Safety Pays ...
Or OSHA Will Make You Pay

After Receiving Media Attention for Fines, Tom Johnson Beat OSHA by Implementing a Safety Program That Works

By Michael J. Major

"When I got up that morning, the sun was shining, and I thought life couldn’t get any better," recalls Thomas Johnson, president, Mader Southeast, Inc., Ocoee, Fla. "But when I got to work, my secretary asked me if I had any reason to have TV cameras in the parking lot. I said no. I walked outside and found a microphone shoved in my face with the question, ‘Can you tell us why OSHA has named you as the highest fined construction company in central Florida?’"

That year, 1988, was a fateful one for Johnson. It was the same year that OSHA officials called him, asked to come out to see him for an informal conference, and told him OSHA was going to single his company out as an example to the industry. “When I asked why,” Johnson recalls, “They said, ‘because you do a number of high-profile prestigious jobs.’ When I asked what they wanted from us, they said we had to rewrite our safety program and start paying hard cash for safety incentives. I told them they must be smoking funny cigarettes. They said, ‘No, we are dead serious.’

The combination of these two incidents made Johnson decide that he had better start getting serious about safety. “Like a lot of other contractors, we approached safety as a kind of necessity caused by OSHA harassments,” Johnson says. “When OSHA came on a job, we removed all our people from the scaffolding and made them ground laborers for the day, or we tried to make all our corrections during the officials’ opening statements. I think our attitude was fairly typical.”

Johnson says he had he believed that whenever he was on a job with five or six other subcontractors, OSHA inspectors would walk by the others just to seek him out. But he also acknowledges that they had reason to. In 1985, the company received four OSHA citations for $650, in 1986 five for $6,625, in 1987 nine for $3,500, and in 1988, the year, he recalls, “We saw our company trucks on local TV,” 16 citations for $22,520.

“Make Safety a Habit

Good safety, ultimately, can become habitual, and even easy. But bad habits can’t be automatically eradicated, and good intentions can’t change a company culture overnight. “It took a year to get our new program up and running,” Johnson says. In 1989, the company received 10 citations for $59,800, but in 1990 the number dropped to eight for $4,400, and in 1991 there was only one for $240. There were none after that.
Actually, after 1992, there were three OSHA citations, one for over $16,000, and all three totaling over $25,000. “OSHA will sometimes reduce the number of citations but will hardly ever withdraw them,” Johnson says. The reason, simply, is Johnson had developed such a complete and thoroughly documented program that OSHA was required by law to do so.

The OSHA Standards Act of 1980 mandated three steps for a company: that it has a written safety program, educates its employees and documents same, and enforces its safety policies uniformly across the board. OSHA has authority over companies, but not individual employees. If a company is negligent in the required procedures, it is liable for whatever its employees do in a careless or unsafe manner. But in the case of the final three citations, “OSHA recognized that these incidents were caused by employee misconduct. We had done all we could to implement an active safety program, so the responsibility in these incidents was not on us,” Johnson explains. “We had the necessary documentation to warrant a withdrawal of those citations.” On the wall behind his desk, Johnson has framed the three citations and the notice of withdrawal.

Johnson has made clear to his employees how serious he is about safety. He has a “three strike” program. The first infraction merits a letter of warning. The second infraction of the same deed results in the employee being laid off for two days without pay. The third infraction of the same deed results in termination.

But equally important as firmness are the incentives. “We punish the bad but reward the good,” Johnson says. If everybody goes the equivalent of a week with no violations, the entire crew gets a certificate worth $10. The certificates can be redeemed through a catalog for gifts ranging from carpenter pencils to a week’s paid vacation. The catalog gifts are used rather than actual cash because the gifts don’t count as additional income.

Since either everybody wins or everybody loses, employees are now watching their partners and neighbors to make sure everybody follows regulations. As says Johnson, “It’s fun to walk about a construction site and overhear somebody tell his partner to get off the bucket because he’s saving up for a new screw gun.”

Originally, the time range was for three months. “But we found that if the infractions occurred early, that took away the incentive for the rest of the three months,” Johnson says. “But if simply the week is lost, then there’s the motivation for everyone to sharpen up for the next week.”

Safety Can Be Fun

For variety, Johnson is introducing a “safety bingo” game, with the ability to play numbers being removed by any infractions. Each crew has its own game, and there’s only one winner, but the winner can get a larger, more immediate prize. Safety bingo will be alternated with the week incentive plan.

