

Office Depot Case Study

*Increase Workplace Safety by Motivating
Employees*

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Office Depot's challenge:

- Increase worker safety in its 32 warehouse distribution outlets
- Introduce one standard, consistent program for all sites and eliminate the standalone safety incentive programs at individual sites
- Measure the impact of the safety incentive program
- Motivate each employee to take personal responsibility for working safely
- Reduce the number of workers' compensation claims
- Improve employee morale

Benefits of C.A. Short's solution:

- Workplace accidents decreased 19% the first year of program
- Program is nationwide and administered by C.A. Short
- Program is automated, so supervisors can easily check program status
- Program rewards employees for personally working safely. Every employee receives tangible awards
- Less money is being spent on workplace safety
- Employees are happy with the program and managers are pleased with its effectiveness



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Office Depot's Business Environment

With its 1,200 retail outlets nationwide, Office Depot is one of the most recognizable names in the office products industry. The retail stores are serviced by 32 regional warehouses employing approximately 6,000 workers.

The Challenge: Provide incentives to work safely

Workplace safety is paramount in warehouses, where employees continually face a range of hazards, from strains and sprains to more serious injuries caused by forklifts, box cutters and conveyor belts. Strict standards for worker safety and accident rates are set by the federal Occupational Health and Safety Administration (OSHA).

Although Office Depot warehouse facilities have always been in compliance with OSHA standards, by 2004 Office Depot managers decided more could be done to lower the accident rate, and to reverse the company's steady increase in claims for workers' compensation and disability insurance.

Wes Bank, a regional manager of loss prevention and safety with Office Depot, was one of those who recognized that the company needed a different approach to its safety programs. "We needed people to take personal responsibility for safety, and to do that we needed to provide better incentives."

Too Many Programs

According to Wes, one problem at Office Depot was not a lack of safety programs, but rather too many of them—a national program that set a safety goal for each warehouse, plus various incentive programs at each warehouse.



However, all the programs focused on rewarding employees for their facility's safety performance rather than for the safe work practices of individuals.

For example, through the national program, employees were eligible for a bonus at the end of the year if their warehouse met its accident rate goal for the year. But if the facility had a bad quarter with several workplace incidents, employees quickly lost their motivation to work safely.

Most warehouses also held monthly drawings for gift cards and prizes, but frequently the only reward for working safely was a chance to be included in the monthly drawing. Many employees who worked injury-free for months never received any tangible award.

Although the company tried various safety approaches, the accident rate still increased, so even more incentives were attempted. However, the only result was a hodge-podge of safety programs that were constantly changing. And since the various approaches were not measured or tracked, it was difficult to see which—if any—were effective at encouraging safe work practices.

Employee morale was also suffering as the accident rate continued to climb, which forced other workers to pick up the slack. Managers also began to wonder if the number of workers' compensation claims was artificially high because of a few employees who needed medical attention but didn't want to use their personal health insurance coverage.

Something had to change.



C.A. Short's Solution Creates Meaningful Incentives

In his quest to find a creative solution to the safety issue, in 2004 Wes contacted C.A. Short about designing a safety incentive program that would meet Office Depot's needs.

"C.A. Short was fantastic to work with," says Wes. "They helped us put things into place and create effective tools to motivate employees."

"They were completely flexible and adaptable about meeting our needs for a safety program," adds Matthew McClure, also a regional manager of loss and prevention. "And they handle all the administration so there's no extra paperwork for frontline supervisors."

Emphasizing Individual Awards

The new safety incentive program, finally implemented company-wide in early 2007, is based on a reward system for individuals—not teams or entire facilities—who consistently work safely.

Each warehouse employee earns safety points for every month that he or she works without being injured. Extra points are awarded when the facility has an injury-free month and when the facility meets its safety goal for the month. However, because the emphasis is on individuals, half the points that an employee is eligible to accrue each month are awarded for individual safety achievements. By emphasizing the importance of individual behavior, the program removes the temptation to hide or not report incidents that might affect a team award. Employees are encouraged to report accidents and are never penalized for doing so.



Turning Points into Awards

As soon as safety points are earned they can be redeemed for a variety of safety awards—useful, practical, name-brand merchandise, including tools, household items, sporting goods, luggage, jewelry, watches and toys. Other unique awards that are not listed in the catalog are also available for special occasions and celebrations. All awards include shipping anywhere in the U.S. and standard one-year manufacturers' warranties, and merchandise can be returned for any reason within 30 days.

The program is completely administered by C.A. Short, using a software program that was designed specifically for Office Depot. Frontline supervisors at Office Depot have no extra paperwork or administrative duties, and they can access program information online anytime.

Points can be redeemed by phone, mail, fax, or on-line. The program provides immediate gratification by making smaller awards available for points that could be earned in a month or two, but also accommodates those who'd prefer to accumulate their points for big-ticket items like home gym equipment and motorized scooters. Safety points never expire and can be redeemed anytime throughout the individual's employment with Office Depot.

Getting the Family Involved

Family involvement in the award program provides extra motivation for employees. The merchandise catalog is mailed to the home of each worker, which not only creates excitement but also helps motivate and encourage employees to work safely and earn tangible rewards that their families can enjoy.

