Twelve Totally 'Unlegal' Ways… to Slash Workers' Compensation Costs

by

Larry L. Hansen, CSP, ARM

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"They're a bunch of freeloaders!" "They don't want to work!" "Sore back, baloney!" "They're all careless!" "You can't trust any of em!" Sound familiar? It should. These are some popular tunes on today's business "hit parade." Nat King Cole's classic underscores today's workers' compensation (WC) reality: "Although it's been said many times, many ways . . ." the problem is bad employee attitudes. The management premise that bad employee attitudes drive WC costs continues to be an issue of heated debate. To move beyond fault-fixing, I will concede that "bad attitudes" are central to the WC problem. Certainly, employee attitudes have changed. "Generation X" employees have new perspectives, values and expectations of work life. The management side of the equation has also changed. Business has "RIFed" (Reduction In Force) workers. Rightsizing and downsizing have taken their toll. Consequently, labor/management relationships are now different. Fortune's June 1994 feature, "The New Deal," characterizes the changing attitudes and loyalties in today's business world. Labor's new values are reflected in the words of one young New Jersey insurance worker. "We're cold and calculating and looking out for ourselves" (O'Reilly 4). Sounds like a line from the movie Wall Street.

THE ORIGIN OF BAD ATTITUDES

Let's cut to the core issue: Who is responsible for these attitudes? As a consultant for 25 years, I have found that all key business issues are reduced to two acid tests: "cost/benefit" and "make or buy" decisions. Traditionally, employee attitudes have been a "make" decision. Firms have invested heavily in selecting out" human problems by dedicating an entire corporate function (Personnel) to "selecting in" right people. Although federal regulations (and the liability courtroom) have established some parameters for this task, results have been fairly successful. Companies do not hire "bad attitudes" (they are smarter than that). That leaves only one conclusion: Management is highly efficient at "making" them (obviously not so smart).

Bad attitudes are an issue—but they are not the problem. The true problem is their cause —the reasons they exist and, more specifically, the practices that create them. In other words, corporate values and management practices. Author Jay Michael Crouch concludes, "Although employee attitudes are important, they are irrelevant until management attitudes are addressed." In The Customer Comes Second, Hal Rosenbluth argues that "business earns the bad attitudes of its employees." Both are convinced that the true source of customer satisfaction is employee satisfaction and that management is the source of both. Fortune identifies Chevron, Intel and Reuters Organization as firms that have recognized the need to rethink human resource values and become more proactive in building positive employee attitudes and loyalty. In describing the difficulty of this task, Chevron vice chairman James Sullivan concedes, “Until you try to write about it or talk about it, you don’t realize how inept you are” (O’Reilly44). Chevron has implemented aggressive communication and information-sharing processes to explain critical issues and keep employees informed of priorities, directions and accomplishments.

Intel has enhanced its corporate communication efforts via “BUMs” (Business Update Meetings) and “SLRPs” (Strategic Long-Range Plan) meetings. During these sessions, Intel executives meet with employees to help keep them informed, involved and positively oriented toward corporate objectives. Reuters has restructured its corporate values to have positive impact on employee loyalty and the bottom line. The firm’s Celia Berk, who oversees employee development and training, explains, “We decided that if you measure yourself just by financial results, you can’t tell if you’re creating an opportunity for rivals” (O’Reilly44). Reuters now measures itself based on (in this order): 1) client satisfaction; 2) employee effectiveness and satisfaction; 3) operating efficiency; and 4) contribution to shareholder value (financials).

Procter & Gamble (P&G) Corp. is also a leader in valuing the human side of enterprise. At a 1994 conference, Rick Fulweiler, then corporate safety executive, spoke of his firm’s three critical guiding principles. At P&G, people are: •essential to the overall, continued success of the enterprise; entitled to the preservation of their life and health; key to productive, high-performance work systems. Fulweiler shared the convictions of his firm’s CEO who, when asked to assess the value of people to P&G, responded: “Procter & Gamble could lose all its plants in a single major catastrophe and conceivably be back in business with restored market share within 10 years. If we were to lose our people, there is no return . . . there is no future . . . it’s all over” (Fulweiler). Thanks to such core values, P&G truly “capitalizes” on its human resources. Progressive organizations recognize that to solve problems, management must take ownership of them. With respect to WC costs, managers must recognize that they have a genuine opportunity to impact results.

