

# NewsWire

June 24, 2009

HELPING ENTREPRENEURS AND BUSINESSES GROW AND SUCCEED

A joint program of the Labovitz School of Business and Economics, Natural Resources Research Institute, and Swenson College of Science and Engineering.

## BUSINESS BREAKFAST SERIES



### ALIGNING SALES AND MARKETING TODAY

7/8/09 7:30 am – 9:00 am \$10.00

Presented by: John Kratz and  
Ken Jondahl

“Best practices” on Marketing’s tactical support of Sales with the goal of achieving today’s revenue targets with today’s product/service offerings.

The root cause of the problems between Sales and Marketing is a lack of a common language and defined process for gathering knowledge about how customers actually *use* product/service offerings to achieve goals, solve problems, and satisfy needs.

#### Why Should You Attend:

Presentation participants will leave with a 3-step process for improving Marketing’s efforts at communicating with prospective buyers, enabling Sales to engage *qualified decision makers* in meaningful, and *relevant*, business conversations.

## 6 IDEAS FOR CURBING WORKER’S COMP COSTS

By David R. Butcher

On-the-job injuries cause headaches for all levels of organizations, affecting production, costs and morale. Yet opportunities exist for businesses to contain workers' compensation costs.

Workers' compensation insurance is both a requirement for doing business and a major expense for businesses. And the trend is not likely to change anytime soon, according to Microsoft's Small Business Center.

Companies everywhere are understandably trying to reduce costs wherever possible, but now is not the time to cut corners at the expense of employees' safety or protection.

While workers' comp insurance is a requirement for doing business, there are many controls that business owners and managers can put in place to ensure an employer provides benefits for workers who are legitimately injured on the job. Here are a few.

#### Prevention: Ensure an Effective Safety Program.

Address the purpose of workers compensation in the first place: Aim to reduce work accidents and injuries. An organization's first asset is its people, so invest in safety resources for them: training, equipment, instruction and systems.

"Make safety a common goal, not an area of friction," Microsoft's Small Business Center advises. "When employees realize that workers' comp is a benefits cost that ties in directly to what a company can pay in compensation, they also recognize the advantage of helping reduce those costs," according to James Walsh, author of Workers' Comp for Employers: How to Cut Claims, Reduce Premiums, and Stay Out of Trouble.

#### Examine More Than Base Price.

When examining the total cost of an insurance program, consider more than the price of a premium or an annual third-party administrator (TPA), risk management services provider PMA Companies advises.

## BUSINESS BREAKFAST SERIES (cont.)

For information about John Kratz and Ken Jondahl:

<http://www.visiongroupmn.com/leadership.htm>

To register: 218-726-7298 or [www.umdced.com/workshops](http://www.umdced.com/workshops)

Also included in the BUSINESS BREAKFAST SERIES:

- **Leasing Issues: Reduce Your Overhead By Reducing What's Over Your Head** July 29, 2009  
\$10.00  
7:30 am – 9:00 am
- **Energy Conservation, A Sound Investment For Any Economy** August 19, 2009  
\$10.00  
7:30 am – 9:00 am

### Additional topics:

- Alternative Financing Options
- Social Networking For Businesses
- What Are Your Insurance Needs and more...

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## WILL "BUY LOCAL" HELP YOUR BUSINESS?

By David R. Butcher

A growing body of evidence indicates that "buy local" campaigns are helping small businesses compete in an extremely challenging economic climate.

### 6 IDEAS FOR CURBING WORKMAN'S COMP (Cont.)

Instead, examine each carrier's and TPA's track record of success in your industry, and look at the service and support provided, along with ongoing flexibility to adapt to your company's specific needs, PMA Companies recommends in a new whitepaper, titled [Top Ten Workers' Compensation Considerations in Recessiary Times](#).

#### Build a 'True Partnership' with Your Carrier.

Often, building a better relationship with the current claims administrator is "the best way to reduce workers' compensation costs," according to Rebecca Shafer, an attorney and risk consultant specializing in cost containment. Bill Hitselberger and Kyle Morhardt at PMA agree, saying that the relationship between the employer and carrier/TPA is "an ongoing conversation rather than a one-time transaction."

Lack of communication is the major cause of discontent between a carrier and the insured, causing "a perception that something is being done improperly," Shafer writes in [Myths & Realities of Workers Compensation Cost Containment](#). Shafer recommends building a better relationship by "becoming more informed about the services your claims administrator offers." The PMA paper states the values that should be expected of workers' compensation insurance carriers: responsiveness, accessibility, flexibility, accountability and communication.

#### Look Beyond Immediate Payback.

"With a proper cost containment program, loss costs will fall immediately," Shafer writes. "But premiums may take several years to fall because they are calculated on a company's experience modification."

PMA notes that workers' compensation costs operate on a three-to-five-year cycle. "The results of successful risk control and cost containment programs initiated today may not yield significant decreases in your premium or TPA fees until three or more policy years down the road... ."

#### Make a Formalized Return-to-Work Program.

Half the cost of workers' comp is lost wages, according to Shafer. "If you can reduce the number of 'lost days' and bring your employees back to some sort of transitional duty position, you will be taking a giant step toward controlling your comp costs," Shafer writes. "Because for each day your employees are out of work, you pay more in indemnity payments.

Not only that, but it bears reminding that knowledgeable and experienced workers are difficult to replace and invaluable to an organization's productivity. That is why the sooner employees go back to work, the more money an employer will save.

A carrier/TPA can help establish a return-to-work program based on best practices in similar industries. Comprehensive return-to-work programs include established "light duty" or "modified duty" positions for workers who are unable to perform their pre-injury duty, which can eliminate the need to hire less-experienced temporary workers. "[I]t is always better to have partially productive employees at work than entirely unproductive employees at home," Shafer notes.