Out of this incentive program has evolved another, which is called a “blue light special.” Here productivity is tied to safety for specific goals. For instance, if the crew is scheduled to sheet rock a particular wing of a project with a deadline date for Friday, the crew can earn a bonus of 50 percent more of the safety dollars. “Employees are motivated to cut short their lunch or coffee breaks to make an extra effort,” Johnson says. Since this program could easily become overused, it’s offered only when there’s an actual deadline need.

Although the blue light special program ties productivity to safety, Johnson has discovered that a good safety program, in itself, promotes productivity. “Everybody, including myself, believed that safety would be an added expense,” Johnson says. “The foremen were saying it would cost more money to build a scaffold in this particular way, but, in fact, just the opposite turned out to be the case. The employees are much more secure, for they don’t have to worry about the scaffolding falling down. Their morale is better, and the net result is they are more productive.”

Johnson had actually slotted in a one-half percent increase in his cost estimates, but was surprised to find that what actually resulted was a two and one-half percent increase in productivity, or a swing of 3 percent. “These are major dollars if you are spending $6 million to $7 million a year in labor costs,” Johnson says. “Take 3 percent out of $6 million and you’ve saved $180,000.”

This wasn’t the only big dollar saving resulting from safety. What has made OSHA such a feared agency since the late 1980s is its multiplier, which can grow from 3 percent to 7 percent or 10 percent, so that an infraction ordinarily costing $500 for a first offense can add up to $5,000. “That was the cause of some of our big fines,” Johnson says.

But Johnson is saving even bigger bucks on the workers’ compensation multiplier. As is well known, the standard multiplier is one, but depending on how safe you are, you will pay either more or less in terms of workers’ compensation insurance.

For instance, if your multiplier is 1.78, you will pay 1.78 percent of the standard premium, or, if 0.78, only 0.78 percent of that premium. Johnson’s multiplier went from well over one to well below one with the implementation of his safety program. “We think that in 1995 we will save in excess of a half million dollars in workers’ compensation premiums,” Johnson says.

Training for Safety

Although a good safety program might take a bit of time and effort to get implemented, once it’s going it becomes a routine, and not an onerous one at that. The training starts with an approximately 45-minute preemployment lecture. Once hired, the new employee joins all of the other employees in a 12-week program in which there is a once-a-week on-site meeting lasting from 15 to 30 minutes. The program repeats itself every
12 weeks, so no matter at which point the new employee joins the company, he or she has completed the course in three months.

The course then starts over, and repeats itself, with each foreman having a pre-printed safety packet so he’ll know exactly what needs to be covered.

“Since general contractors are required by OSHA to have their subs attend weekly seminars, we have simply converted that safety program to ours,” Johnson says. “We modify the requirements to meet our needs. For instance, we don’t have to waste time on how to dig a ditch safely. There’s a certain repetition, but since each subject comes up only once every three months, it’s going to be reinforcing rather than boring, and the subject might change from one session to the next according to new information or new regulations.”

Johnson reports that as the OSHA officials saw the sincere effort his company was making, they changed their attitude, and their inspections became more routine. Moreover, he has become an OSHA “example” after all, though in his own terms.

OSHA now uses Johnson’s safety handbook as an example to hand out to other firms. And Johnson has moved from “thinking the OSHA officials were crazy” to preaching their message. He’s put on safety programs at the Academy training program sponsored by the Association of the Wall and Ceiling Industries—International for the past two years. The title of his presentation: “Beating OSHA.”

From the Beginning

Johnson, 48, has been in the business for 26 years. He started his career working in a midwest architecture firm but decided that was a dead end and turned to general contracting. “But I realized this was not for me when I saw my future would be controlled by low bidders.” He began working at a wall and ceiling company that transferred him to Florida in 1982. In 1984 he joined the Mader company as an outside salesman/estimator. Last year he bought the company.

The firm is a specialty interior contractor specializing in steel studs, drywall, insulation, lath and plaster, EIFS, sprayed-on fireproofing and acoustical ceilings. Annual sales are in the $12 million to $14 million range.

Johnson and his wife, Jean, have two children Thomas Jr. and Lisa. Johnson likes to play golf but especially enjoys salt water fishing, a sport he pursues with avidity, and, of course, safety. CD

About the Author

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