



Creating a Culture of Safety with Gift Card Safety Incentive Programs



Creating a culture of safety through a gift card safety incentive program is an opportunity to realize a competitive cost advantage. Workplace injuries are expensive — in 2007, the average cost per work-related injury was \$43,000, and, nationally, 10,000 U.S. workers had injuries or illnesses on the job every day.¹ Liberty Mutual Insurance estimates that employers spent \$52 billion in 2007 on wage payments and medical care due to workplace injuries.²

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10,000 U.S. workers have injuries or illnesses on the job every day
\$52 billion in 2007 spent on wage payments and medical care

In light of the high monetary and personal cost of workplace injuries, employers are focused on identifying incident reducing measures. Incentives experts and safety managers have found that gift card safety incentive programs can not only decrease incidence rates, but also lead to increased worker productivity and morale.³ "...gift cards as an incentive are proven to reduce incident rates by making safety fun, keeping compliance top of mind while creating enthusiasm and boosting morale."⁴

Incentive programs positively impact an organization's bottom line directly (e.g., accident costs) and indirectly (e.g., reduced insurance premiums). In fact, one recent incentive program achieved a 20 percent reduction in insurance premiums, workers' compensation claims, and accidents, and a 15 percent decrease in sick time and employee absenteeism.

An average reported return on investment for safety incentive programs is two to three dollars per every dollar invested.⁵

20% reduction in insurance premiums, workers' compensation claims, and accidents
15% decrease in sick time and employee absenteeism
\$2 to \$3 return per dollar invested

A study on the effectiveness of safety incentive programs conducted by the Society of Incentive and Travel Executives (SITE) Foundation found that safety incentives work — extremely well. According to the study's findings, only eight percent of the workers surveyed would have achieved their goals without an incentive program.⁶ Further, the study found that tangible incentives (e.g., gift cards) increased work performance by an average of 22 percent.

Leading companies such as Marriott Hotels, Frito Lay, Hamilton Beach, Kraft Foods, Exxon, and the U.S. Postal Service have implemented safety incentive programs. Forward thinking firms are adopting safety incentive programs for two simple reasons: they work, and they benefit the bottom line. For example, a major Department of Defense contractor decreased accidents by more than 55 percent for a savings of \$1.6 million annually.⁷

Georgia-Pacific

In 2003 Georgia-Pacific replaced an underperforming lag indicator incentive system with a lead indicator 'job observation card' incentive program. Employees can earn \$25 dollars a quarter for completing a majority of their daily observations on safety factors such as ergonomics, PPE, or forklifts. Additionally employees receive a \$25 gift card when going above and beyond and proposing solutions to safety hazards. Since introducing the program the company's OSHA-recordable incident rate has dropped from 9.7 to 1.6.⁸

Heartland Foods

Heartland Foods, a Minnesota turkey processor, sought to decrease the number of its workers receiving workers' compensation. Initially concerned that a safety incentive program could lead workers to underreport injuries — small injuries can quickly become infected and increase in severity in the turkey processing industry — but found that a multifaceted safety incentive program would enable them to effectively incentivize employees. Through the program, Heartland went from 285 lost-time injuries to 14 in only 18 months. The program has

1 "Cost Benefit Analysis of Safety Incentive Programs - Industrial Code Rule 60." New York State Department of Labor. 2010. <http://www.labor.state.ny.us/workerprotection/safetyhealth/PDFs/WSLP/Cost%20Benefit%20Safety.pdf>
 2 Ibid.
 3 Ibid.
 4 Ronayne, R. "Choosing the right gift card for a safety incentives program." National Safety Council. http://www.nsc.org/safetyhealth/Pages/choosing_the_right_gift_card_for_a_safety_incentives_program.aspx#UV2yz5McePs
 5 "Loyaltyworks' Safety Incentive Programs Reduce Insurance Premiums and Increase Safety Awareness" PR Web. March 2013. <http://www.prweb.com/releases/2013/3/prweb10582423.htm>
 6 Smith, S. "Safety Incentives: It's Not Just a Breakfast Anymore." EHS Today. June 17, 2002. http://ehstoday.com/safety/incentives/ehs_imp_35557
 7 Ibid.
 8 Atkinson, W. Op. cit.

also resulted in over 200 employee reports on unsafe conditions that lead to proactive corrective actions.⁹

Not all safety incentive programs are created equal. Studies have found that when cash is used as an incentive, it is often spent on everyday expenses (e.g., bill paying, on a tank of gas). As a result, cash recipients are less likely to experience a cash reward as a 'special occasion' or to associate the reward with a sense of accomplishment. Gift cards have the effect of encouraging recipients to enjoy a 'special occasion' (e.g., purchasing a long desired item).¹⁰ In comparison to other types of incentives, gift cards "will appeal to everybody in your company, regardless of their interests."¹¹ The broad appeal and 'special occasion' status of gift cards leaves a lasting impression and serves to distinguish a gift card incentive as a special reward rather than as a presumed benefit.

