

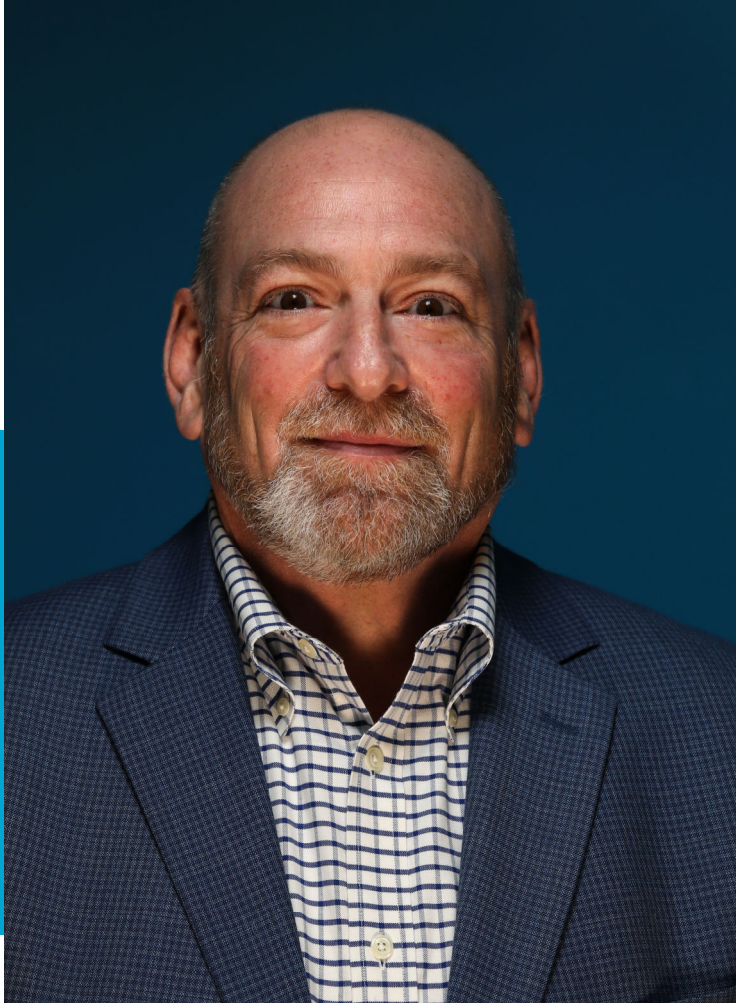
Safety Budgeting & Return on Investment

Berkshire Hathaway Homestate Companies

Loss Control Department

October 20th, 2026

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Rick Fineman

Vice President of Loss Control



Over 40 Years as a Safety Professional



Responsible for Multi-Million Dollar Safety Budgets



Leader of the BHHC Loss Control Department

AGENDA

- Building the business case
- Calculating & communicating ROI
- Prioritizing for maximum impact
- Live polls throughout
- Two real-world case studies
- Q&A to close

What's Your Biggest Obstacle to Getting Safety Budgets Approved?



