



RED WING FOR BUSINESS

AN EXECUTIVE OVERVIEW

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# THE ROI OF SAFETY. A 360° VIEW.

## EVALUATING THE DATA AND DOLLARS

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**As a company leader, you know the importance of building a safety culture.** You also know that it takes considerable time, effort and financial investment. Of course, every leader wants to keep their workers safe and protected from the hazards and rigors of the job but determining the ROI of a safety initiative hasn't always been easy to pin down.

When purchasing machinery or technology, there's often a direct link that can be made to higher productivity or revenue generation. However, justifying the funding of a new EHS measure — whether it's for a PPE program or state-of-the-art ergonomic equipment — to your fellow executives or board members can be difficult because it entails so many "what if?" liability scenarios. There's a lot to dive into before signing-off. That's why we developed this overview to help guide your safety investment decisions.

### **Should ROI be the first thing you look for?**

Your EHS team may immediately put forth a particular ROI claim to lead off their pitch for a new safety initiative. And while it is an important factor that goes into the decision making, it shouldn't be the only major consideration. There are other aspects to be researched and addressed that don't necessarily have a dollar value associated with them.

# FACTORS TO CONSIDER BEYOND ROI

## 1 Does the safety initiative align with your current operation?

Make sure that any new proposed safety effort is in alignment with your organization's current and future goals and reflects your culture and core values.

- Does it fit with your big-picture business goals?
- Does it take into account other existing safety pain points?
- Does it demand new protocols, training and financial resources?
- Do you have the right people in place to make it a success?

## 2 Is it realistic?

If you're not sure how this new initiative will work in your real-world, ground-level operation, you may need to look for alternative solutions or partner with an outside expert who can help guide and support your plan.

- Can your team handle this initiative right now?
- Are there resources in place for proper implementation, especially if the initiative is rolled out to multiple locations?
- Will it streamline operations or create more work?
- Is it something that will truly help keep workers safer, while upholding compliance requirements?

## 3 Can you get buy-in?

Don't underestimate the role of employee buy-in. According to the U.S. Department of Labor, job openings are soaring, shattering previous records. Employees are no longer choosing to remain in jobs that don't completely satisfy them. However, nothing boosts the morale of today's demanding employees like proving you're committed to investing in their safety.

- Remember that your employees need to see the benefit of any new safety effort.
- Who else will need to determine whether new equipment, processes or programs are "worth it" in terms of efficiently getting the job done.
- You need to win over "hearts and minds" to make a change and to make that change stick; do you have the staff to do that?



# NEXT, RETHINK YOUR SAFETY ROI

## Ask for the right data

The financial payoff of investing in EHS is usually seen in reducing or preventing costly workplace incidents. If you've studied the research, you know that the numbers can be staggering. According to the National Safety Council<sup>1</sup>, here's the breakdown:



But you should make sure these stats reflect your reality. Ask your safety team for any company-specific or industry-specific data available, or have them contact your trade group to get real-world numbers. **Better data = better decisions.**

1. <https://injuryfacts.nsc.org/work/costs/work-injury-costs/>  
2. Requiring medical consultation

It's easier to assess the hard value of direct costs but more difficult to determine what the indirect costs might be. A Liberty Mutual research study concluded direct expenses can be surprisingly costly- estimating that for every dollar spent on direct costs, employers spend approximately \$2.12 on indirect costs.

Conversely, the same study revealed that on average, **every dollar spent on improving workplace safety returns \$4.41 to the business.**



Employers pay almost

# \$1 BILLION PER WEEK

for direct workers' compensation costs, including:

- Workers' comp payments
- Medical treatments
- Therapies
- Litigation expenses



# INDIRECT COSTS

related to workplace injuries include:

- Lost wages and production
- OSHA fines
- Attorney fees
- Hiring/training temp workers
- Equipment or vehicle repair
- And more

Source: U.S. Department of Labor

## Broaden your definition of “return”

Many modern executives are embracing a broader definition of “ROI” – one that reaches across functions and takes more intangible measures into account. In addition to injury- and cost-reduction, safety solutions can deliver company-wide benefits. For example:

- A new EHS software may also deliver labor-saving efficiencies
- Safety initiatives are tangible “proof points” in line with company mission statements
- Recruiting and retaining quality workers by providing them with premium PPE and modern safety gear can be a game-changer, especially in today’s labor market
- The compliance factor – avoiding fines, and media headlines, for violating OSHA regulations helps protect your brand as well as your people



### LEADERSHIP VIEWPOINTS ON SAFETY

More than 60% of CFOs reported that **each \$1 invested in injury prevention returned \$2 or more**, and more than 40% said **productivity was the greatest benefit** of an effective workplace safety program.<sup>3</sup>

Ultimately, if you want to be an executive who advocates for EHS, you have to tailor the many benefits of safety to the needs and demands of your fellow stakeholders. Show them how safety can help them hit their performance targets and be successful, and you’ll get their attention.

Finally, of course, we can’t forget the physical, emotional and financial toll that workplace accidents can have on employees and their families. You can be proud of doing your part to help optimize their safety and quality of life.

3. <https://www.nsc.org/getmedia/d81515ce-57ba-4347-821e-4af731076260/journey-to-safety-excellence-safety-business-case-executives.pdf>

# USE SMART TOOLS TO STRATEGIZE FOR SAFETY

## Build a business case

The National Safety Council recommends a multi-step process for analyzing technologies and building a business case for safety innovation:



Source: Making the Business Case for Safety Innovation, NSC, 2022

Learn more about this tool plus the [NSC's safety technology investment calculator](#) and other emerging solutions as part of its [Work to Zero Initiative](#).

