

8 Characteristics of a **Successful Employer**



**...and the One
Financial Opportunity
Most Employers Miss**

Tom Bone

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by Tom Bone



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8 Characteristics of a Successful Employer

Employers with above average financial success have eight characteristics in common, applicable through a wide cross-section of industries:

1. High employee productivity
2. They make a concerted effort to match job applicants with the right position *before* a hiring decision is made, resulting in long-term staff retention
3. Loyal long-term employees help the organization avoid the high costs of employee turnover
4. The employer's goals and objectives are clearly understood at all levels of the organization
5. The employer clearly respects employees, displayed through fair treatment, employee benefits and compensation programs
6. Supervisors and managers are held accountable for supporting and reaching the organization's goals, including employee safety
7. Safety is high on the employer's list of goals and objectives
8. Higher profitability than others of their size and in their industry allows them to be more competitive



These organizations embrace and are motivated by the incentives they understand and accept. They also have low employee workplace injury costs:

- lower **direct** workers' compensation expenses
- lower **indirect** workers' compensation expenses

How Do They Make This Happen?

- The employer understands that their workers' compensation plan:
 - is **the heart of the risk management and insurance programs** they have in place. If they control these costs, all other related expenses will be lower as well.
 - is **interrelated to all other insurance and risk programs** as far as claims, risks, and pricing.
- The employer chooses partners who have the resources and processes in place to help the employer control costs and be more successful.

What Do These Employers Understand about Interrelationships?

- **Claims.** A case involving an employee who is injured in an auto accident, for example, will typically involve not only workers' compensation benefits, but the auto insurance of the owned vehicle and perhaps that of the third party involved in the accident as well. An incident like this requires oversight to make sure all aspects of the occurrence are addressed. Should the employee's recovery require any length of time, COBRA group insurance benefits may come into play, requiring the attention of an HR professional.
- **Risks.** Use of a forklift by an employee provides the potential for four types of damage: to the forklift, to the operator, to the product being moved, and to the area in which the forklift is being operated (i.e., the building).
- **Pricing.** There are additional workers' comp premium discounts that may be applied when an employer has some or all of the following programs in place: a viable return-to-work program, a drug-free workplace, job and safety training, and post-offer medical exams. Also, some insurance companies provide additional discounts if they also handle coverage for the employer's general liability, property, automobile, and umbrella insurance.

The O’Neill Formula for Financial Success

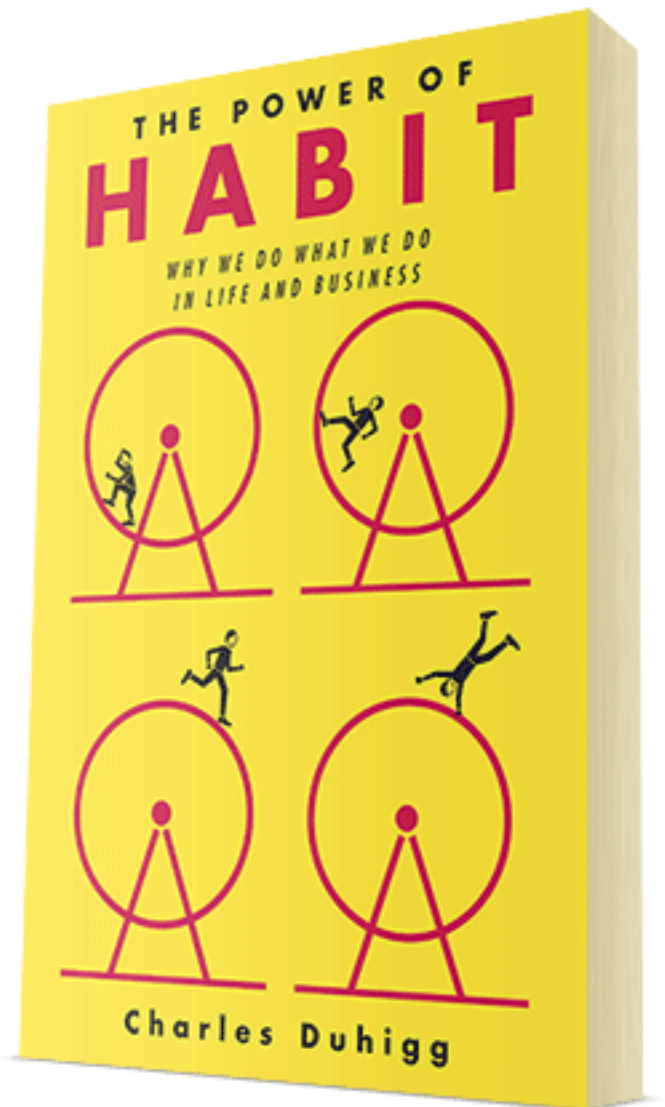
Employers of all sizes will find that making safety a priority yields financial dividends and makes their jobs easier. For example, let’s review what Paul O’Neill accomplished as CEO of Alcoa Corporation, as detailed in *The Power of Habit: Why We Do What We Do in Life and Business* by Charles Duhigg.