The April 1994 issue of the Ohio Monitor examined the successful WC turnaround achieved by American Spring Wire Corp., Bedford Heights, OH. What does James McDonald, vice president of operations, identify as the key driver of the change? “To solve a safety problem,” he says, “you need to tackle it the same way you would any other problem. That is, you need to approach it thinking ‘I’m to blame, no one else’” (Avers 16). In The Real Heros of Business, Bill Fromm and Len Schlesinger identify the critical impact that “trust” has on attitudes. “Fifteen years of evidence shows that, on average, only 1 to 1.5 percent of Americans are systematic cheaters.” The rest have other reasons. These authors suspect reasons of trust. The trust-attitude-cost correlation is particularly strong in respect to WC. “Accidents don’t drive WC costs . . .claims do” (Brooks). Claims (the dollar value of accidents) are largely subjective—a matter of worker perception. An employee’s perceived need to lose time, the amount of time lost and the degree of residual disability incurred are all decisions an employee makes based on his/her perception of management’s values and fairness.

"Workers are like a mirror, the reflection you see is your own," says Philip Crosby. Employee attitudes are a reaction to management values and actions—a "make" decision. These attitudes span a broad spectrum, ranging from B.A.D. (Belligerent And Destructive) through a population of average J.O.E.s (Just Ordinary Employees) to the S.A.I.N.T.s (employees who Say All Injuries are Negligible and Temporary). Disability studies indicate that hard-core fraud accounts for only a small percent of all WC cases (i.e., the "BAD" actors). At the opposite end of this scale are those with a strong work ethic, who would "work through" an injury and who return to work as soon as possible. This leaves the average J.O.E.s, who comprise the largest segment of the workforce. These employees react to how they are treated and valued. In other words, some companies take advantage of their employees (rely on them as a resource) while others take advantage of (disregard or exploit) their employees. Employees know the difference and react accordingly. A firm's "human asset" management skills offer the greatest opportunity to shape attitudes and behaviors and significantly reduce WC costs.

Businesses' poor track record and inadequate practices have spawned an adversarial WC system that is driven by distrust, animosity and "revenge." The end result: Inflated costs—the "legal" solution to WC. The new "unlegal" way to minimize claims and slash WC costs entails building positive employee attitudes via positive people values. Following are 12 "totally unlegal" ways to build these attitudes and achieve superior WC results.

1. TELL IT LIKE IT IS . . .AGAIN AND AGAIN AND AGAIN

The key to success in real estate is said to be "location, location, location!" In all other business, the key is "communication, communication, communication." Often, communication problems are perceived as "information gaps," which, in reality, do not exist. When management does not provide timely, accurate information, employees fill the gap with their own—the notorious grapevine. Unfortunately, the grapevine often conveys "unfacts" and negative information. Or, when the information is correct, management has been "beaten to the punch," which reduces its credibility. When labor and management communication networks are not in tune, the result is organizational "white noise." Consequently, messages are neutralized."Management broadcasts on WDIK ('What Do I Know?') while employees are listening to WDIC (What Do I Care!'). The outcome is chaos" (Coderre). Within the current "no news is good news" business communication paradigm, managers cannot positively impact employee attitudes. Such an approach allows the grapevine to flourish and guarantees that employees will remain uninformed, skeptical and uninspired. To positively impact employee attitudes, managers must share information in a timely, objective manner. Even bad news provided on a timely basis is better than no information. People would rather be "in the know" than "in the dark."

It is "unlegal" to keep people in the know.

2 . DEVELOP THE BIG PICTURE

Traditional top-down organizations isolate employees and cast them in functional roles with jobs that are disconnected and seemingly unimportant. Work that lacks purpose is perceived as unimportant, which leads to low worker esteem and, ultimately, to poor employee attitudes. Managers must ensure that each employee knows the importance of his/her role in the corporate mission. Each employee must understand why his/her contribution is key and how such efforts ultimately impact the end result. It is management's job to frame "the corporate portrait."