## Calculate all the costs

Both government and trusted non-profit entities offer reliable calculators that help company leaders add up the various costs of workplace incidents, and collect data to drive better decision-making. Some of the more insightful ones include:



### [OSHA's Safety Pays Calculator](#)

Showing injuries' impact on profits



### [BLS Incident Rates Calculator](#)

Documenting accidents by industry, based on Bureau of Labor Statistics data

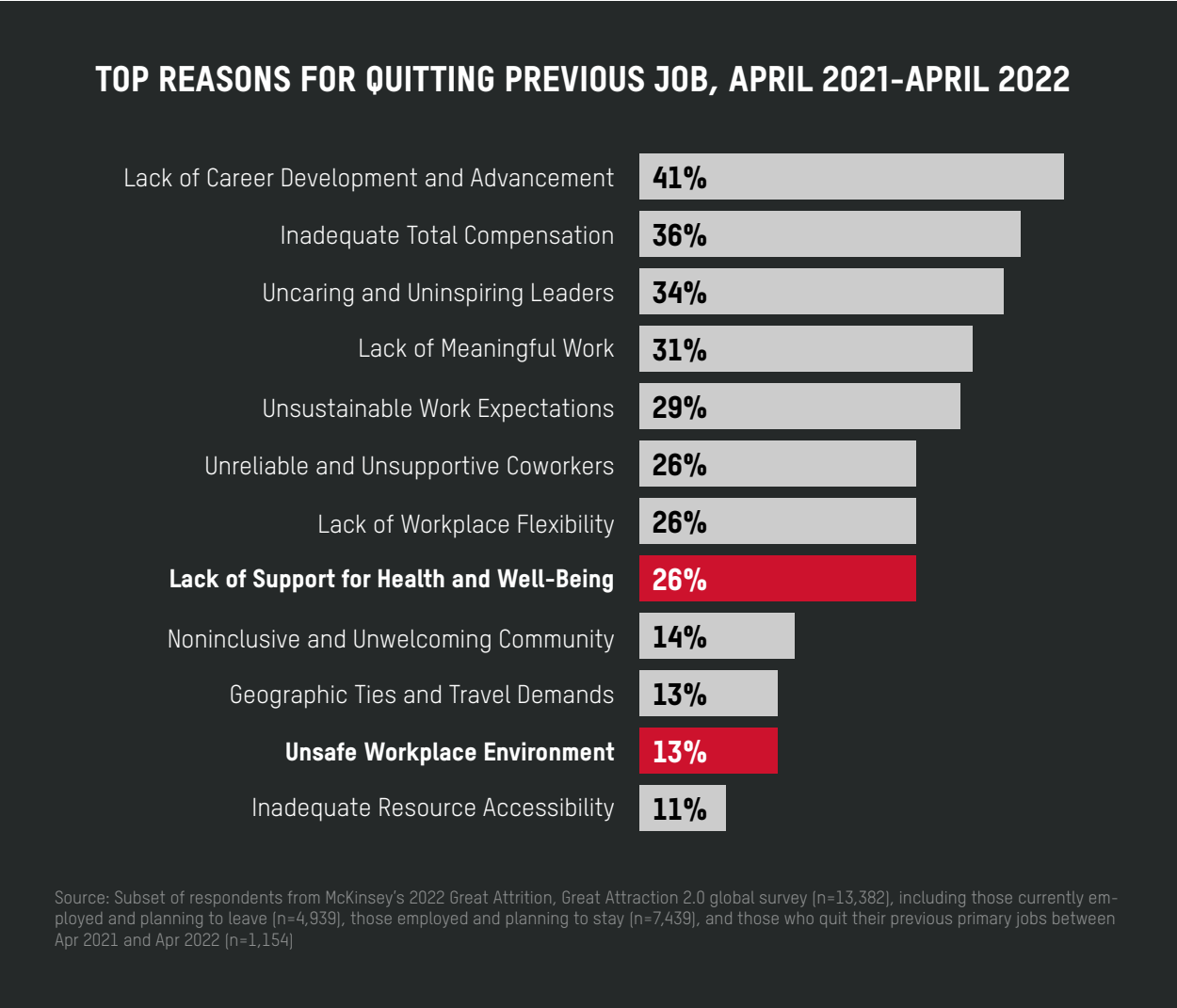


### [NSC Mental Health Cost Calculator](#)

Adding up the cost of employee mental health and illness for employers

# DON'T FORGET THE VALUE OF FEELING SAFE

Sometimes an important human factor can get lost amid all of the data: Never underestimate the value of a safe, stable workplace for your employees. According to McKinsey & Company, research shows that among the 12 reasons people leave their jobs without having another one to go to is an *unsafe work environment* and *lack of support for health and well-being*. Likewise, **safety is a top reason why people accepted new jobs.**





# PROTECTING YOUR GREATEST ASSET

We believe that investing in the safety and health of your greatest assets — your people — is always good for your company. We're here to help you protect your employees with PPE that delivers premium protection through streamlined state-of-the-art safety programs. Talk to us about safety's true costs as well as its significant returns including a productive workforce and a healthy bottom line.

Visit [www.redwingsafety.com](http://www.redwingsafety.com) to learn more.



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