

Why Investing in Risk Management is Essential in Construction

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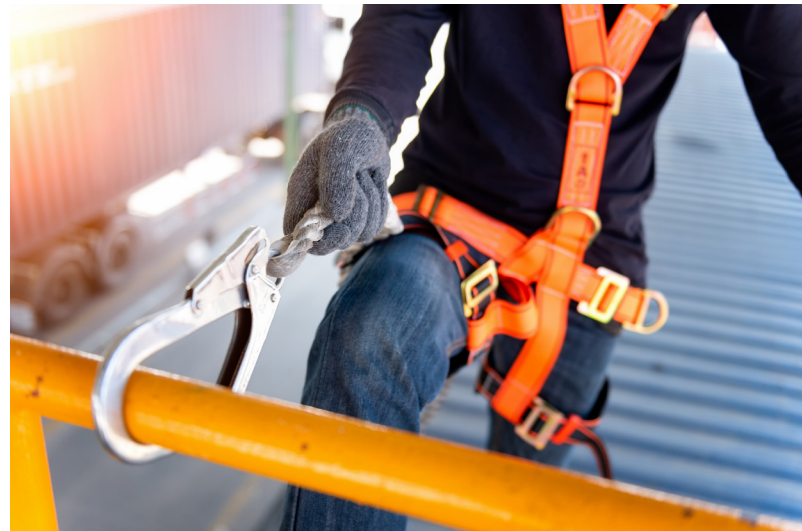
Risk management has emerged as a vital pillar for success in the unpredictable world of construction. With countless hazards and uncertainties, companies must navigate these threats quickly and effectively. It's already difficult to stay safe on construction jobsites, but with tight deadlines, budget constraints, and lack of training, the risk only increases.

According to the U.S. Bureau of Labor Statistics, nearly one in five workplace deaths occurred on a construction jobsite, making construction the most fatal industry. The most common of these injuries are from slips, trips, and falls. These injuries are expensive and detrimental to employee morale – but, most importantly, they're preventable. The best way to reduce accidents and injuries is through a robust risk management department.

THE RISK MANAGEMENT PROCESS

Effective risk management involves identifying, assessing, and mitigating potential risks. It shouldn't be viewed as a step-by-step process but rather a continuous journey of observation, evaluation, and actively searching for ways to prevent workplace accidents and injuries.

When it comes to managing risk and safety, education is key. By teaching your employees how to avoid potential dangers in the workplace, you're arming them with the tools and knowledge needed to navigate the risks and uncertainties of working on a construction site. Risk management is more than just managing workers' compensation claims; it's ultimately



protecting your most valuable asset: your employees.

BENEFITS OF INVESTING IN RISK MANAGEMENT

Prioritizing risk management in your organization has various benefits. Investing in risk management is crucial for organizations to mitigate potential threats, safeguard assets, and protect their reputation. By implementing risk management strategies, businesses can help employees make informed decisions that increase success, safety, and sustainability.

TALENT RETENTION AND ATTRACTION

Workers who trust their employers to keep them safe and healthy have a greater sense of loyalty and devotion to an

organization and are more likely to stay. According to a recent survey by AlertMedia, 46% of employees, stated that if their employer genuinely cared about their safety, they would be more likely to stay long-term. Hosting monthly safety training, consistently communicating with employees or developing a customized safety manual are great ways to show employees you care and are committed to their well-being.

A business that cultivates an employee-first and safety mindset fosters a greater sense of loyalty and dedication. Potential employees are also more likely to apply if they see that your company invests in proper gear and equipment, follows safety protocols, and provides continuous training. A safe workplace attracts potential applicants and shows them that their well-being is prioritized.

IMPROVE YOUR BOTTOM LINE

A strong risk management department can protect your employees and improve your bottom line. Implementing proper safety policies and procedures reduces potential accidents and injuries, which can lower the number and severity of workers' compensation claims. According to the National Council on Compensation Insurance (NCCI) data, the average cost for a workers' compensation claim is \$41,757. Although the overall cost of the claim depends on the type of injury, its severity, and the type of treatment received, a claim can quickly become very expensive.

Suppose a business owner invests in preventive measures such as conducting a job hazard analysis, hosting monthly hazard training, or scheduling workplace safety inspections. By doing this, they can prevent future accidents, saving them money in the long run. Additionally, by ensuring your workplace complies with federal and state safety regulations, you can save on potential noncompliance fines or fees given by the Occupational Safety and Health Administration (OSHA).

OPERATIONAL EFFICIENCY

A construction company can improve its organization and efficiency with a proper risk management department. For example, utilizing and developing detailed risk assessments can lead to better project planning and resource allocation. By identifying risks early, companies can develop proactive strategies to mitigate or avoid them, preventing cost overruns, surprises, or delays. For example, an emergency action plan can

limit confusion and save time during an emergency. When you stay on top of claims and injuries, you can also help manage the claim the moment the injury occurs and throughout recovery. Understanding the injured individual's limitations can help you create a return-to-work program that will help ease them back into their position and, hopefully, return to work quicker.

COMPANY REPUTATION AND COMPLIANCE

Risk management ensures compliance with health and safety regulations as well as federal, state, and local laws. By properly documenting inspection dates, accidents and injuries, and providing proper and timely training on potential hazards, you're more likely to avoid costly fines and legal liabilities. Continuing to be compliant can also improve your company's reputation.

Managing your company in a safe and compliant manner will help you grow your company and improve your reputation. Complying with federal regulations puts you in strong standing with governmental organizations. It can also attract potential partnerships, shareholders, and job applicants.

HOW TO IMPROVE YOUR RISK MANAGEMENT

Risk management is essential for any business and should not be put on the back burner. While prevention can be a substantial expense, it's nothing compared to the expenses you'll incur in workers' compensation claims or lawsuits. While you may not be a safety expert, there are various ways to strengthen your risk management department.

Buy-In

The most important aspect of a strong risk management department is buy-in. Buy-in is the acceptance of and willingness to participate in something, such as a proposed new plan or policy. Leadership must believe in the importance of safety and compliance and practice what they preach. Practicing open communication with your employees, following proper accident protocol, and correctly wearing protective gear are great ways to showcase your dedication to worker safety and exemplify how you want your employees to act. If you emphasize safety and share the reasoning behind why you are implementing these policies, employees will understand, feel safer, and follow your lead.

Build a Foundation

To have a safe workplace, a strong safety foundation is vital. Writing a safety manual, developing an emergency action plan for various incidents, and consistently training your workforce are great first steps. To ensure safety and compliance, it's essential to understand and stay current on the specific laws and regulations you need to comply with.


Documentation

Proper documentation is an important aspect of risk management and can help business owners in the long run. If you properly document recent incidents, such as the date of your last inspection or hazard training, you'll have organized proof to help dispute claims or lawsuits that are filed.

Outsourcing

Managing a risk management department can be overwhelming. If you don't feel confident in your ability to manage risk effectively, consider outsourcing. There are organizations that can help ensure you stay compliant, develop your company safety program, conduct safety audits, and more.

RISK MANAGEMENT IS CRITICAL FOR SUCCESS

Risk management is necessary for long-term business success and growth. By implementing a comprehensive risk management strategy, companies can anticipate, prevent, and respond to potential risks, protect their reputation, attract and retain top talent, save money, and comply with regulatory requirements. Ultimately, effective risk management leads to a happier, healthier, and more successful company. 



About the Author

Paul Aldrich is dedicated to reducing injuries through education and training and is currently the director of safety at [Group Management Services \(GMS\)](#). GMS is a professional employer organization that helps small to midsize business owners manage their human resources, risk management, payroll, benefits, and more.

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