It is "unlegal" to bring everyone into focus.

3. ATTEND TO THE SILENT MAJORITY

Listen . . . . Good employees are out there, you just can't hear them. Most managers fall victim to Oterap's (Pareto's backwards) Law—they spend most of their time dealing with problem employees. Managers are drained by low performers (i.e., constantly patching the dike). It is a firm's great performers who deserve the most time and attention. These performers (the silent majority) have the interest, enthusiasm and creativity to propel a corporation forward. Therefore, managers must reverse these time/attention ratios and begin spending more time with those who have answers and less with those who have problems. Answers move companies forward. Spend time recognizing success—and those who create it**.**

It is "unlegal" to give employees reasons to excel.

4. DO UNTO THEM . . . FIRST. Military strategists know that decisive victories are often won thanks to "pre-emptive strikes"—a first, fast, effective action initiated with the element of surprise. Such tactics catch opponents offguard and neutralize their offensive capabilities, leaving them far more willing to listen and reason. Applying this strategy in the workplace is an effective way to build positive employee attitudes. In describing his deliberations with the Libyan government, Armand Hammer recollected: "When I got to Libya, the prime minister unbuckled his revolver and laid it on his desk. I thought, that's a good way to start negotiations." If positive employee attitudes are the goal, managers must be the initiators of the respect, fairness, dignity and equality that create them. As Jay Willard Marriott Jr. says, "Take care of your employees, and they'll take care of your customers" (and, consequently, you).

It is "unlegal" to employ pre-emptive attitude strikes!

5. IF NOT IN THE REFUSE BUSINESS, DON'T OPERATE A DUMP

Although this may seem like common sense, it is not so common in practice. Employees spend a large part of their life in the workplace. As a result, their attitudes are a product of their work environment. How can management expect employees to have positive attitudes and deliver standing-ovation performances if they are cast in squalor? Just as athletes play up (or down) to the level of their competition, employees perform to the level of their leader's expectations. If a manager expects (accepts) poor working conditions, bad employee attitudes—and poor leadership—are the likely result. If management does not care, why should employees?

It is "unlegal" to clean up your act!

6. PAY UP—YOU “OWE” THEM.

Many performance improvement initiatives, including empowerment and self-directed teams, fail because managers will not “let go.” Lack of trust is perhaps the most self-fulfilling prophecy in labor and management relationships. “Firms which operate with policies that send clear signals that employees can’t be trusted, in fact, end up with employees who can’t— all the good ones leave” (Fromm). Physicians and attorneys have insightful perspectives of this reality. Brent Lovejoy, an occupational physician in Denver, and Sharon Stiller, a partner in the Underberg & Kessler law firm, Rochester, NY, recognize this critical issue. Both enter the WC system near the end of the process, when emotions and costs are high. Once these emotions are stripped away, both clearly see how focused the core issues truly are—workplace values, people deprived of what they are “owed.” In other words, trust and respect.

It is “unlegal” to employ trust and respect.

7. INVOLVE EMPLOYEES . . . ALL OF THEM.

Within the traditional business paradigm, management has all the answers. The message to employees is, “No thinking allowed.” In such an environment, employees learn to follow the rules no matter how stupid. In today’s business environment, an employee who is afraid to ask better ask. Questions not asked can kill someone; procrastinating only makes the process more painful. Employee involvement is one of the greatest shapers of positive attitudes and behaviors. The Rome (NY) Cable Co. provides undisputable evidence of this fact in the form of its “SWISH” (Six Willing Individuals Scoring High) team. Team members Mike Mason, Bruce Allen, John Siniscard, Ron Brodock, Pete Phillips, Mike Potts, along with “coach” Bill Casanova, are a self-directed work team within the Banbury Dept. for Rome Cable and this team, empowerment, communication and employee involvement have produced significant improvements — including fewer accidents. The department, problematic prior to the company’s commitment to teams, has shown dramatic improvement in most performance areas. When asked what changed their attitudes and, consequently, their performance, the team’s message is clear: “We’ve got minds, we’ve got ideas, we’ve got experience . . . we want to be recognized and valued as more than just a pair of hands.” Now they are. In most cases, all management needs to do is ask. Employees are an untapped wealth—an organization’s “undeclared assets.” As Tom Peters says, “There’s no limit to what the average person can accomplish if thoroughly involved.”