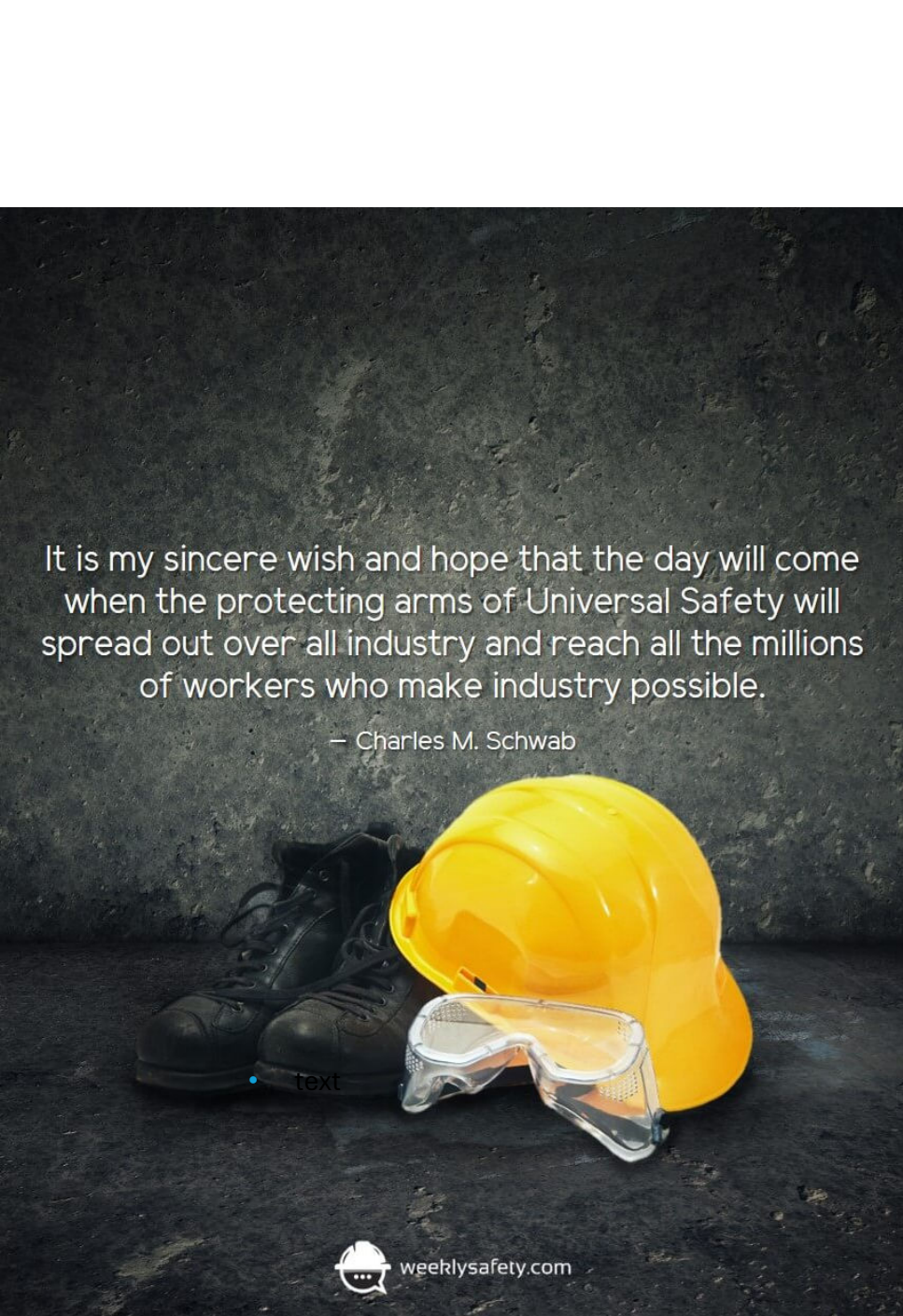
Competing budget priorities



Leadership doesn't see the return on investment



Lack of data to make the case



It is my sincere wish and hope that the day will come when the protecting arms of Universal Safety will spread out over all industry and reach all the millions of workers who make industry possible.

— Charles M. Schwab

Why This Matters Now

- Safety competes for the same dollars as every initiative
- Leaders must prove value, not just compliance
- Budgets are scrutinized like any capital investment
- Safety and financial performance are linked
- This session bridges safety and finance language