Smart Gift Card Safety Incentive Program - Avoiding Common Pitfalls and Building a Culture of Safety

Smart incentive programs reward both lag and lead safety metrics.¹² Lag safety metrics detail past performance, such as the rate of workplace incidents. For example, employees would be rewarded for:

- No accidents
- No incidents of any kind (e.g., property damage)
- No environmental incidents (e.g., spills, etc.)

Lead metrics detail proactive or precautionary safety measures (e.g., safety training attendance, employee reports on risk factors). These proactive measures create a safety conscious culture and lead to savings down the road. For example, employees should be rewarded for:¹³

- Reporting injuries immediately, no matter how minor
- Using safe procedures and practices
- Complying with all safety rules
- Warning co-workers about safety issues, hazards or dangerous situations
- Submitting safety suggestions
- Participating on safety committees or teams

Gift card safety incentive programs are most effective when employees are incentivized based upon both lag and lead metrics. This balanced approach encourages an overall culture of safety--ensuring that an incentive program does not lead to unintended results (e.g., underreporting of workplace incidents)--while still providing feedback on

outcomes such as incident rates. Smart incentive programs are promoted by both OSHA and the National Safety Council.¹⁴

Designing an Effective Safety Incentive Program

There are six common steps to effective safety incentive programs:^{15 16}

- 1 **Decide Your Objective** - There must be a firm sense of what the gift card safety incentive program will accomplish.
- 2 **Target Your Participants** - Different types of work will require different types of incentive programs. An effective incentive program should reflect the diversity of safety issues present in a workplace.
- 3 **Find a Focus** - A central gift card safety incentive program theme serves to reinforce the program goal to participants.
- 4 **Select Appropriate Prizes with Increasing Value** - The prizes should be meaningful and should reflect the hoped for sense of accomplishment provided to successful program participants.
- 5 **Establish Duration** - Using intermittent reward programs maintains employee interest and allows the incentive program to emphasize various safety issues. Though intermittent, safety programs may be long-term or short-term.
- 6 **Communicate the Goal** - The program should stress upper management's commitment to safety and convey enthusiasm for the program. The program should also work to provide significant recognition to safety oriented individuals. The safety incentive plan should communicate to workers that the company believes that safety and health are important, that workers understand how to achieve the desired results and that regular performance monitoring are provided.

9 Sims, B. Op. cit.

10 "Employee Incentive Programs Encourage On-the-Job Safety." Genins. <http://www.genins.com/img/~www.genins.com/commercial%20lines%20articles/employee%20incentive%20programs%20encourage%20on-the-job%20safety.pdf>

11 Smith, E. "Facility Safety Incentive Gift Ideas." Houston Chronicle. <http://smallbusiness.chron.com/facility-safety-incentive-gift-ideas-18925.html>

12 Atkinson, W. "Safety Incentive Programs: What Works?" EHS Today. August 2004. http://ehstoday.com/safety/incentives/ehs_imp_37145

13 Dandes, R. "Health, Well-Being Come First: Effective Safety Incentive Programs Can Help Cut Spending." Premium Incentive Products. September 2010. http://www.pipmag.com/feature_print.php?fid=201009fe05

14 Doyle, A. "Inside Safety Incentive Programs." Incentive Magazine. January 2013. <http://www.incentivemag.com/Incentive-Programs/Non-Sales/Articles/Inside-Safety-Incentive-Programs/>

15 "Michigan Municipal Workers' Compensation Fund - Safety and Health Resource Manual." Michigan Municipal League. http://www.mml.org/insurance/shared/publications/s_and_h_manual/3g.pdf

16 "Cost Benefit Analysis of Safety Incentive Programs - Industrial Code Rule 60." Op. cit.

Using these six proven steps to design an effective safety incentive program can “turn good safety management into spectacular safety management,” leading to significant cost savings.¹⁷ Each of the six steps is critical to a successful gift card safety incentive program.

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¹⁷ Sims, B. “How Successful Safety Incentive Programs Reduce Injuries Without Injury Hiding.” March 2012. <http://safetyincentives.com/how-successful-safety-incentive-programs-reduce-injuries-without-injury-hiding/>

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