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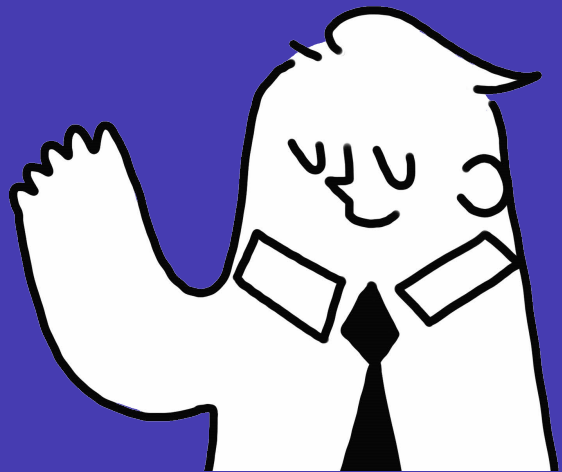
How To Make The Business Case For Health & Safety Software

A step–by–step guide for health and safety professionals

CONTENTS

Introduction

Before 2020, health and safety digital transformation was seen by many organizations as a "nice to have." Now, because of the pandemic, there is a new sense of urgency. Companies see the value in leveraging technology as much as possible. Environmental, health, and safety (EHS) technology, especially applications and software, should be part of that transformation because they help organizations identify trends and problems before they become costly accidents.

The challenge is that EHS professionals must convince budget-conscious company leaders, many of whom view health and safety as a cost center, to make the investment. Many EHS professionals do not feel equipped for the task.

If you are an EHS professional or anyone else charged with the task of making the business case for EHS software, this guide can help. It outlines the steps for justifying an investment in health and safety software.

Why The Time Is Right For Investing In EHS Software

Organizations have been somewhat hesitant to prioritize investment in health and safety software because, until the COVID-19 crisis, they believed everything was working fine. However, the pandemic highlighted the gaps and increased risks of maintaining the status quo. Many workers can get sick just by doing their jobs.

What the crisis has also shown is that the old way of doing things is not effective in a pandemic, massive economic downturn, or prolonged natural or **man made** disaster. Maintaining a functional health and safety program is not possible if it remains a labyrinth of communication tools, irregular availability, misplaced paperwork, and no single source of truth or centralized management. 2020 magnified this fact.

The way many employees are working is different now. Some are working from home, while others are working different shift times. The pandemic and other factors are also forcing an evolution in EHS management as the world becomes more aware of environmental concerns, new technology developments, and new protection measures are needed.
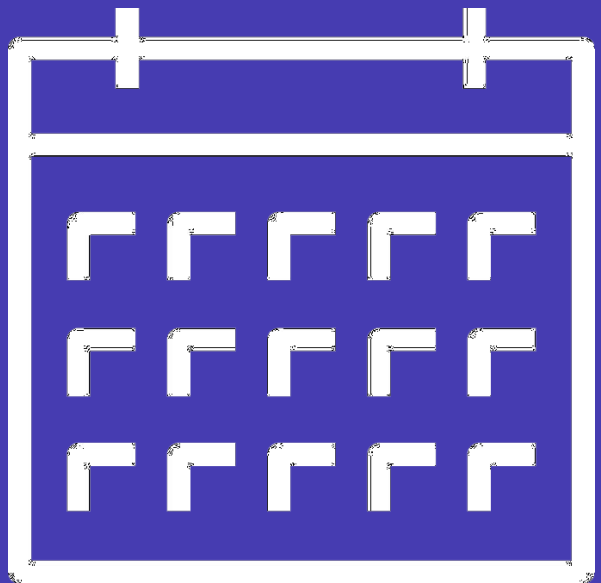
Why The Time Is Right For Investing In EHS Software

EHS professionals are feeling the pressure to address these aspects of the changing times and adapt quickly to unforeseen disruption. However, it's almost impossible for manual data entry and paper files to keep up with everything that is going on. By contrast, EHS software streamlines data collection, storage, and access. It automates health and safety processes and can help reduce costs.

