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Demonstrating the business value of EHS activities

In today's economic environment firms are faced with challenges associated with increasing global competition, expectations of stellar sustainability practices, and maintaining production levels or market share while often experiencing decreased resource availability. Important, and often difficult, business decisions on allocating scarce resources among competing internal needs must be made. To insure that Environmental Health & Safety (EH&S) is favorably considered, the financial importance of activities must be demonstrated to upper management. Communicating the business value that an investment contributes is not an easy task, yet increasingly, EH&S professionals are being asked to demonstrate the specific financial benefits of a project to get the program green-lighted. According to a recent report from the National Association for Business Economics, weakening market conditions and soaring commodity prices are squeezing profit margins at companies, and money is tighter than ever. In this market, companies are strapped. They are cutting costs, and new expenditures are approved only when a demonstrated financial return can be associated with the project. What this means is that now, more than ever, EH&S professionals must tap their business side, reach into the world of "corporate speak," and make the case to executive management that critical OH programs are not only necessary, they're sound investments. Whether you have a large corporate program, a small department, or single EH&S professional or technician, you can demonstrate the value of your efforts to eliminate hazards and minimize risks using financial measures such as Return on Investment (ROI), Net Present Value (NPV), and Payback Period. These are not just terms used in the finance department, but they are terms universally understood by those making resource decisions, creating effective tools to demonstrate the value of your initiatives.

The aim of the presentation is to describe methods to systematically appraise both the costs and consequences of an action implemented at the worksite—to derive the business value of your efforts. Examples of available tools as well as the latest research efforts in deriving the business value will be shared to learn how and when to use these methods to position EH&S as essential contributors to the business function.

Biography

Elyce A. Biddle, PhD is a Senior Research Economist for the National Institute for Occupational Safety and Health (NIOSH). Dr. Biddle's work focuses on economic cost models and health outcome measurements for occupational injuries and fatalities. Her most recent work includes drafting guidelines for the Centers for Disease Control and Prevention (CDC) on methodology for constructing business cases for health promotion and prevention, drafting the AIHA Strategy to Demonstrate the Value of Industrial Hygiene to derive the impact that industrial hygiene has on the organization, and applying these methods in field studies at collaborating firms. She has served as the NIOSH Coordinator of the Economic Evaluation of Occupational Health and Safety Interventions at the Company Level Task Force, on the NIOSH Economics Forum, on the steering committee for the CDC Health Economics Research Group, and chaired the National Occupational Research Agenda Social and Economic Consequences of Workplace Illness and Injury team. In 2006, she received the Samuel Gompers Award in recognition of outstanding efforts in improving the working conditions of the masses from the International Association of Industrial Accident Boards and Commissions. She has published in numerous academic journals, the ILO Encyclopedia of Occupational Health and Safety, and recently completed a book chapter entitled "The Business Case for Occupational Safety, Health, and Environment and Beyond".

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