

CELLY SERVICES INC.

ENVIRONMENTAL, HEALTH & SAFETY SERVICES

MEMO

TO: Environmental, Health & Safety Coordinator

FROM: Sam Celly, MS JD CSP REA

DATE: February 12, 2010

RE: Incentive Programs to Promote Safety at the Workplace

1) Keep It Simple/Keep It Written: Complicated programs, in general, require more resources than can be justified over a period of time. Worse, they fade away due to their own intricacies. Set up an incentive program that is simple and justifies the management involvement and time. Make sure the goals of your incentive program, are clear, achievable, measurable, and easily communicated to employees in simple terms.

2) Select Goals: Determine what you seek to achieve. One goal might be reduction in Worker Compensation Insurance Claims or Insurance Premiums. For example, a 20% reduction in the worker's compensation cost for 2009-2008 over 2008-2007, depending upon the size of the dealership, may bring substantial savings. A portion, say 10%, of these savings can be shared with your employees by allocating the funds to the incentive program. Alternately, you may decide to set up an incentive program that rewards employees based upon the reduction of injuries at the workplace. In addition to goals, your written program may include your budget for the incentive program (see 4 below).

3) Who is included: Conventional wisdom dictates that shop operations pose greater hazards than other departments, such as the business office. However, close scrutiny of injury log at certain dealerships tells us that both the number of injuries and the down time from injuries in the office area may exceed that for the shop area. In summary, I recommend that employees from the entire dealership be involved in the incentive program.

4) Budget your Program: Based upon the anticipated savings, budget your incentive program. A good rule of thumb would be to invest 1-3 % of your annual worker's compensation insurance premium into the incentive program. Alternately, the dealership may budget the program based on the long term reduction of the Worker Compensation Insurance premiums.

5) Obtain employee input: No procedural rule or guidance is provided by the state on setting up of the incentive program. Each dealership is therefore free to set up its own incentive program. However, a strategy that involves relationship of the rewards to safety at the workplace should be encouraged. Request your managers to contact employees and seek input on the incentive program. Employee participation would not only increase employee motivation and support for the Safety programs at the dealership but also accurately reflects employee concerns vis-à-vis safety.

Safety oriented prizes that have been successfully used by other dealerships' include first aid kits, highway safety kits, free coupons for safety shoes, fire extinguishers etc.. You may contact Bulova Special Markets Division at www.bulovaspecialmarkets.com or Sony Special Markets Group at (800) 833-6302 to get a catalog of gifts for the safety incentive program.

6) Ensure your program does not create peer pressure: Employees may have a tendency to under-report injuries because an incentive program is in place and the gift may not be available to the one reporting an injury. Such under-reporting undermines any incentive program. Therefore, an incentive program set up at your dealership should attempt to be free of fear, and peer/supervisory disfavor. Also, the incentives to promote safety should be framed in positive language rather than as a punishment. Clear communication between management and employees is paramount. Any cases uncovered where employees under-reported or failed to report because of an award from the incentive program should be openly debated and criticized.

7) Ensure your awards leave an afterglow: Not only will a proper incentive program promote employee health and safety at the workplace, it will also increase employee morale and productivity. After a year, the dealership may evaluate the incentive program and make changes as necessary.

8) Enforcement: The dealership may be cited for failure to comply with the incentive program requirement. A copy of California statute on Health & Safety can be found at www.dir.ca.gov/title8/3203.html

You or any member of your staff may contact us for further guidance for setting up an incentive program.

*Sam has been helping automobile dealers comply with EPA & OSHA regulations since 1987. Sam, currently is the Chair of the Law Committee of the American Industrial Hygiene Association (AIHA) and was the past-Chair of the Environmental Issues Committee of the AIHA. Sam has a BS & MS in Chemical Engineering followed by a JD from Southwestern University School of Law. **Send your comments to.** sam@cellyservices.com*

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