Just look across your organization. Other business units use modern systems and technology. Why should your health and safety team keep using the spreadsheets and paper forms that others have left behind? What does it say to the people and teams about the importance of health and safety when, in the 21st century, health and safety professionals are filling out pieces of paper while everyone else uses the latest software?

Why EHS Software? A quick refresher

Reviewing the advantages of EHS software can serve as an inspiration for building your case. Here are some of the most compelling benefits:

- **Streamlined data collection:** Securely store all incident details and supporting documents you need in one central place to ensure you're in compliance and ready for any audit.

- **Data-logging on the go:** Increase safety and compliance by 'at course' recording all incident information, including photos and documents, in one secure location from anywhere and on any device. Collecting data while on the move is convenient and accurate, and information can sync directly to a database when you have online access.

- **More consistency:** Centralized information leads to better data collection consistency and better-quality data so you can make smarter decisions by gaining full transparency across sites, incident types, root causes, and more.

- **Improved reporting efficiency:** Organize and streamline reporting by making it easier to track information in an integrated system. Using a flexible platform will help your company track and keep up with changing reporting standards and regulations

- **Better compliance with regulations:** EHS software makes it easier to collect data to meet OSHA standards and regulations.

Steps

Although the contrast of the health and safety paper chase with streamlined business processes might seem to be a strong reason for acquiring EHS software, it will not be enough to convince the business. Justifying EHS software to an audience that is not predisposed to invest, is not an easy feat. The challenge is that most EHS professionals have rarely—if
ever—purchased software and have no experience with compiling the insights and data that can demonstrate savings and productivity gains.

The good news is that, with some preparation and research, you can do it. The following steps can help you build your business case.

STEP 1:

LOOK FOR AREAS WHERE YOU CAN IMPROVE CURRENT HEALTH AND SAFETY PROCESSES

You want to use software to improve health and safety, not the proliferation of fragmented processes or outdated policies. Have you reviewed your current health and safety processes, policies, and programs lately? A clear understanding of everything your organization does to keep employees healthy and safe goes a long way in building your case. It also helps your health and safety program overall because you will likely uncover areas of improvement while you are doing so here is a list of the common steps in this process.

STEP 1

Research and review

Start by compiling a list of all health and safety processes. Be sure to note when each process starts and ends and identify who is involved in and who is responsible for those processes. Connect with the people who are directly affected by your program and policies. You can use interviews, direct observation, surveys, and group meetings to collect the necessary input. Be sure to include any information about past incidents and feedback about how they could have been prevented.

Document your findings

After capturing the process and employee information, document it clearly in a workflow or process map. Many EHS professionals find the Business Process Model and Notation useful for this step; however, there are other types of diagrams you can use. Include all process inputs, systemic support functions, detailed descriptions on performing the process, and all process outputs.

STEP 1

Uncover gaps, bottlenecks, weaknesses, and costs

With information gathering and documentation complete, you can take a hard look at your current state. How are manual processes, repetitive data entry, paper reports, and multiple copies of spreadsheets slowing your organization down? Analyze your current processes and look for the following:

- ✔ **Bottlenecks:** Determine where your processes stall and what's causing them. An example is an incident report or employee feedback that was misfiled, never to be seen again.

- ✔ **Gaps:** Look for things that are missing from your policies, programs, and processes that can hinder overall health and safety, such as no centralized view of incident data.

- ✔ **Weaknesses:** Look for places where your health and safety processes, program, or policies could be stronger, such as inspections. Are they occurring as often as they should?

- ✔ **Unnecessary costs:** What is your current state costing you? Look for waste or lost hours that are driving up the direct and indirect costs of employee health and safety.

