

## Using Technology to Improve Workplace Health and Safety

**ServiceMaster creates a safer workplace by using technology to integrate workplace health and safety management throughout its 5,400 company owned and franchised locations. By tracking and sharing critical loss information with branch and business unit managers, ServiceMaster has reduced its claims expenses and launched a continuous process for improving the safety of its employees.**

In successful service businesses, executives and managers are accountable not only for sales revenues and quality, but also for workplace health and safety and how it affects the company's bottom line. They acknowledge the connection between healthy, satisfied employees and the delivery of high quality service that results in increased profitability and customer retention.

ServiceMaster is one such company. ServiceMaster currently provides outsourcing services for more than 10.5 million residential and commercial customers. As America's Service Brands for Home and Business, the core service capabilities of the Company include lawn care and landscape maintenance, termite and pest control, plumbing, heating and air conditioning services, cleaning, furniture repair and home warranty.

These services are provided through a network of over 5,400 company-owned and franchised service centers and business units, operating under leading brands which include Terminix, TruGreen ChemLawn, ARS Service Express, Rescue Rooter, American Mechanical Services, ServiceMaster Clean, American Home Shield, Merry Maids, and Furniture Medic.

With 11 different brands, and over 35,000 employees doing their jobs in kitchens, bathrooms, backyards, and basements, among other settings, ServiceMaster's workplace health and safety strategies need to reflect the day-to-day operations specific to each business unit. ServiceMaster's risk management department recognized that, to be effective, they would need to involve the company's branch and business managers in the loss prevention process.

### **Bringing Attention to Workplace Health and Safety**

Faced with rising insurance costs and an expanding, increasingly diverse company, in 2002 ServiceMaster began an in-depth study of its total cost of risk (TCOR). ServiceMaster's VP of Risk Management, David Hopps, says, "We needed to get people's attention by quantifying the issue." Hopps began by working with the ServiceMaster risk finance group and their broker to analyze loss data and develop a calculation of the company's total cost of risk.

ServiceMaster's goal was to measure the impact of TCOR on the company's earnings per share. Translating cost of risk into a portrait of vanished profits enabled ServiceMaster's risk management team to capture the attention of executives and gain support for an aggressive loss reduction program that involved integrating risk management enterprise-wide.

### **Setting Goals and Measuring Performance**

ServiceMaster's first undertaking was to use the results of its cost of risk calculation to identify the company's most critical workplace safety issues and establish goals for improvement. ServiceMaster's current goals include a 20% reduction in total Workers Compensation incidents, a 20% reduction in collisions, and a 15% reduction in claims expenses (Auto Liability, General Liability, and Workers Compensation).

RIMSTech Bulletins are published periodically by the Technology Advisory Council (TAC) to outline technology issues of interest to risk managers. They are not intended to endorse specific products or services. RIMS provides the information in these bulletins as a benefit and service to its members. RIMS makes no representations about the accuracy or suitability of the information for any purposes.

### THIS ISSUE'S CONTRIBUTORS

*David Hopps is the Vice President of Risk Management for ServiceMaster. He can be reached at:*

[David.Hopps@ServiceMaster.com](mailto:David.Hopps@ServiceMaster.com)

*Greg Hoff is the Manager of Risk Management Information Systems for ServiceMaster. He can be reached at:* [Greg.Hoff@ServiceMaster.com](mailto:Greg.Hoff@ServiceMaster.com)

### CONTACT TAC

If you have an idea for a RIMSTech Bulletin or have comments you wish to share, you may contact by e-mail any of the following individuals:

- **Elizabeth Morrell**, TAC Chair  
[emmorrel@southernco.com](mailto:emmorrel@southernco.com)
- **Jeff Stolle**, TAC Vice Chair & RIMSTech Advisory Board  
[jrstolle@aep.com](mailto:jrstolle@aep.com)
- **Patty Born**, RIMSTech Advisory Board  
[patricia.born@csun.edu](mailto:patricia.born@csun.edu)
- **Patrick Vice**, RIMSTech Advisory Board  
[patrick.vice@frankcowan.com](mailto:patrick.vice@frankcowan.com)
- **Meg McGeady**, RIMS  
[mmcgeady@rims.org](mailto:mmcgeady@rims.org)

TAC welcomes feedback on this bulletin and suggestions of topics for future bulletins. Topics and content are the sole discretion of TAC.

