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Workers' Comp – Effective Managing or Stressful COPING

A few months ago I read two articles that made me shake my head once again about the plight of workers' comp:

Business Insurance, Boca Raton: "The workers' compensation market is 'deteriorating'; NCCI Holdings, Inc. announced..."

Business Weekly: "Rising numbers of workers' comp claims in California were a major contributor to a 48% decline in first quarter earnings at Employers Holdings, Inc."



I flashed back to ten years ago when I had asked a veteran workers' comp pro if the then pending workers' comp reform would make a huge difference. He said that if government- mandated reforms worked for the long term, there wouldn't be a need for government-mandated reforms every five years.

Well, here we go again.

OUTSIDE FORCES AFFECT ABILITY TO CONTROL

In a factory, the production manager needs to make X number of widgets this month. He/she knows what is needed to meet that demand and does so. Not that there aren't day-to-day challenges involved, but for the most part, production quotas are met routinely. He or she has a great deal of control over the inner workings of the factory.

The workers' comp professional on the other hand, does not share in that luxury. Outside influences such as government regulations, opposing attorney's doctors, etc., make controlling workers' comp outcomes challenging to say the least!

The world of workers' comp is essentially the attempt to manage a "system" failure. Good levels of production in a company require healthy employees. An employee injury stops production to that degree, similar to a breakdown in machinery.

Subsequently, one discovers that "coping" becomes part of the day-to-day management-style of workers' comp. Coping can be defined as a system of "getting by" when confronted with a situation. Coping is supposed to be a temporary working condition only, not the standard operating procedure.

Good managers must be able to cope sufficiently with sudden problems--rising above unexpected occurrences and their potentially devastating outcomes.

But did you know that part of coping with sudden problems or situations also must entail a permanent fix to the problem?

An analogy of two management styles is as follows:

A boat with a crew of six people springs a considerable leak. This is a problem that needs addressing. The captain assigns two people to grab buckets and start bailing water. They work fast and keep up with the intake of water. The captain now *hopes* that the other four rowers will have time to paddle to safety. This captain will cope with this problem all the way to shore and will do so with considerable stress for him and his now stressed out mates.

A more seasoned captain assigns two people to bail the water to mitigate the imminent danger. However, this captain knows that his ability to manage his boat and crew is dependent on how much he establishes good control over this unexpected "influence."

Having 1/3 of his crew bailing water and not producing (not rowing) is not good control by any stretch. He/she knows that the optimal operating basis is for six people to be rowing. That requires concise and immediate responses to any interruptions to productivity.

Part of coping with any problem must include solving the source of the problem for the present and for the future so that stressful coping is only a temporary management tool, NOT a standard operating procedure!

This second captain then assigns one other person to repair the boat while it is being bailed and after doing so, has this person do a complete check of the boat to forestall any other potential leaks.

Within no time, all oars are manned, production is high, they returned to shore in good time with morale high. What does this have to do with workers' compensation and risk management? Remember the two articles cited at the beginning of this newsletter? The subject of higher workers' comp costs is a manifestation of outside influences being capable of causing your company, financial harm. Unexpected injury events put CFOs, Risk Managers, Workers' Comp Managers and operational managers into a position of coping with the problems of high costs of injuries and the operational liabilities attendant to losing a valuable employee.

Your workers' comp budget is at risk to the degree you are not doing something to stop tomorrow's injuries while coping with existing claims.

When there is an injury, your company becomes subjected to all sorts of uncontrollable influences.

Do you have control over the cost of pharmaceuticals this year? Can you control the medical costs of a back surgery? Do you have 100% control of whom your employee will seek advice from regarding his options to go back to work or not? There are too many situations of potential loss of control to even cite here. But you get the point.

What if it were possible to prevent a majority of your sprain/strain injuries? Avoiding injuries eliminates all of these outside influences that are contributing to high costs and personal stress on you.

Good management equals good control. Workers' comp is a tireless game of trying to control events after an employee files a claim. One can get so good at coping, that one thinks it is a normal operating procedure. Talk about personal stress!

We have many clients who stopped *coping* and started *managing* their workers' comp. They do well with existing claims but now have experienced the fantastic satisfaction of working just as diligently at stopping tomorrow's claims from ever happening. Now that is good management!

Good management gets rewarded very well, by the way.

Many of our contacts have added reduction of workers' comp dollars into their bonus structure and are extremely pleased with the added income. What a win when the employees stay healthy. The company saves considerable money and part of that money is shared with the "rain maker" (you) that championed the windfall savings.

Does all this make sense? Are you bailing water without also plugging the hole? If you are tired, perhaps even a bit hopeless, these are signs of prolonged coping without permanently solving the unwanted condition.

Solving today's while eliminating tomorrow's problems make life so much more enjoyable. Imagine 20% or 30% or even 60% less claims! But what will you do with all of your spare time?

"Prevent tomorrow's injuries today." Big bonuses are very good for your morale! Dennis



Prevent tomorrow's injuries today! TM
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