Learning Objectives

Business Case

Build a finance ready business case for safety investment

ROI

Calculate and defend safety ROI with credible numbers

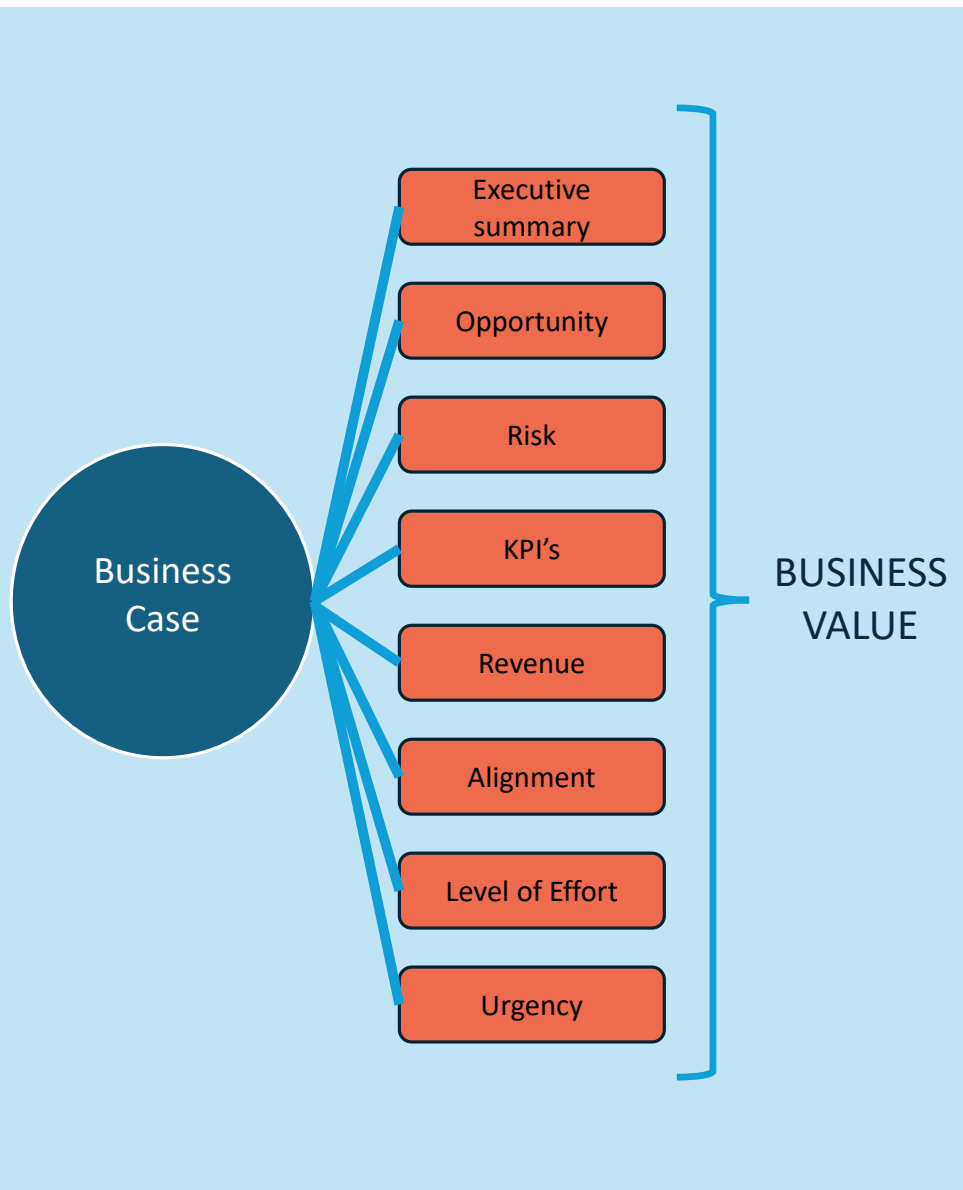
Communicate

Communicate safety needs and ROI to executives and middle management

Prioritize

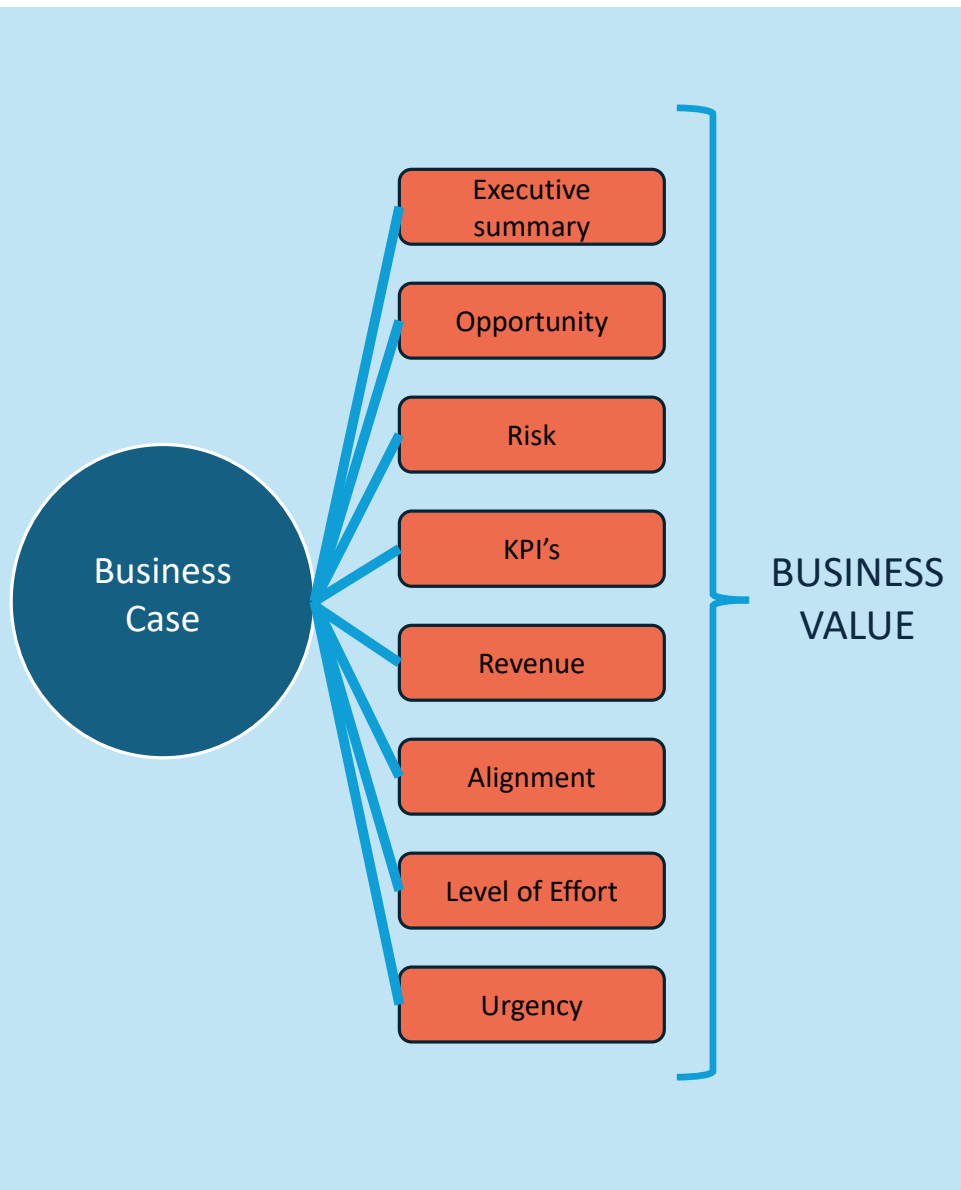
Prioritize safety spending for maximum impact

Building the Business Case



Why Safety Needs a Business Case...

