ERGONOMICS = PROFITABILITY

For some of your clients, the term “ergonomics” may cause anxiety - perhaps they envision an invasion of consultants and regulators storming into their workplace, with subsequent demands that they purchase expensive new equipment and change work procedures. Some employers may view ergonomics as an unnecessary added cost of doing business, and a potential drain on resources reducing profitability.

In reality, ergonomics is about improving the workplace, to make the interface between machine and worker more comfortable and the work process more efficient. The machine, in this case, could be nothing more than a computer workstation.

So what’s the best way to talk to your clients about ergonomics? For many, it comes down to money and resources. Demonstrating that ergonomic change can actually help increase profitability may be essential to gaining their buy-in.

A cost-benefit analysis is often considered the business gold standard for measuring the worth of a potential investment. There are generally two ways to measure an ergonomic investment, such as the purchase of new workplace equipment:

1. Weighing the investment cost against the likely cost of any injury.
2. Weighing the investment cost against profits from increased productivity.

Everyone wants to eliminate workplace injuries and the associated claims and costs. However, ergonomic improvements that increase efficiency and productivity also impact profitability, so the second way to measure an ergonomic investment is more effective. The following is an example to help illustrate this concept:

Many businesses that produce a product and ship it somewhere on a pallet will secure it first with a plastic shipping wrap. The job of wrapping a pallet can generally be performed one of two ways:

1. By manually walking around and around the pallet with a roll of plastic wrap
2. By using a pallet wrapping machine designed for this task.

The ergonomic improvement is the elimination of several awkward postures from the manual task. Perhaps a bigger incentive, though (from the employer’s perspective), is that using the machine is much faster. In fact, the machine can perform this task in about one minute, while the manual method takes an average of nearly 4 minutes – a savings of nearly 3 minutes per “task cycle”.

Let’s say there are 12 task cycles per hour (number of pallets to be wrapped), and this work is performed 40 weeks out of the year. The cost of the machine (your client’s investment) is about
$10,000, plus some additional expenses like annual maintenance. To run the analysis you only need to know the labor cost to perform the manual task, and the amount of timesavings, which we know is about 3 minutes per cycle.

Measuring the result over 10 years, this can result in a payback period of nearly 2 years saved labor costs, with a return on investment topping $100,000!

As a broker, you can help to move many of your clients into a better position of profitability by simply suggesting that ergonomics may be an as-yet untapped potential profit center. State Fund has a dedicated staff of ergonomics consultants who can show your clients where some of these untapped profits may lie, working with the employer in designing changes to optimize efficiency, while reducing the risk of injury.

For more information and tips on ergonomics, visit ErgoMatters®.

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