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Workplace recognition is another important element of the safety program, so frontline supervisors are encouraged to regularly acknowledge employees who have earned safety awards.

“The program has made it easy for frontline supervisors to incorporate conversations about work safety into their team meetings,” says Matthew.

Accident rate decreases

The results of the C.A. Short safety incentive program speak for themselves. Within the first year, Office Depot’s accident rate decreased 19 percent, meaning less loss time and fewer claims for workers’ compensation and disability insurance. And already the program is allowing Office Depot to cut its spending on its safety initiatives.

“Before this program we were maxing out our safety program budget on various incentives but we still had injuries,” says Matt. “Now we spend less money but get much better results.”

And it appears that employees also approve of the new program.

“Everyone loves it,” says Matt. “They feel it’s a really fair way to reward employees. It’s had a real effect on employee morale.”

Adds Wes: “The program has changed employees’ everyday behavior by helping them feel that their company and their families are behind them.”



Key features of the Office Depot safety incentive program:

- The program is nationwide, encompassing approximately 6,000 employees at Office Depot's 32 regional warehouses.
- The program emphasizes the importance of each employee working safely, and rewards personal achievements in workplace safety.
- Employees earn safety points for:
 - every month that they work without personally being injured. Half of the points that employees can earn in a month come from their personal safety achievements
 - every month that their warehouse does not have an injury
 - every time their warehouse facility achieves its monthly safety goal
- Employees can easily and instantly redeem their safety points on their choice of name-brand, practical, useful merchandise from the awards catalog. Points can be redeemed for small awards or accumulated for larger awards. Points never expire. All awards include shipping anywhere in the U.S.
- Family involvement provides another incentive for workers to stay safe, and provides encouragement and motivation.
- The program is administered by C.A. Short, not by frontline supervisors.
- The program is completely software-based so there is no extra paperwork, and account information is instantly updated online. Supervisors and management can instantly see the status of various elements of the program and employees can instantly access their accounts and redeem points



C.A. Short: The leader in safety recognition programs

Office Depot's safety challenges are not unique. Companies across the U.S. are faced with skyrocketing costs related to workplace injuries: lost time, retraining, and rising workers' compensation and disability payouts.

A 2004 white paper released by the American Society of Safety Engineers (ASSE) estimated that workplace accidents cost U.S. companies more than \$1 billion a week¹ in both direct and indirect costs.

Given that statistic, it's no wonder that companies from across the U.S. are turning to C.A. Short for help in designing a strategic program that will reduce complacency and promote safety awareness.

C.A. Short invented the concept of safety recognition, and we were the first to offer safety incentive programs for employees. Today we remain the industry leader because we continually conduct ongoing research to find the most effective methods to motivate employees and reinforce safe workplace behavior.

Our programs are designed for every industrial sector that could face workplace injuries: construction, manufacturing, warehouses, transportation, and many others. Each safety incentive program is customized to suit the unique needs of the industry.

1. American Society of Safety Engineers: "The Return on Investment for Safety, Health and Environmental (SH&E) Management Programs." Visit www.asse.org

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Office Depot's safety award program is successful because it's based on C.A. Short's proven techniques that are developed after years of scientific research. Each safety program that we design incorporates 10 essential elements that are the key to long-term sustainable results:

1. *Simple and well-defined rules.* If you want your employees to embrace your program they need to understand it. The most effective programs are straightforward and have just a few rules.
2. *Accumulation design.* By encouraging your employees to accumulate reward points you motivate them to set goals.
3. *Short-term recognition periods.* A 12-month program that's divided into 30-day recognition periods is much more effective than a year-long program. According to renowned industrial psychologist W. Edwards Deming, 30 days is the longest period of time anyone can focus on a goal.
4. *Individual recognition.* Emphasizing the safety achievements of individuals rather than of the team or facility eliminates the temptation to hide or not report accidents. The most successful safety programs put each employee in charge of his or her own success.
5. *Human interaction and peer recognition.* Employees whose achievements are recognized and celebrated at work are motivated to repeat those achievements.
6. *Useful and desirable awards.* Employees are motivated by safety programs that offer rewards that they want and can reasonably expect to earn. A wide variety of

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desirable, name-brand merchandise can significantly boost the success of your program, while cash and gift cards tend to be less effective rewards because they're treated as income—and because they're fully taxable.

7. *Family involvement.* The support and encouragement of an employee's family can help reinforce the company's safety goals. Our safety rewards are attractive to the whole family, creating a special incentive for employees to work safely. After the award is earned and the family enjoys it together, the impact of the program continues.
8. *Immediate gratification.* Behavior that is reinforced and rewarded is more likely to become a habit. Our programs are designed to ensure your employees are quickly rewarded for achieving a safety goal.
9. *Positive reinforcement and continuous communication.* To ensure company-wide visibility for your program, communicate constantly about the program to reinforce its goals and create top-of-mind awareness of safety issues.
10. *Management support.* Management must buy into and be involved with the program from the beginning—from the design stage through the promotion and implementation.

Contact us for information on how C.A. Short can develop a high-impact safety incentive program that will deliver long-term results in your organization 800-535-5690.