- Compliance alone rarely wins funding
- Every dollar competes with growth, ops, IT
- Executives fund value, not obligation
- A business case turns safety into an investment
- Same rigor as any capital request



Elements to include

- **Summary** - What are we doing?
- **Opportunity** - What is the opportunity for our users and business?
- **Risk** - What is the risk of doing and/or not doing this work?
- **KPIs** - Which metrics and benchmarks will we use to measure the impact of the work?
- **Strategic Alignment** - How well does this initiative align with larger business goals and objectives?
- **Revenue** - How much revenue will this work drive (or how much money will it save)?
- **Level of Effort** - What is the level of effort that is required to launch this initiative?
- **Urgency** - How critical is it that the work is executed sooner rather than later?



The Real Cost of “No”

- Inaction has a price, even if unseen
- Delayed investment raises long-term cost
- Near-misses often precede major incidents
- Ask: what could these dollars have prevented?
- "No decision" is still a decision

The Iceberg Impact

Direct vs. Indirect Costs of Injuries

Direct Costs

Paid by Worker's Comp Insurance

- Medical (doctor visits, physical therapy, etc.)
- Claim mitigation
- Time loss from work

Indirect Costs

Paid by Businesses

- Reduced or lost productivity
- Lost contracts
- Increased administrative costs
- Lost time at the supervising level
- Costs of training replacements
- Overtime costs
- Potential legal fees
- Equipment repair
- Negative publicity
- Damage to customer relationships
- OSHA investigations or fines
- Increased insurance costs
- More...

Quantifying Direct Costs

- Medical treatment and claims
- Legal and regulatory fines
- Equipment and property damage
- Workers' compensation payments
- These are only the visible costs

The Iceberg Impact

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Indirect Costs

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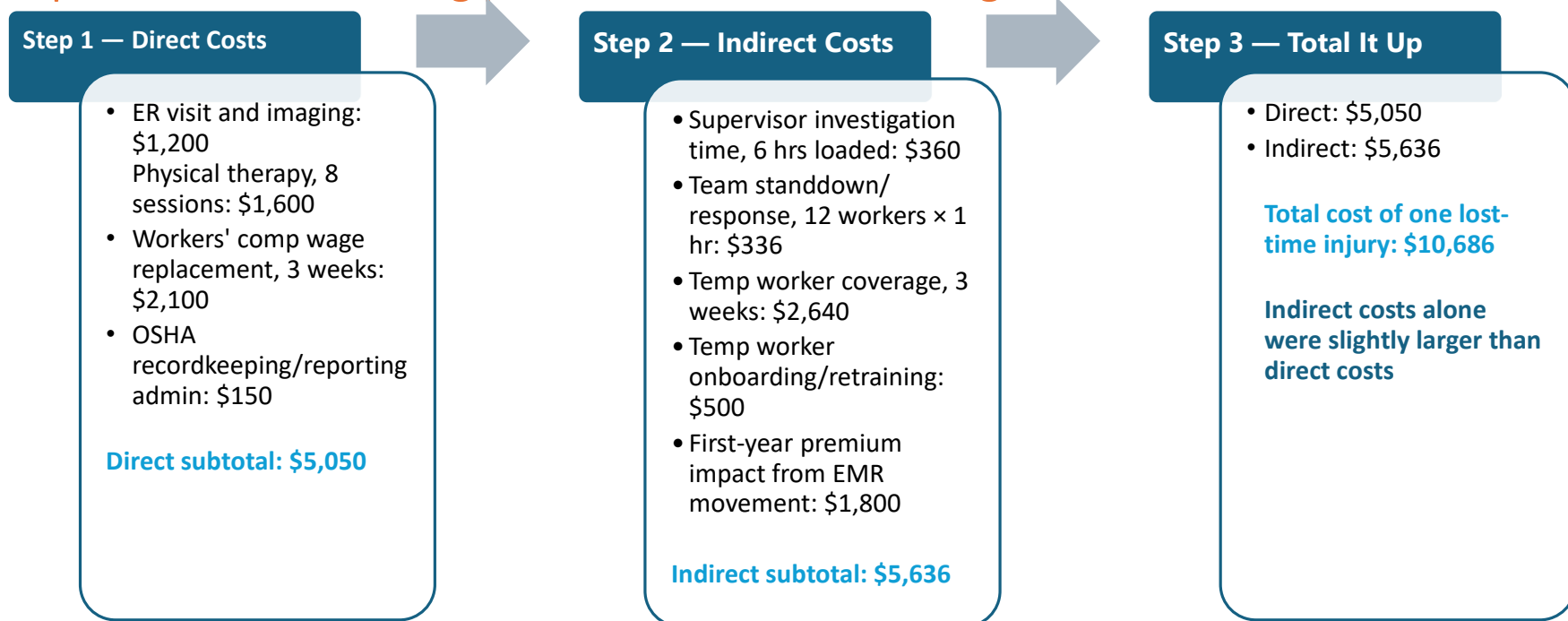
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Quantifying Indirect Costs