Identify ways that streamlining manual and disparate processes can address issues

After you have uncovered the issues created by your current mixture of manual, paper, and spreadsheets, you can easily see where software and automation can help you overcome them. Go through this process considering how much time, effort, and costs you can save.

STEP 2: ENGAGE STAKEHOLDERS AND GET BUY-IN

We've seen it time and time again – a project stalls because there is no buy-in at the leadership and management level. Securing buy-in can be difficult, but it is not impossible. To get your project moving, you should work with the following groups at your organization:

- ✔ Executives
- ✔ IT
- ✔ Colleagues

STEP 2

Here is some practical guidance for winning over these groups.

Get executive buy-in

The fastest and most effective way to get buy-in for your project is finding a champion at the executive level. This champion can smooth the path of investing in and implementing health and safety software by approving the budget, overall project, and hiring resources. Consider which executive will be open to hearing about the problems your manual, disparate, and siloed health and safety processes cause and how software can eliminate them. Then, win them over with stats.

The National Safety Council has a wealth of data that you can share, such as these stats from 2019:

Work injuries caused wage and productivity losses of $53.9 billion in 2019.

Companies paid out medical expenses totaling $35.5 billion.

Work injuries incurred administrative expenses of $59.7 billion.

The total cost of work injuries as $171 billion.

STEP 2

Involve IT early in the process

When IT is on your side, you have the digital and technical muscle to ensure successful EHS software deployment. However, no one likes surprises, so you do not want to wait until the software deal is nearly sealed to get approval from IT.

You should enlist IT in the early stages of making your case. Take all the research you did in step 1 and show them what you have uncovered. Ask them to check your requirements and add any they might have. Let them know that their assistance will be appreciated from design through implementation and beyond.

Team up with your colleagues from the start

Convincing your teammates that your company needs EHS software is critical. After all, the software will benefit them more than any other part of your organization. Having their help with step 1 would be ideal, but it's never too late to bring them in if you did your research on your own. You can show them what you did, hold regularly scheduled meetings to update them on your progress and engage them throughout. When you make justifying a software investment a collaborative effort, you show management that the need is real, and your colleagues feel like they have a voice.

To that end, consider building a small team to help you articulate your requirements and review software options. This team should set up a meeting cadence and develop a project charter that outlines your mission, vision, and value. Be sure the charter includes the problems uncovered in step 1 and the challenges it will solve. Having a solid, articulate argument and plan will help sell your idea to front-line employees, management, and executives and will be a helpful resource for pitching and building your business case.

STEP 3: CALCULATE ROI

External data about the cost of workplace injuries goes a long way to getting the attention of management and executives. However, to keep them engaged and supportive, you need to relate these nationwide stats to your company's bottom line.

By calculating the ROI of EHS software, you add a powerful tool to your business case arsenal. Money talks, and it also goes a long way to addressing common objections. The secret here is to make sure you have information on both the direct and indirect costs of workplace injuries and incidents.

STEP 3

Direct costs

The direct costs of an "on the job' accident are the payments the company must make to the injured worker. There are medical expenses, workers' compensation payments, physical rehab expenses, and costs for legal services. The total outlays for these costs can be crippling. OSHA has published the estimate that employers pay almost $1 billion per week for direct workers' compensation costs alone.

Indirect costs

- Accidents and incidents incur all kinds of indirect costs that can negatively impact the employee and the company, such as:

- Time lost from work by the injured employee or employees

- Loss in earning power

- Time and efficiency lost by other employees and supervisors

- Time and expense of recruiting and training a new worker

- Time and expense of replacing or fixing tools, equipment, and other property that were damaged or spoiled by fire, water, chemical, or explosives

- Spoiled work and production losses

- Failure to fill orders

- Overhead while work was disrupted

- Mental health issues that cause absenteeism or affect productivity, such as PTSD or anxiety

These indirect costs are usually higher than direct costs. A conservative estimate is that for every $1 spent on direct accident costs, an additional $3 is spent on indirect costs. Some studies show that the hidden costs can be four to 10 times the costs.

