

Marsh consulting firm's Gap Analysis and Risk Mitigation Approach

Marsh consulting firm was hired by an international airplane engine manufacturer to identify key loss drivers and develop a targeted risk mitigation program to reduce the high workers' compensation costs as a result of long claims durations and high average claims costs.

Marsh consultants used a Workers' Compensation Gap Analysis to review and compare the company's existing workers' compensation processes and procedures against recognized best practices.

The first step involved a thorough review of the company's formal health and safety programs, claims reporting process, post-injury management procedure, and written method for selecting and managing medical providers. Next, Marsh consultants conducted a site visit during which they interviewed employees with a range of job functions to find out how well workers' compensation procedures were understood and implemented at the facility. Marsh consultants found that musculoskeletal disorders accounted for 60 percent of the client's loss costs at the manufacturing facility. Therefore, ergonomics was determined to be an area in which the company could expect a high return on its investment in prevention and safety programs. In the next phase, Marsh consultants used Ergonomic Exposure Mapping to identify and prioritize risk factors associated with individual jobs. This allowed the company to focus more closely on those ergonomic improvements that would offer the greatest pre-loss cost reduction. Finally, based on the results, Marsh developed an action plan to address significant gaps identified in the client's ergonomic processes. (Workers' Comp Gap Analysis Reveals Key Loss Drivers, 2006) With the assistance of Marsh Consulting firm the international airplane engine manufacturer was able to reduce workers' compensation claims by 86 percent and saved almost \$200,000 in the first six months of the program. The client also significantly improved the work environment and reduced ergonomic risk factors for employees.

Companies can learn from this example to hire a consulting firm to conduct a gap analysis of current processes and procedures against other successful best practices and then align their new strategic plan with said practices.

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