Prior to becoming US Treasury Secretary in the Bush Administration, O’Neill took on the task of turning a “tired” and “floundering” company into a highly profitable and efficient organization.

To simplify his formula for success, he created a new safety-oriented mindset in the workplace, no matter the cost. Employee safety became Alcoa’s main goal.

Critics questioned O’Neill’s belief that a goal of zero workplace injuries would result in high corporate earnings. The facts proved the critics wrong.

From 1987 to 1991, the employee injury rate decreased 50%. Because of the culture O’Neill created, that rate continued to decrease even after he retired—and continues to do so today. During his leadership, company sales increased 15% each year, and the earnings per share increased seven times over the level when he joined Alcoa.



Focusing on employee safety decreased Alcoa’s injury rate by 50%

Lessons Learned



Most employers don't have the size or financial stature of Alcoa. So what can *all* organizations learn from O'Neill's formula for financial success?

No one can argue that making sure employees leave work as healthy as they arrived is a bad idea. Creating a safe work environment should be the top priority for any organization.

Most employers believe safety is important, but they feel they don't have the time or resources to

adequately address all the issues. The solution is for employers to align themselves with a risk insurance advisor who can help an employer plan, implement, and lead their organization through a consistent process to achieve measurable results of improvement.

If an employer's risk insurance advisor doesn't have the interest, resources, knowledge, or experience to lead a program like this, it's time to find a new advisor.

Keeping employees and other valuable assets safe, as well as helping to keep the organization financially sound, are of the utmost importance. The O'Neill approach, for example, will rally all stakeholders and result in outcomes that you couldn't have imagined. Certainly, O'Neill's detractors couldn't have imagined them...until they saw the results.

**Align your company with
a risk insurance advisor
to achieve measurable results**

Practical Applications from a Responsible Advisor

Any work-related injury triggers a number of actions. If an organization's benefits manager isn't kept in the loop regarding the workers' comp claim, it could spell disaster for both the injured employee and the organization. If the injured employee loses eligibility for company benefits, for example, that's a serious loss that will also affect their dependents. If the employer hasn't properly managed the event to keep all parties informed of such developments, their liability skyrockets.

A responsible advisor will assume this role and oversee these events, using an integrated communication system that can trigger actions when certain events occur. If there isn't a responsible advisor in charge of the integration and coordination of insurance and services, costly corporate—and personal—issues will arise.



Unfortunately, most employers make an insurance purchase based strictly upon premiums (i.e., price). Their employee benefits are often purchased from a firm that doesn't provide other insurance services. This results in additional employer and employee risks, due to the lack of communication between multiple service organizations that operate in separate environments.

Can you imagine being in a situation where you have to tell your injured employee and his family they don't have any medical insurance because your staff forgot to let them know they were only eligible for COBRA? What if one of the employee's family members were in the hospital or had a serious illness?