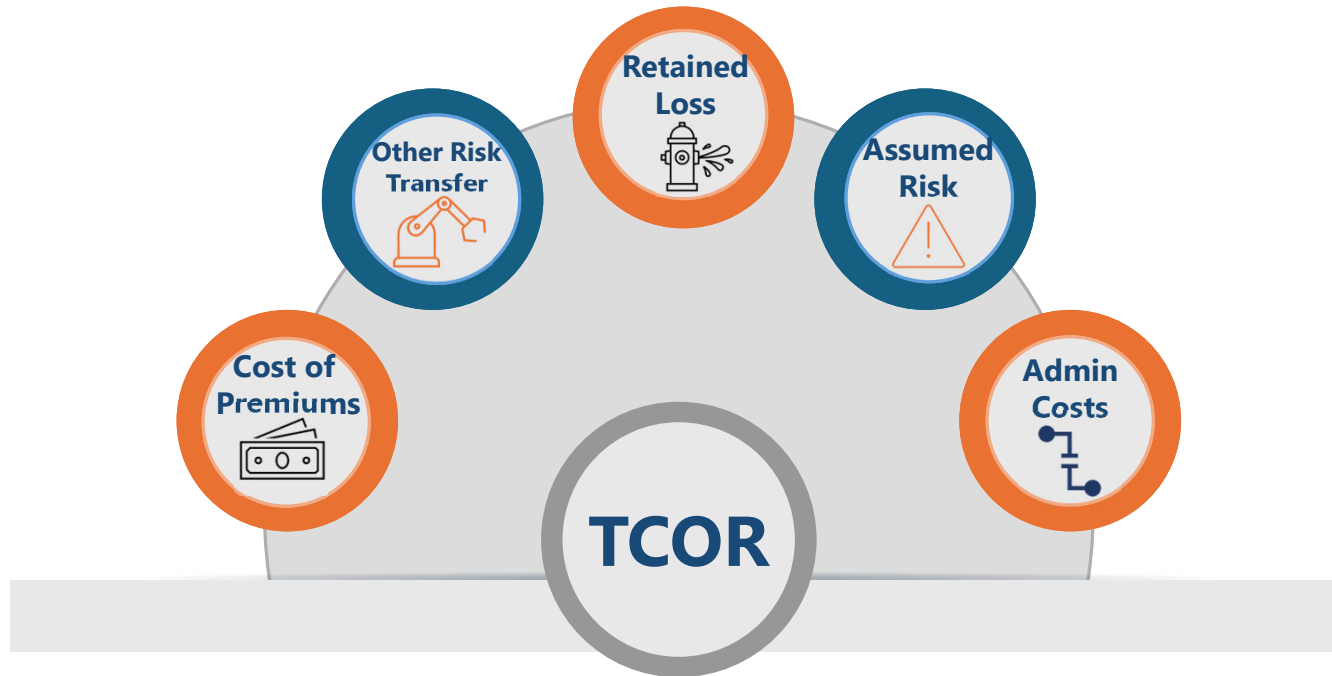
- Production downtime and delays
- Retraining and replacement labor
- Turnover and morale decline
- Reputational and customer impact
- Often several times larger than direct costs
- The "iceberg" beneath the visible cost

Cost of an Accident – Case Study

Scenario: A warehouse associate suffers a lost-time back injury manually moving a pallet instead of using powered material handling. Out 3 weeks.



Speaking Finance's Language - Total Cost of Risk



Experience Mod Rating – Operations Benchmark

- EMR compares your losses to industry peers
- Below 1.0 lowers premiums; above 1.0 raises them
- Tied directly to incident frequency and severity
- Improved EMR = real, recurring savings
- A number operations leaders already watch



Which cost category is hardest to quantify at your organization?



Direct Costs



Indirect Costs



Opportunity Costs



We don't track this systematically

Where are your opportunities?