To gauge the company's progress, ServiceMaster needed to track the values and loss data required for calculating performance against goals. ServiceMaster decided to use its risk management information system, STARS, to drive the data capture, calculations, analysis and reporting components of this process. The system's values module was configured to manage the key values and exposure data needed to measure performance for each branch, including vehicle counts, revenue, man hours, and headcount. ServiceMaster imports this data on a monthly basis so calculations are always made using current values.

To keep claims financials up-to-date, ServiceMaster imports Auto Liability, General Liability, and Workers Compensation claims and transactions daily. "This whole process is driven by data," says Greg Hoff, Manager of Risk Management Information Systems. "We have to be able to track custom values and keep data current so we always know where we stand according to goal." Hoff adds, "With daily updates, our executives and managers are aware of large losses as they happen - they start making phone calls immediately."

### Communicating Loss Data and Goal Status

With a set of quantifiable goals, ServiceMaster turned its attention toward creating tools to help branch managers identify exposures and take corrective action. "We depend on our managers to formulate strategies for meeting goals," says Hoff. "They are in the best position to understand their employees and business practices." Branches are already accountable for their losses via a per claim deductible allocation, but in order to effect change, they require timely, detailed, and accurate loss data.

ServiceMaster developed a set of risk management reports known as The Key Three. The Collision Report, Employee Injury and Illness Report, and the Claims Expense Report are used by all parties responsible for managing risk, including executives, branch managers, and business unit managers. "It was important to deliver reports in a format that everybody could understand," says Hoff. "At the branch level, these reports are used as a roadmap for meeting goals and making improvements." To deliver visual illustrations of loss data, ServiceMaster also generates charts and graphs, including bubble charts because they are very easy to understand.

In addition to reports, ServiceMaster leverages daily claim updates to support the company's business workflows and best practices. For example, when an employee is involved in an accident or collision, branch and HR managers are automatically notified via email that the employee must undergo a drug test.

Overall, year-to-date, ServiceMaster's Total Incident Case Rate (TICR) is down 2%, Collision Rate is down 3%, and Claims Expense is down 8%. By providing accurate and timely data to executives and managers throughout the organization, claim frequency and severity are beginning to drop, branch managers are being held accountable for claims under their control, and trends are being identified and dealt with. ServiceMaster is on its way to bringing its Total Cost of Risk under control.

### "KEY THREE" DEFINITIONS

#### Total Incident Case Rate (TICR):

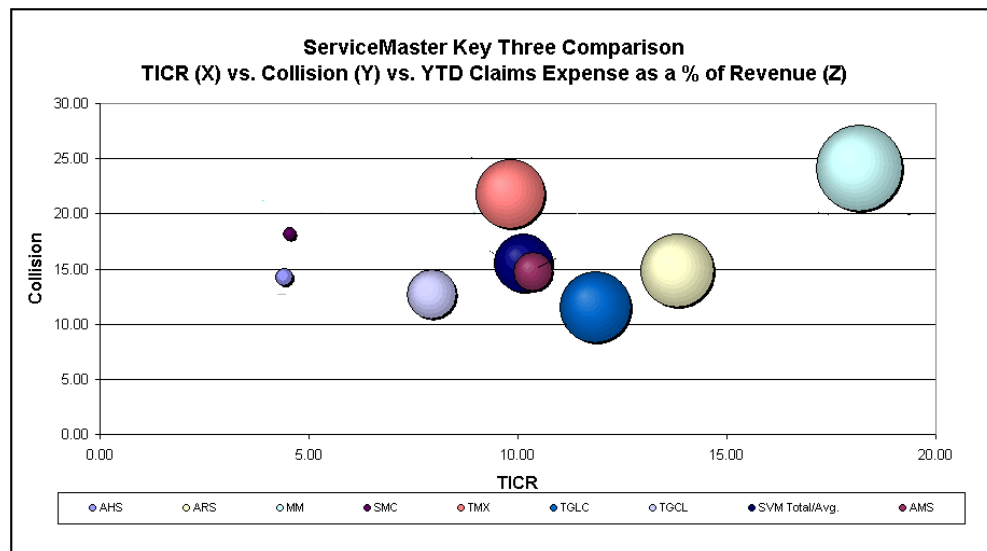
Number of Workers Compensation claims per 2000 hours of work

#### Collision:

Number of collisions per 100 vehicles

#### Claims Expenses:

Claims Cost per \$1 of Gross Revenue



### Timely Data Makes a Difference:

"With daily updates, our executives and managers are aware of large losses as they happen - they start making phone calls immediately."

- Greg Hoff

*RIMSTech Bulletins are published periodically by the Technology Advisory Council (TAC) to outline technology issues of interest to risk managers. RIMS provides the information in these bulletins as a benefit and service to its members.*