

PICTURE, IF YOU CAN, A COMPANY letting an essential machine on the production line remain broken for weeks or even months—while manufacturing grinds to a halt—simply because it hasn't figured out how to tackle the repair job.

Sound absurd? Of course it does. Companies would go to almost any length necessary to remedy the problem. Lost production is lost revenue, particularly in today's just-in-time, manufacture-to-order environment.

their 30 plants do nothing but pay for claims. If you do that, you can see the light bulbs go off in their heads."

At that point, she says, companies then have to learn how to manage the journey back from an injury to full-time work, and how to analyze injury-related data that have always been at their disposal.

"The employer often doesn't create the expectation that the worker should be coming back to work," says Bruce. "So the company has to change both the attitude and the expectation through informal communications such as get-well cards,

WORKERS' COMP NOT MANAGEABLE?

Steelcase and Continental Airlines are managing it successfully.

■ By Michael A. Verespej



LINDA BLECK—STOCK ILLUSTRATION

Yet, at the same time, companies fritter away billions of dollars annually by not managing workers' compensation claims. Indeed, the latest estimate from the *Workers' Compensation Year Book* in Horsham, Pa., is that premiums for workers' compensation in the U.S. alone were almost \$57 billion in 1995.

What's behind the failure to manage such a critical cost element?

"Too many companies have heard all the 'can't dos,' not the 'can dos,'" about workers' compensation, says Rebecca Bruce, president and CEO of Aon Management Institute, Glastonbury, Conn. "They see laws and external forces creating a problem that they can't do anything about, so they resign themselves that it is a budget item that they have to live with."

But, as she points out, if you translate those numbers into "something meaningful" that management can understand, it's easy to convince companies that they can manage the injury information to reduce their costs.

"You have to show a company how many more cases of mouthwash, for example, it has to sell to pay for its workers' compensation claims," says Bruce, "or that all the revenues from five of

phone calls, or weekly meetings to assess the medical condition of the employee."

One of the best, yet often ignored, tools is the initial report of a workplace injury, which is required in every state.

"That is a data-rich document complete with type, place, and time of injury, and the names of the department, the employee, supervisor, and treating physician," says Karen Wolfe, president of Health Management Technologies Inc., Moraga, Calif. "It is valuable data that—if put into a database—can be helpful. You can spot trends in [workplace] incidents, particularly if you go past the obvious concrete factors to other conditions that might have caused an injury."

One company she advised found that injuries were "following" a particular supervisor. "He had a horrible relationship with his workers, which caused them to feel angry and resentful, resulting in careless work."

At the same time, companies must manage the process by which injured workers return first to temporary jobs and then to their regular jobs. That takes creativity. But when combined with data management, the payback can be enormous. Office-furniture man-

ufacturer Steelcase Inc., Grand Rapids, Mich., and Houston-based Continental Airlines Inc. are two good examples.

■ Steelcase



■ SINCE THE MID-1980S, STEELCASE had employed injured workers to clean and fix safety gloves until they were ready to return to their full-time jobs, says Libby Child, manager of managed claims and disability management.

"But in the early 1990s, we realized that cleaning, sorting, and patching gloves was not the most self-esteemed activity," says Child. So she asked six employees on restricted work to walk through the factories to determine whether meaningful work could be created using scrap materials.

The result: A Redirected Work Center for Steelcase employees who are not yet ready to return to their full-time jobs. Some do light welding to make mouse managers, which attach to the side of a computer keyboard, allowing users to tilt, raise, or lower their mouse. Others use foam cushioning and the ends of bolt fabric—scrap that Steelcase used to pay to have hauled away—to make tote bags, beanbag chairs, and stadium cushions.

Steelcase employees can choose fabrics for custom-made items, buy ready-made products in an employee sales center, or even suggest new products—such as golf bags and carrying bags for in-line skates—for restricted-work employees to make. One of the most popular items: stadium cushions in the colors of local high schools and the two nearby major universities. "We often get an order from a school for 200 of them," says Child. "We sell them for \$5 each, and they resell them as a fund-raiser."

"Employees feel good about themselves, and they are picking up the skills of sewing, taking orders, and learning how to deal with customers,"

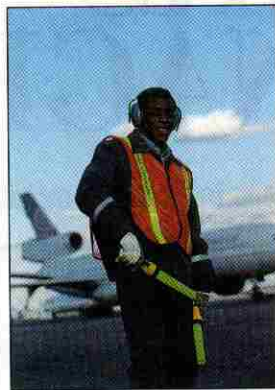
says Child. "We have been able to generate revenues—about \$60,000 a year—which is reinvested in computer terminals and other equipment so that employees obtain a broader skill base."

In addition, Steelcase created a Temporary Alternative Work program three years ago for employees who Steelcase felt would be unable to return to their previous job. These employees receive career job counseling and learn how to write résumés and interview for jobs. Other Steelcase departments have the option to use them as vacation relief, with the stipulation that the department provides the workers with any necessary training. More than 40 people from that program have been

hired—after competitive interviewing—into entry-level office jobs; some have even been promoted since. "One worker in the international department studied the NAFTA regulations on his own and is now in a middle-level management position," says Child.

"By getting people back to work and to their regular jobs more quickly, our workers' compensation costs are down by an average of \$2 million to \$3 million a year," says Child. "There has also been a \$1 million savings in what we used to pay Manpower and Kelly Services [for temporary replacement workers] . . . Saving money was an unexpected, but delightful outcome of trying to do the right thing for people."

■ Continental Airlines



■ AT CONTINENTAL, THE MOTIVATION FOR MANAGING the process by which people return to their full-time jobs from injuries was simple. "We wanted to shrink our workers' compensation costs," says Adam Potter, managing director of ground safety and risk management for Continental. The airline has done just that, trimming its workers' compensation costs by 45% since 1994, saving \$14 million in 1996 alone.

More important, there has been an added safety benefit. The number of injuries per 100 workers has dropped 54% in the same time frame.

Credit the improvement to a new mind-set, a reorganization of the ground-safety function, and a decision to translate workers' compensation losses

into a number that was meaningful to the typical employee.

"You have to make people understand that everyone is responsible for the bottom line and translate worker-compensation losses and ground damage to aircraft into "This is how much extra you could get in profit-sharing," says Potter.

Continental also moved its ground-safety managers from corporate headquarters to its hubs, and hired safety specialists—from line positions—to support them. At the same time, it shifted the focus of its ground-safety incident investigations from placing blame to eliminating the cause of an injury. "Inquiries now have only one mission: to find the root cause," says Potter. "We made supervisors responsible for the investigation and for finding ways to eliminate the causes of injury."

Potter also held separate sessions with supervisors and employees to gather safety suggestions. One employee-suggested change now in place: the use of a guide and two wing walkers when an aircraft is taxiing in order to ensure proper wing clearance. (In the past, Continental had used a guide and, on occasion, one wing walker.)

Continental is also managing the return-to-work process. Three full-time transitional-duty coordinators find jobs for injured employees—a task that previously had been the function of human resources. "We monitor every person and review each case every 30 days," says Potter. "Two to three years ago, the cases weren't even monitored." In addition, a nurse calls all injured workers the day after accidents to ask how they got injured, to see if there are any complications, and to let injured employees know that the airline wants them to get the best medical help possible. There are also in-house clinics at each Continental hub.

Most important, to make sure the change is long-lasting and effective, Potter has created a database so the airline can assess the effectiveness of a proposed safety solution or spot potentially troublesome problems before they occur. "[Previously] we only knew the number of incidents. Now we have a database related to root causes or fixes." ◀