STEP 3

Using ROI to your advantage

If you can get to the numbers that show the direct and indirect costs of an accident on your company and show how software can reduce them, that would be ideal. However, those costs might not be available to you. If that's the case, you can use the statistics quoted in this eBook. Focus on how the new system will improve efficiency and compliance, reduce accidents, and help you put preventive measures in place that will lead to lower cash outlays and costs.

Savings and investment payback

According to research from the American Society of Safety Professionals, every $1 invested in safety saves a company at least $3 by preventing injury, lost work, and administrative work. By making the same kind of investments in safety software that are made for other parts of the business, your organization will see a significant ROI—with an initial payback for your investment often within the first year.

Reducing financial impact

Using EHS software to remove problem areas or prevent unwanted incidents reduces the financial impact they can have on your company. Your medical fees, fines, expenses due to workers' compensation or legal settlement payouts, and time spent on administration are lower. Software can help you prevent unwanted incidents, reducing the financial impact they can have on your company.

STEP 3

Fewer fines and penalties

Another powerful ROI pitch is the calculation of how EHS software can reduce the chance of an unfavorable compliance audit and subsequent fines and penalties. For example, if you regularly miss reporting or regulators have identified several findings during onsite audits in the past 3–5 years, use this information to determine the likelihood that either or both will happen again. Then, you can demonstrate how a software system will eliminate these issues, which keeps you from incurring financial losses associated with noncompliance.

Keep insurance premiums down

When talking ROI, don't forget about insurance. Insurance providers regularly increase the premiums of companies with frequent and regular employee accidents, multiple workers' compensation claims, substantial litigation costs, and high civil liability damages. EHS software that improves your health and safety program by using information to prevent accidents, can keep insurance costs low. When carriers see that the potential for claims is lower, due to minimal risks for injuries and accidents, they do not increase the prices for their products. Some even offer discounts to companies with proven lower claims costs when compared to similar businesses.

Step 4: Overcome Objections

Throughout the process of pitching the importance of investing in EHS software, you can expect to be confronted with objections. So, you should have a response ready. The following list includes examples of common objectives and their responses.

STEP 4

What's wrong with how we currently do things?

This objection is common because most organizations and people resist change. The status quo, no matter how inefficient or costly, is familiar and comfortable. To answer this objection, use the research you did on your processes, policies, and programs to shine a spotlight on the gaps, inefficiency, and high costs of your current health and safety state. Make sure you accentuate the positive ROI derived from lowering your operating costs by increasing employee productivity.

It's too expensive

Investing in safety makes sense (and cents!). Most ROI calculations show that EHS software pays for itself in as little as one year and in no more than five years. Due to its direct role in reducing and preventing incidents and accidents, it:

- ✓ Keeps insurance costs low
- ✓ Limits direct payouts for accidents
- ✓ Increases employee productivity
- ✓ Increases product quality
- ✓ Protects your reputation

IT doesn't have time to approve a new software system

Along the same lines as this objection are the suggestions that IT can build the software itself or add onto an existing HR system. Because you brought IT in at the start of pitching EHS software, you can handle any of these objections. First and foremost, you can explain that IT has been involved in the process and even helped decide requirements. For the others, you can bring in a representative from IT to show how building or customizing is likely to require additional resources, drive up costs, and take time. Meanwhile, your company will continue to suffer the financial consequences of sticking with manual and spreadsheet-based processes.

Wrap-Up: Help You Every Step Of The Way

By demonstrating to business leaders and financial decision-makers how improving safety performance through technology can reduce costs, you will make a powerful case. The next step is finding the right EHS software to adopt and a trusted advisor to get you through the process. Here at Evotix, we understand that these projects take time, effort, and resources. However, time and time again we've seen the payoff in value from this investment. We know that this process can be daunting, which is why we will be there for every step of your health and safety journey.

Building a Business Case

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