The [National Insurance Crime Bureau](#) says that workers' comp insurance fraud — employees faking or exaggerating injuries — is a significant contributor to the country's \$30 billion insurance scam problem. "Examine the validity of workers' comp claims and injuries," PMA recommends, "and know how to act on the invalid ones."

## BUYING LOCALLY (Cont.)

Independent businesses in recent years have banded together to urge consumers to concentrate their buying power closer to home. "Buy local" and similar campaigns have been launched in dozens of cities and towns over the last few years.

"In the past four years, our membership has exploded," Mary Rick, program director for the [Business Alliance for Local Living Economies](#) (BALLE), recently told [Arrive Magazine](#).

Founded seven years ago, BALLE has grown to include some 60 small business networks in the United States and Canada representing more than 20,000 entrepreneurs. Along with the [American Independent Business Alliance](#) (AMIBA), BALLE is one of the two main groups committed to helping small, locally owned and sustainable businesses start buy-local networks.

[Proponents](#) of the "buy local" movement say such campaigns not only help reduce environmental impact, but also build [vibrant local economies](#) by keeping money circulating locally rather than elsewhere.

[BusinessWeek](#) recently put the economic argument for buy-local campaigns thusly:

*Spending at local businesses, rather than at chain stores or online, helps local economies because those firms are more likely to buy from local suppliers and hire local service providers for needs such as accounting. The jobs that those dollars support stay in the community, rather than going to chains that consolidate*

## 6 IDEAS FOR CURBING WORKMAN'S COMP (Cont.)

While workers' compensation rules vary among states, most offer free and helpful ways to create safety plans, often referred to as injury/illness prevention programs, Robert Miller, director of human resources for the [Greater Los Angeles Vector Control District](#), recently told [Workforce Management](#). PMA recommends having an anti-fraud team to recognize the red flags known to pop up in fraudulent claims. Detecting and correcting insurance fraud helps save on insurance costs. A thorough assessment of this causal area (in addition to all other cost drivers) can identify even the smallest inconsistencies.

"When the signs of a fraudulent claim arise, it's important to promptly report them to your insurer," [HR411's Human Resources Blog](#) says.

Employers often don't know what is causing their workers' comp costs to rise, attributing rising costs to "the price of doing business."

"Looking closer, employers are surprised to find that there are actually several pre- and post-loss areas that, singly or together, drive up their workers' comp costs," Shafer wrote in [another report](#).

While workers' comp programs vary in design, application and degrees of service, and the problems can stem from lack of communication or resources, inadequate personnel and other gaps within a company, all can be corrected once the problems are identified.

"An effective workers' compensation cost containment program is a systematic and thorough approach to cost reduction — not a quick fix," Shafer writes. "It focuses on multiple areas that are all tied together with an effective communication strategy."

### Resources

[How to Put a Cap on Workers' Comp Costs](#)

By Joseph Anthony

Microsoft Small Business Center

[Top Ten Workers' Compensation Considerations in Recessionary Times](#)

By Bill Hitselberger and Kyle Morhardt

PMA Companies, May 11, 2009

[PMA White Paper Details How to Reduce Workers' Comp Costs in Recessionary Times](#)

PMA Companies, May 11, 2009

[Myths & Realities of Workers Compensation Cost Containment](#) By Rebecca Shafer

[Risk Management Magazine](#) (via [ReduceYourWorkersComp.com](#)), November 2006

[Workers' Compensation Claimant Fraud and Medical Fraud Prevention Tips](#)

The National Insurance Crime Bureau

[Workers' Comp Fraud Can Be Pricey for Employers](#)

By Patty Kujawa

Workforce Management, April 2009

[12 Simple Measures for Reducing Workers' Compensation Costs](#)

By Kim Lerner

Human Resources Blog, Jan. 26, 2009

[Grabbing Control of Workers' Compensation and Litigation](#)

By Rebecca Shafer

[Risk & Insurance](#) (via [ReduceYourWorkersComp.com](#)), April 16, 2007

## BUYING LOCALLY (Cont.)

*their suppliers and back-office functions elsewhere. The profits, too, stay with local owners who spend in the community, rather than going to out-of-state owners or shareholders.*

Detractors, on the other hand, say the economic benefits are negligible compared to the ["untapped consumer dollars"](#) and ["higher-paying jobs"](#) large businesses bring to local economies. They also call the buy-local ideology ["smug and elitist"](#) or ["provincialist"](#) and ["isolationist."](#)

If a Buying Locally campaign would help your business, get more information by logging onto: [http://news.thomasnet.com/IMT/archives/2009/05/small-independent-business-owners-banding-together-buy-local-campaigns.html?WT.mc\\_t=upd&WT.mc\\_n=G\\_609&channel=email](http://news.thomasnet.com/IMT/archives/2009/05/small-independent-business-owners-banding-together-buy-local-campaigns.html?WT.mc_t=upd&WT.mc_n=G_609&channel=email)

The University of Minnesota Duluth Center for Economic Development offers numerous workshops to help entrepreneurs and employees operate more efficiently.

**All workshops are held at the Duluth Technology Village, 11 E. Superior Street, Suite 210, unless otherwise noted.** To register call: 218-726-7298, 888-387-4594 or register online:

[www.umdced.com/workshops](http://www.umdced.com/workshops).

**The mission of the University of Minnesota Duluth Center for Economic Development is to assist entrepreneurs and businesses to grow and succeed.**

*Funded in part through a cooperative agreement with the U.S. Small Business Administration, Minnesota Department of Employment and Economic Development and sponsoring centers. Reasonable accommodations for persons with disabilities will be made if requested at least two weeks in advance. For arrangements, contact: UMD Center for Economic Development, 11 E. Superior Street, Suite 210, 218-726-7298*

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