It is “unlegal” to engage their minds.

8. SEE THE DIFFERENCE IN PEOPLE.
Today, the differences in products and services are often barely perceptible. This leaves people as the only real differentiators of success—the "personal signature" differences. Excellence in any process is driven by the details, the fine points . . .the personal touches. Unfortunately, in many organizations 'good 'nuf' is just that. No real effort is taken to create excellence by going that extra inch, mile or whatever it takes. In safety, the bar cannot be placed at "just adequate" —it must continually be raised.

Safety must demand that:
•No job is considered complete until the work area is cleaned.
•No machine is put back into operation until all guards are replaced.
•No short-cut is allowed or rewarded merely because it is quicker.
•No safety and health policy is posted, then ignored.
•No safety goal is established, then excused away.

It is "unlegal" to "recognize the personal touch."

9. CAPITALIZE ON HUMAN ASSETS.
Businesses have a peculiar "value system": They know (to the dime) what a customer is worth and (to the penny) what an employee costs. Yet, they have no clue what good employees are "worth." To change this system, companies need to conduct a "valuing process" in order to establish the true worth that employees contribute to sales, revenue, profitability and innovation. If firms were to value employee contributions at market cost or the current rate for "consultants" (which is what employees are), they would be amazed at the value that good employees add. Such an exercise also reveals that, at current wages, most companies are getting a bargain.

It is "unlegal" to value employees more, and measure them less.

10. SEEK OUT MAD SCIENTISTS
"Rube Goldberg" was famous for "rigging" simple solutions to big problems at minimal expense—not pretty, but highly effective. Most organizations simply do not value such solutions—but they should. If the goal is to complete the job at the lowest cost, then perhaps management is too focused on protocol and "aesthetics." The paradigm needs to shift from "what is right" (procedures) to "what works." To do so, management must locate the problem-solvers. Evidence of them can be found anywhere—simply search for basic, homemade solutions to difficult process problems. The result may not be pretty but, bottom line, it is likely to be effective. Remove the bureaucracy, approvals, paper trails and organizational constraints, and effective solutions to significant safety problems will emerge.

It is "unlegal" to recognize good ideas and their originators.

11. REPLACE RULES WITH THINKING.
If something can be done a better way—even when it is not the "accepted" way—go with it. Any route forward is a good road to travel. Innovative employees are intolerant of the status-quo, particularly those embedded in rules, procedures and company policies. Smart employees have trouble following dumb rules—and systems. Burger King came close to this philosophy when it declared, "Sometimes you gotta break the rules." Close . . . but no banana. Employees should not be forced to break rules to be productive. If the rules are wrong, do not apply, are dated or can be improved, they should be changed. Successful organizations are populated by innovative, creative people who find unconventional solutions to pressing problems. Management can encourage these characteristics by removing the restraints on their creativity. Dana Corp. credits its success to the fact that it eliminated procedure manuals and replaced them with trust. As Voltaire said, "The best don't need rules and the worst won't be helped by them."

It is "unlegal" to reward good employees who bend bad rules.

12. GIVE 'EM LATITUDE, NOT ATTITUDE
Find an employee who irritates his/her boss and chances are that employee is doing "good stuff." Effective employees are driven to do right things despite procedures, policies, quotas and other restraints that call for just the opposite. Innovative employees are a challenge to manage because their personal values often exceed those of their supervisor or others within the organization. Many managers perceive their role to be: control, ensure conformance, follow procedures and maintain the status quo. These objectives conflict with creative employees who strive for new, different, better ways. To truly improve organizational results, get out of their way! Nothing oppresses independent thinkers and innovators more than a hovering manager. Accountability does not drive results, commitment does.

It is "unlegal" to provide more head room.

"But your Honor, I'm innocent. I didn't do any of these things!"

The verdict: "Guilty as charged!" Case closed! No appeals!

To learn more about this topic, contact Larry Hansen at (315) 383-3801, by e-mail at llhsos@dreamscape.com, or online at www.L2HSOS.com.

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