

# Making Safety Pay

Turning Your Safety Department into a Profit Center



**NATIONAL  
INTERSTATE**  
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# How Do You View Safety?

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Using One Word, Describe Your Safety Culture

Required

Fun

Stressful

Expensive

Rewarding

Challenging

Effective

Profitable

Engaging

Flexible

Continuous

Necessary

Motivating



# How Do You View Safety?

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## Safety Costs Money

- Statistics focus on *costs*
- Operating a positive safety culture *costs* money

## Shifting Focus to *Revenue* (Profit)

- Can a positive safety culture generate *revenue* or improve *profitability*?
- Does safety add *value* to your organization?



# What Is Your Safety ROI?

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**Safety is good business. An effective safety and health program can save \$4 to \$6 for every \$1 invested. It's the right thing to do, and doing it right pays off in lower costs, increased productivity, and higher employee morale.\***

\*<https://www.osha.gov/sites/default/files/publications/osha3163.pdf>



# Profit vs. Cost

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**Profit Center is defined as a division or department of a company that directly adds or is expected to add to an organization's bottom line.**

- Sales (charters, line run tickets, tours)
- Outside Vehicle Maintenance / Bus Wash / Parking
- Safety & Training?



# Profit vs. Cost

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**Cost Center is defined as a division or department of a company that does not directly add to profit but still costs the organization money to operate.**

- Maintenance
- Human Resources / Recruiting
- Safety & Training



# Costs & Margins

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## Impact of Variables (Standard Cost vs. Actual Cost)

- Insurance Premium vs. Cost of Claim Resolution
- Normal Employee Turnover Cost vs. Replacing Injured Workers
- Routine/Scheduled Maintenance vs. Repairing damaged vehicles
- Cost of replacement vehicles or farmouts



# Costs & Margins

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## Understanding Margins (what we spend vs. what we keep)

- Impact of Loss vs. Need for Additional Revenue to Offset Loss
- Vehicle damage occurring on low margin charters
- Recovery fees for vehicles on unapproved routes
- Cleaning cost for damaged/soiled vehicles
- Customer concessions/refunds for unsatisfactory service





# Costs & Margins

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**For a company making a reasonable 5% margin, it would take \$20,000 in new sales just to offset a \$1,000 loss. For a company making a 1% margin, it would require \$100,000 in new sales to maintain their profit levels.**



# Create Value

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## Effective Training Program (New Hire, Recurrent, Remedial)

- Develop Skilled Employees
- Improve Employee Morale
- Impact On Customer Satisfaction
- Reduce Company Costs
- Competitive Edge



# Create Value

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## Behavior Based System for Controlling Outcomes

- Focus on Achieving Goals
  - Fleet Telematics & Technology
- Monitoring Performance
  - Accident Event Recorders & Cameras
- Evaluating Results
  - Encourage & Reward Safe Behaviors
- Proactive Approach
  - Regular Assessment for Effectiveness



# Deliver What You Are Selling

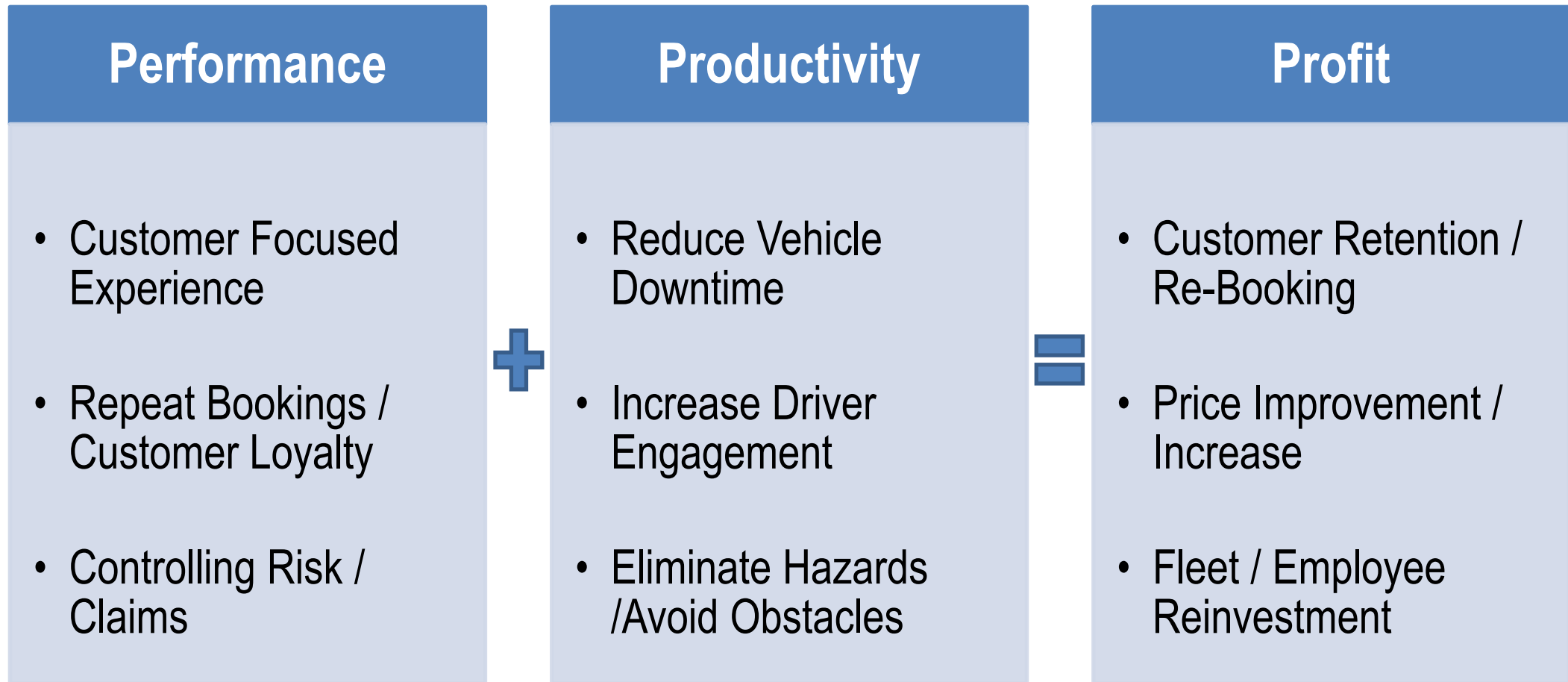
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## Connecting the Sales and Operations Processes

- Safe, Effective Travel Plans / Approved Itineraries
- Collaborate & Design Trips for Maximum Success
- Eliminate Safety Hazards Early, Avoid Obstacles
- Change “We can’t” to “This is how we do this successfully”



# 3 P's for Effective Safety Culture



# Changing the Mindset

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- ✓ Change the way you think about safety
- ✓ Understand that the safety of an operation can have a direct, positive impact on operational profitability
- ✓ Empower teams to take ownership and use the tools provided for success
- ✓ Stimulate your workforce and drive measurable improvements to profitability
- ✓ Shift Safety from cost to *profit*



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Questions?

Thank you!



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