

TAKING STOCK

RISK MANAGEMENT INSIGHTS FOR THE RETAIL/WHOLESALE INDUSTRY



SAFETY AND COMMUNICATIONS STEPS CAN HELP RETAILERS REDUCE OSHA CITATIONS

Name a major retailer and it likely has received citations and fines from the federal Occupational Safety and Health Administration, or from an OSHA-approved state plan (which may have higher penalties). In fact, nearly every well-known retail brand in the US has been cited, with the costs extending beyond penalties and reputations: Employees and customers may be put at risk when safety protocols are not followed.

COMMON CITATIONS

Retailers in the past few years have been cited for a range of issues, including:

- Lack of exit signs.
- Blocked electrical panels.
- Improperly stacked merchandise.
- Unguarded machinery.
- Ladder safety.

Initial monetary penalties have ranged from \$33,000 to \$950,000, and OSHA has not been shy in issuing press releases that identify which company was cited and why. Many citations resulted from OSHA conducting a location-wide inspection after initially investigating a single injury or complaint. One interesting twist is that OSHA may look at citations from one location, search its databases for similar citations elsewhere by the same company, and give out “repeat” citations, which can carry higher penalties.

OSHA is a fairly small, though well-known, federal agency. The federal OSHA budget was about \$535 million for fiscal year 2013, was increased to \$552 million for FY 2014, and is projected at \$565 million for FY 2015. Additionally, 22 states and US territories have developed OSHA-approved state plans — covering both private and public sector workers — that could have requirements beyond the federal standards. Approximately 2,200 federal and state OSHA inspectors oversee more than 8 million worksites around the country. In 2013 the result was 39,228 federal inspections and 50,436 state-plan inspections.



ADDRESSING SAFETY ISSUES

OSHA has pushed to review basic safety and health programs and compliance with regulations. Two things stand out when reviewing the recent inspection data for retailers:

1. Many citations are issued for preventable situations.
2. Effective internal communication about safety requirements needs improvement.

Safety routine: Reviewing 2013 OSHA citations, it appears that retailers still struggle with blocked exits, blocked electrical panels, ladder safety, and unsafe merchandise storage. Developing and implementing monthly inspections can help address these issues; additionally, visual inspections should be part of the daily routine for all stores. In the past 10 years, technology has enabled smaller backrooms and more efficient movement of product from loading dock to sales floor. When your workplace is clean, safe, and orderly, productivity typically increases, lead time decreases, safety improves, and bottom lines are affected positively.

Multi-site communications: Why are some retailers cited for the same violation in multiple locations? If a location receives an OSHA citation, it is critical to communicate this to all other locations to ensure appropriate action is taken to correct the potential violation.

MANAGING THE RISKS

In most cases, retailer response to an OSHA inspection is reactive. Instead, you should be proactive in addressing safety issues. Developing safety routines and effective internal communications can help your organization comply with OSHA regulations. If appropriate safeguards are not identified and implemented, you may violate OSHA safety regulations, and pay the cost.

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