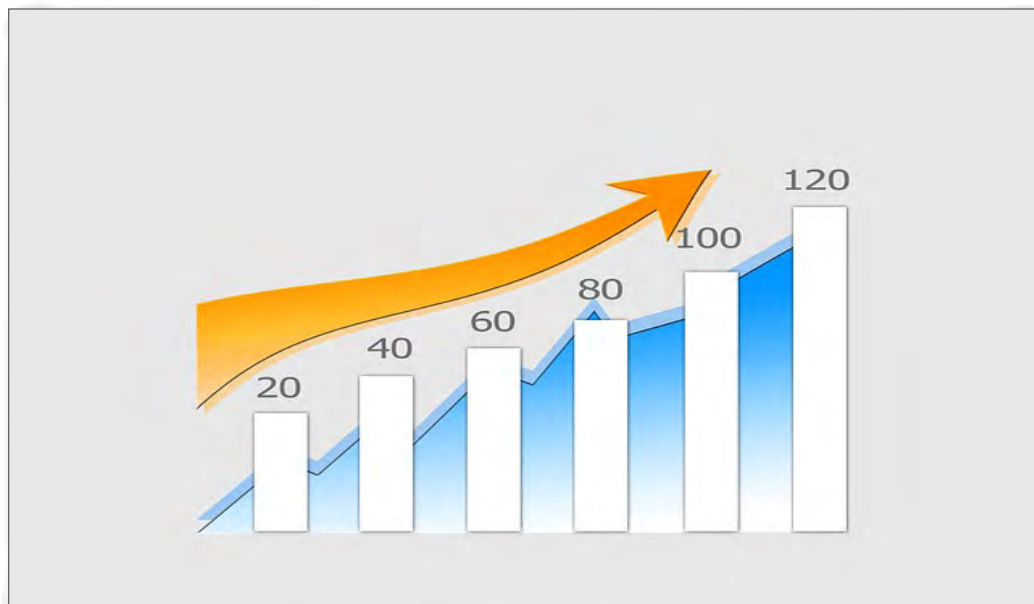
Key Takeaways

1. Prior to becoming US Treasury Secretary in the Bush Administration, Paul O'Neill took on the task of turning "tired" and "floundering" Alcoa into a highly profitable and efficient organization.
2. To simplify his formula for success, he created a new safety-oriented mindset in the workplace, no matter the cost. Employee safety became Alcoa's main goal.
3. Critics questioned O'Neill's belief that a goal of zero workplace injuries would result in high corporate earnings.
4. The facts proved the critics wrong. During O'Neill's leadership, company sales increased 15% each year, with continuous financial growth after he retired from the company.

Next Steps

Using the O'Neill approach in your organization will rally stakeholders and result in outcomes you couldn't have imagined.

Employers of all sizes will find that making safety a priority yields financial dividends and makes their jobs easier.



Take Action to Lower Your Rates

If you don't have a relationship with a qualified risk insurance advisor or one you feel you can rely on, please contact me. My team and I provide a complimentary Risk & Threat Assessment to help make sure your company protects its employees & its financial future.

Here's how to contact me:

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For more information about how I can help *your* business, visit my website at www.risksnthreatsmatter.com.



About Tom

Tom Bone is an author, speaker, and licensed insurance broker with ISU Insurance Services. With over 30 years of experience, Tom helps employers address the risks and threats their organizations face and mitigate the risks associated with the personal assets of the decision makers.

Tom has specialized training in Workers' Compensation Insurance. He holds the professional designations of a Professional WorkComp Advisor and a One Responsible Source Advisor. He frequently conducts seminars for employers to help them gain a better understanding of the type and amount of insurance they need.

He has also hosted his own weekly radio show, "Insurance Matters," as an extension of his belief that employers need to know what they *don't* know in order to safeguard their personal assets and the organizations they manage. As host, Tom interviewed guests on current topics and disseminated solutions for employers to make their jobs easier.

Prior to joining ISU Insurance Services, Tom managed his own successful insurance practice. He continues as a board member of the Sacramento Employer Advisory Council, a non-profit organization in partnership with EDD, whose purpose is to educate employers and help them navigate the challenges presented by the employment laws that govern their respective enterprises.

As a member of Insurance Thought Leadership, Tom also writes articles advising employers on improving profitability, increasing employee productivity, and making their leadership roles easier through effective risk management.



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