



Safety Tips

A five-minute training Series for Pest Management Professionals.



The True Cost of Accidents

Occupational accidents represent one of the single largest expenses for businesses in the United States. Fortunately the cost of occupational accidents also presents the greatest opportunity for control as well. For instance, the cost of gas, equipment, vehicles and supplies are generally out of the control of the business whereas accidents can be prevented. The true cost of a single accident is typically more than most realize.

To truly appreciate the cost of an accident, we must first understand the expenses that result from a single accident. There are direct expenses such as medical attention and lost wages. These expenses are easily quantified and normally have a specific dollar amount. Indirect expenses are more obscure but even more extreme. Generally speaking the indirect cost will be 4 to 7 times the amount of the direct cost. For instance, an accident that results in \$5,000 medical cost (direct cost) will carry a \$20,000 to \$28,000 overall expense impact. Indirect costs are comprised of production interruptions, retraining expenses, time spent on hiring replacement or temporary workers, accident investigation and claims reporting, accident clean up and lost revenue stemming from customer service interruptions.

It is important to know that every accident carries a price tag and will impact the company's bottom line. The money spent on accidents offers no benefit to the company or its employees. However, this expense has a direct impact on the competitiveness of any business and takes away the ability to reward its employees with pay raises, profit sharing, bonuses, etc.

In summary it is important to have a good understanding of the true cost of accidents and the impact they have on the company. Things to consider include but are not limited to the following:

- Accidents impact the company's profitability in more ways than one.
- Every accident has indirect cost over and above the direct expenses.
- Indirect costs are more severe than direct costs.
- A poor accident history limits how competitive a company can be.
- Accidents impact every employee.