Anticipate Executive Objections

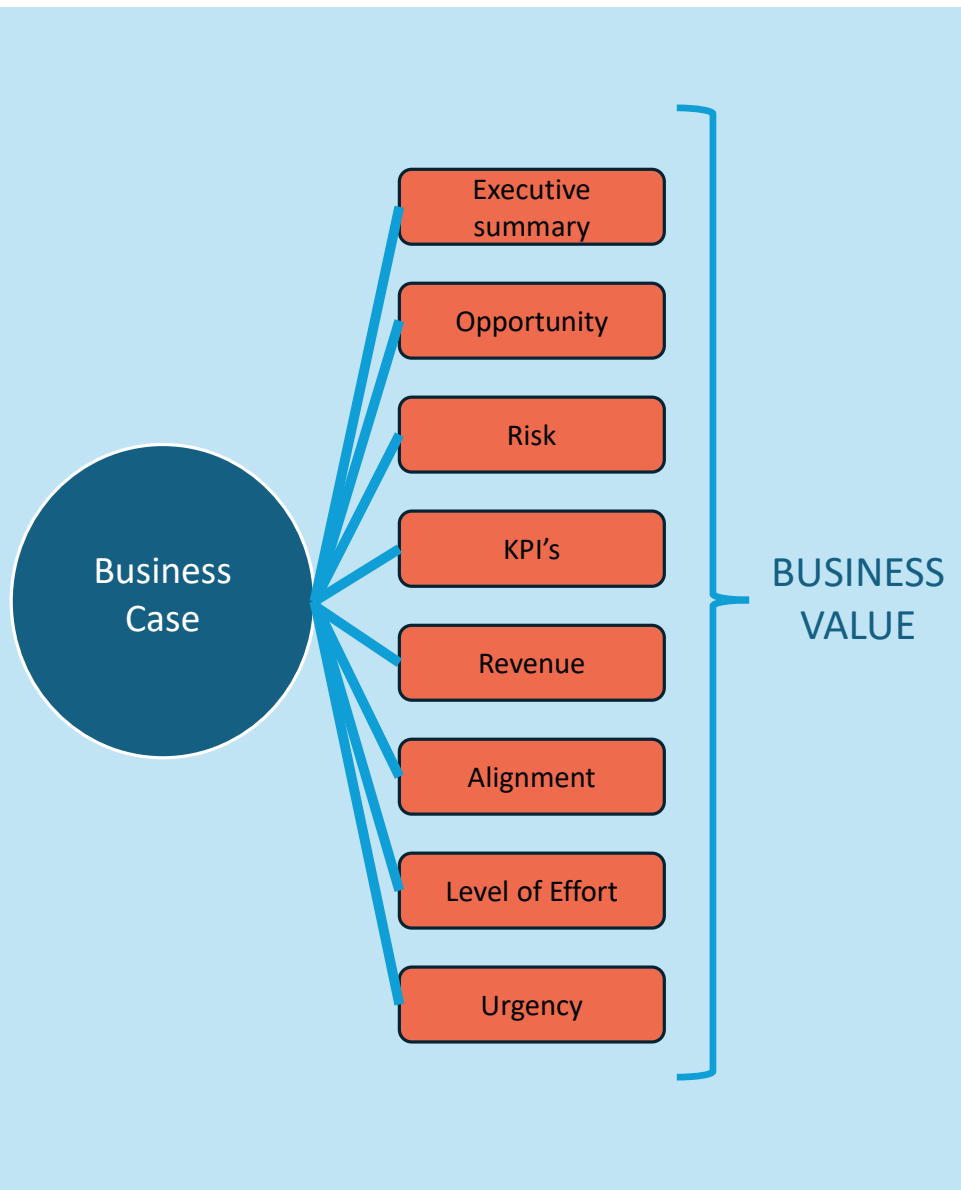




Middle Management Role

“What can I do?”

- Build support before it reaches leadership
- Gather frontline data and buy-in early
- Translate floor reality into business terms
- Be the credible messenger, not just the requester
- Pre-sell before the formal ask



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Calculate & Communicate ROI



Safety ROI Fundamentals

Credible NOT Aspirational!

- $\text{ROI} = \text{value gained} \div \text{cost invested}$
- "Value" includes avoided cost, not just revenue
- Both direct and indirect returns count
- ROI must be credible, not aspirational
- Sets up the calculations ahead

A Practical Return on Investment Formula

$$\frac{(\text{Cost avoided} - \text{program cost})}{\text{program cost}}$$

\$50,000 for
program
cost

*Avoided
\$150,000 in
cost*

ROI
200%

\$2500 cost
of height
adjustable
cart x 6 (10
year life
span)

\$12,500 cost
of average
MMH claim,
15 a year in
warehouse
carts reduce
2

10 Year Cost
\$15,000

Loss avoided
\$250,000

ROI
 $\frac{250000-15000}{15000}$

15.6 ROI

Cost Avoidance Modeling

1. Estimate incident reduction from the initiative
2. Multiply by average cost per incident
3. Include indirect cost multipliers
4. Compare to program cost over time
5. Build a range, not a single number

ALL CLAIMS RESULTS

Claim Count	Total Gross Incurred	Average Total Gross Incurred
726.5K	\$9.2bn	\$12.4K
Indemnity Claim Count	Total Gross Incurred	Ind Avg Total Gross Incurred
197.6K	\$8.7bn	\$43.6K

TOP 10 ACCIDENT TYPES

Claim Count	Total Gross Incurred	Average Total Gross Incurred
633.2K	\$8.6bn	\$13.4K
Indemnity Claim Count	Ind Total Gross Incurred	Ind Avg Total Gross Incurred
184.9K	\$8.3bn	\$44.5K

Use Industry Averages for Credibility

Payback Period & Other Metrics for Finance

Match the metric to the audience. Shorter Payback is good!

Breakeven Point
(Payback Period) – time
to recover investment

Hurdle Rate (Internal
Rate of Return) – How
much you make on
your money if you do
nothing

Total Cost of Risk
(TCOR)

Cost Benefit Ratio –
Savings compared
directly to program
costs

Experience
Modification Rate –
premium multiplier

Net Present Value –
today's value of future
savings

Leading Indicators to Track

Show Progress Before Incident Reduction!

