maturity."

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