- 1 Near Miss reporting rates
- 2 Safety Training Completion
- 3 Safety Observation or Inspection
- 4 Frequency
- 5 Employee Engagement in Safety Efforts
- 6 Process Efficiency Measures
- 7 Product Defect Rates
- 8 Employee Turnover and Satisfaction

Lagging Indicators

1 Total Recordable Incident Rate (TRIR)

2 Days away, Restricted or Transferred Rate (DART)

3 Claims Cost and Frequency

4 Employee Turnover



Lagging Indicators – Dashboard

Which Indicators does your organization track



Leading Indicators Only



Lagging Indicators Only



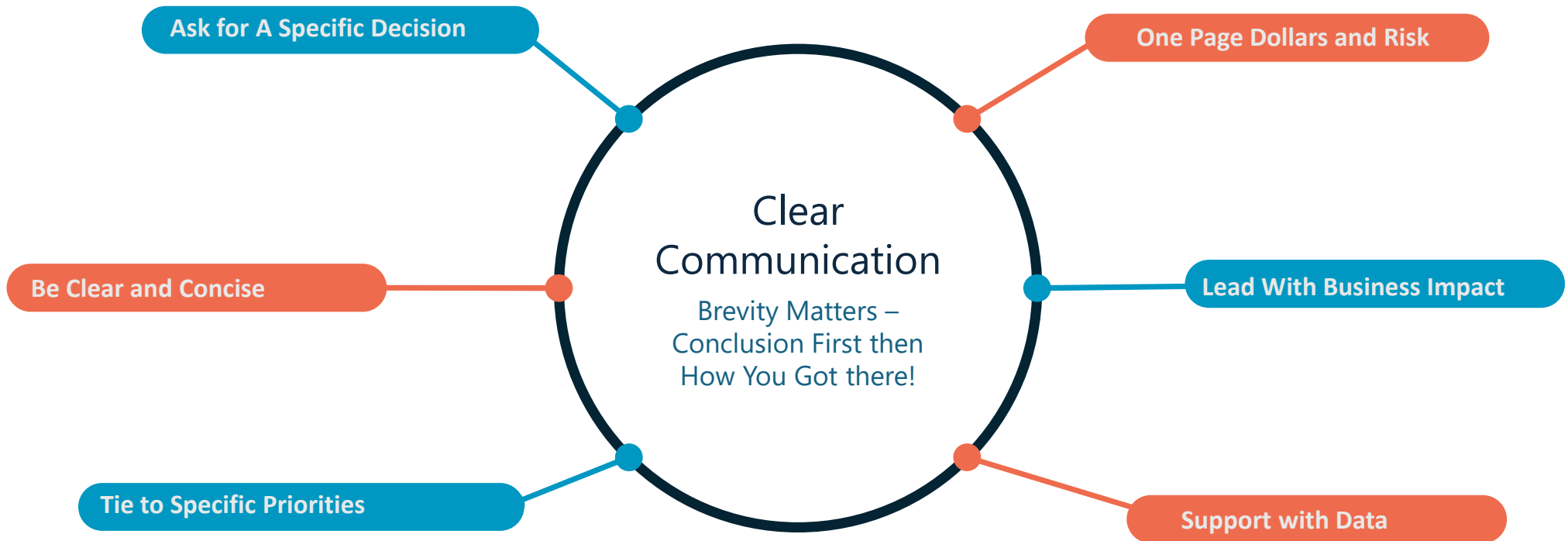
Both



Neither in a Structured Manner

Where are your opportunities?

Communicating to Executives





Communicating to Middle Management and Operations

- Focus on action and accountability
- Show what changes day-to-day
- Include timelines and owners
- Connect metrics to team performance
- Make it operational, not abstract

SAFETY KEY PERFORMANCE INDICATOR DASHBOARD WITH INJURY COST



Employee Safety Key Performance Indicator Dashboard With Case Incident Rate



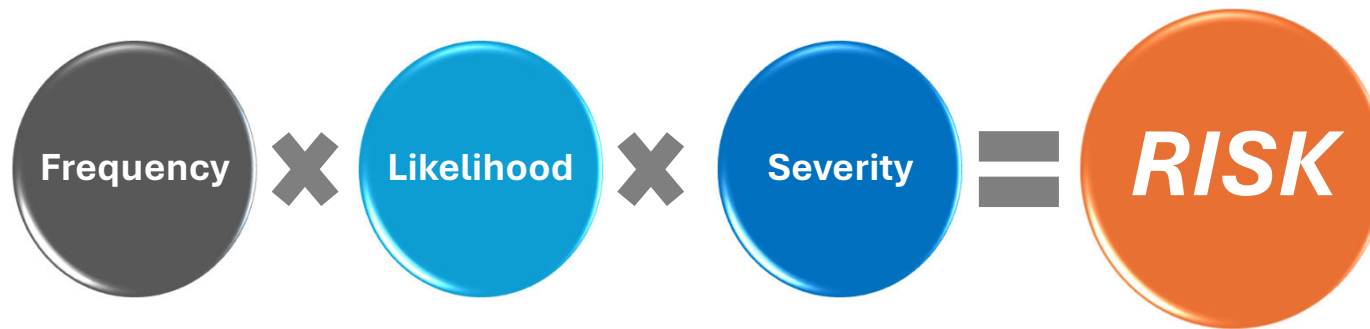
Microsoft Excel Templates (Microsoft Corporation)

Dashboards

- Monthly or quarterly leadership updates
- Simple visuals over dense reports
- Track progress against the original ROI case
- Consistency builds long-term credibility
- Keeps safety visible between budget cycles

PRIORITIZE FOR MAX IMPACT

Occupational Safety & Health Risk



- Frequency – number of times exposed to hazard – the number of times you climb a ladder
- **Likelihood** – chance that severity will be realized – the chance that you will fall each time you use a ladder
- **Severity** – consequences of hazard being realized – the injuries and costs associated with a fall off the ladder if it occurs
- Risk can't be eliminate BUT can be identified, quantified and reduced

RISK ANALYSIS		CONSEQUENCE				
LIKELIHOOD		1. INSIGNIFICANT Dealt with by in house first aid	2. MINOR Treated by medical professionals, hospital out patients	3. MODERATE Significant non permanent injury overnight hospital stay	4. MAJOR Extensive permanent injury eg. Loss of fingers, extended hospital stay	5. CATASTROPHIC Death, permanent disabling injury eg. Loss of hand, quadriplegia
	A. Almost certain to occur in most circumstances	MEDIUM 8	HIGH 16	HIGH 18	CRITICAL 23	CRITICAL 25
	B. Likely to occur frequently	MEDIUM 7	MEDIUM 10	HIGH 17	HIGH 20	CRITICAL 24
	C. Possibly and likely to occur at sometime	LOW 3	MEDIUM 9	MEDIUM 12	HIGH 19	HIGH 22
	D. Unlikely to occur but could happen	LOW 2	LOW 5	MEDIUM 11	MEDIUM 14	HIGH 21
	E. May occur but only in rare circumstances	LOW 1	LOW 4	LOW 6	MEDIUM 13	MEDIUM 15

How often the exposure is encountered is a multiplier of the risk – the more you engage in a high-risk task, the more likely it is that the accident will occur

Risk Based Decision Making

- Severity × Likelihood × Cost
- Rank initiatives, don't just react to requests
- High risk + high cost-avoidance = priority
- A simple matrix beats gut instinct
- Repeatable across departments and sites

From OSHA

Risk Based Decision Making

5x5 Risk Matrix Example

Impact
How severe would the outcomes be if the risk occurred?

Probability
What is the probability the risk will happen?

	Insignificant 1	Minor 2	Significant 3	Major 4	Severe 5
5 Almost Certain	Medium 5	High 10	Very high 15	Extreme 20	Extreme 25
4 Likely	Medium 4	Medium 8	High 12	Very high 16	Extreme 20
3 Moderate	Low 3	Medium 6	Medium 9	High 12	Very high 15
2 Unlikely	Very low 2	Low 4	Medium 6	Medium 8	High 10
1 Rare	Very low 1	Very low 2	Low 3	Medium 4	Medium 5

- If you have 3-4 competing initiatives
- Score each on severity, likelihood, cost
- Rank and compare side-by-side
- Reveals where budget delivers the most
- Reuse the same matrix next cycle



Quick Wins vs. Structural Investment

- Quick wins build early credibility
- Structural investments sustain long-term results
- Sequence: momentum first, foundation next
- Avoid funding only what's easy
- Balance visibility with lasting impact

If you had to fund one initiative next quarter,
which would it be?



Training and Culture



Equipment or Engineering



Safety Staffing

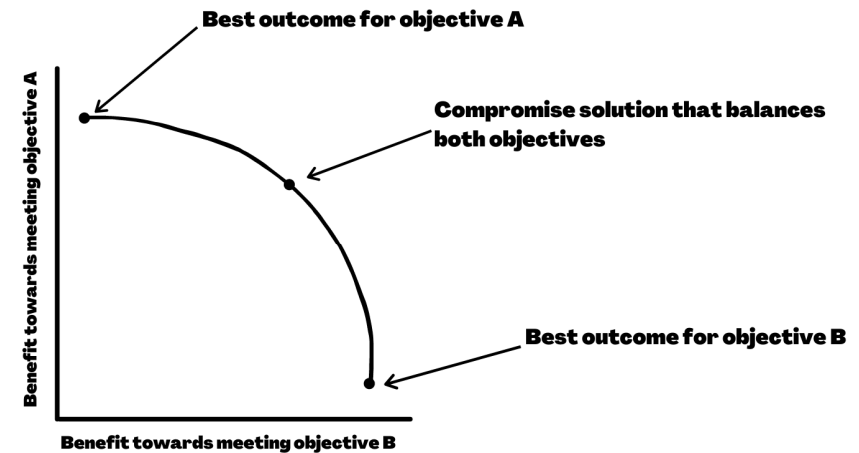


Technology and Monitoring

Where are your opportunities?

Making Defensible Trade Offs

- Budget rarely covers every good idea
- Use the framework to justify "no" or "later"
- Document the reasoning, not just the decision
- Revisit priorities as risk data changes
- Defensible beats popular



Key Takeaways

- Build the case in finance's language
- ROI must be credible and tracked
- Communicate differently to each audience
- Prioritize with a repeatable framework
- Safety investment is a business decision

Monday Morning Action Plan

1. Gather your cost/incident data
2. Draft one ROI estimate this week
3. Executives request a TCOR/EMR review
4. Executives ask for a prioritization framework, not just requests
5. Pick one metric to start tracking



Questions?

Please email additional questions to losscontrol@bhhc.com