RISK MANAGEMENT

Business Lessons from Clinton E-mail Fracas

THERE ARE lessons for businesses in the scandal regarding former U.S. Secretary of State Hillary Clinton using her personal e-mail account to conduct government business.

And while the jury is still out on just how damaging this was (notwithstanding any legal issues) in Clinton's case, there are clear and present dangers to any firm that allows its staff to use their own e-mail accounts to conduct the company's business.

There are three reasons you should set a usage policy that bars your staff from using their personal e-mail for work:

• The danger of an employee's e-mail being infected by a virus, malware or similar attack that spreads into your own computer systems.

• Hampering your records retention.

• It makes it difficult to comply with electronic discovery if you are embroiled in a legal matter.

A portal to infection

Everyone likes to be able to access their personal e-mail account at work through web-based accounts such as Gmail or Hotmail.

When employees access their e-mail through websites, this can create a dangerous "back door" through your company's security firewall so that viruses, trojans, worms and hackers can potentially exploit your network.

If you don't already have an Internet usage policy in place, develop one now. And if you do have a policy that doesn't forbid the use of webmail and web-based accounts, talk to your IT support staff about how to best implement such a policy.

Records retention

Your company could still need your e-mail records at some point in the future. In this case, it's obviously better to have those messages on a company account rather than having to sift through all of the conversations in your employee's personal e-mail to locate the exchanges.

Worse, if you've deleted e-mails, it may appear as if you are conducting electronic document shredding.

You need to ensure that important documents are properly preserved and archived so they can be found easily when needed.

Also, make sure that e-mails containing sensitive business information are secured and can be accessed only by those who have the authority to view them. Using a private e-mail account circumvents this entirely and is not in the best interest of your organization.

Also, if you've invested in developing your company's records retention policy, your e-mail system and database, those efforts could be wasted if employees circumvent the system by using personal e-mail accounts and devices to create and store work-related information.

For Your Eyes Only

Return to Work Not Just for Workers' Comp

MORE EMPLOYERS are using return-to-work programs for injured workers even if they were not injured on the job, according to a study by Prudential Insurance Co. of America. Many employers have a return-to-work program for their injured employees because it cuts down on workers' comp claims costs and lets the worker get back to feeling productive.

But more employers have also started returning employees to work who have been off duty due to non-job-related ailments.

The survey found that 49% of large employers have a return-to-work program for their disability programs, and another 22% of employers plan to add such programs in the near future.

Prudential noted that workers' comp and non-occupational disability return-to-work programs should be similar in approach, and that both can save a company money.

While the cost/benefit numbers are more readily apparent in the workers' comp arena, they may not be as easily identified in programs for non-work-related injuries or disabilities.

But, if you have an experienced staff member that is out of action, and work is not getting done or it's being performed by someone with less experience and skill, it can hurt your operations and bottom line.

Re-integration Basics

- The worker and doctor should discuss recovery time, expected pain duration, need for drugs, if any, and options for returning to work.
- The worker should resume, if possible, work that meets restrictions and requirements outlined by the treating physician.
- Workplace guidelines should be written out and provided to the employee and employer.
- The doctor should be included in determining if the physical demands of a modified job are appropriate for the recovering worker.
- The doctor must understand the patient's work tasks and create workplace guidelines for the worker and employer. They should be flexibile and upated to reflect the improving medical condition.
- Physical therapy can be used to simulate specific job demands so that the worker can eventually resume previous work duties without re-injury during the return-to-work phase.

Return-to-work Benefits

- **Improved productivity,**
- **Reduced claims costs,**
- **Improved morale across an organization,**
- **Saving organizations time and money, and**
- **Protecting you from losing talent.**

Examples of effective return-to-work strategies include offering the opportunity to work part time, telecommuting, modifying work duties, modifying schedules, and implementing reasonable accommodations to provide employees with the tools and resources they need to carry out their responsibilities.

Efforts such as these can help employees return to work sooner, even while still recovering. This allows the employee to protect their earning power while at the same time boosting the organization's productivity.

Also, in many instances, the ability to return to work after injury or illness plays an important role in the employee's recovery process. ❖

Legal Discovery Can Get Costly with Personal Account

Electronic discovery

Storing work-related e-mails in a personal e-mail account can result in a significant and costly burden to your company in case of electronic discovery during litigation.

Attorneys will file discovery motions to produce relevant documents – that includes e-mails. But if one of your employees or managers stored potentially salient information in their personal e-mail accounts, your business could be required to search their personal e-mails, as well.

This can result in a challenge, as company information has been comingled with the employee's personal information. This means extra time and money, not to mention someobdy rifling through personal e-mails.

Finally, the costs of performing e-discovery increase with each new data source. This can result in additional expenses and more time. ❖

Plan Ahead for Equipment Failures

WE'VE HAD articles in our newsletter about how to protect against and plan for external supply chain risks. These risks are often out of your control as they can affect suppliers or transportation providers, as well as transportation networks and infrastructure.

However, you also have internal supply chain risks, which you are better able to control. These risks can affect a variety of businesses from manufacturers to retailers and restaurants – and any business that has some type of revolving stock.

It could be vital to the survival of your business that you prepare for internal risks such as machinery and equipment breakdowns.

Knowing the right steps to take ahead of time can save you from making a bad situation worse or significantly delaying the resumption of operations. All of that, of course, amounts to extra costs for your operation, including the potential for lost revenues.

If you prepare for a failure of a key piece of equipment or machinery, you also won't be scrambling trying to figure out your next step in times of internal disruption or crisis. Making decisions at such times can often lead to more problems and costs.

Your risk management plan to deal with such failures should include:

1. A list of key equipment

- Production machinery, including gear sets, motors, compressors, belts and fans.
- Boilers and pressure vessels.
- IT and communications systems, including wiring and cables.
- Electrical equipment or system, including transformers, switch boxes, cables, wiring and motors.

2. An inventory of spare parts

Optimally, you should keep all the key spare and replacement parts for your main systems on site. You can ask the manufacturers or service companies of those systems to assist you in having an emergency inventory on hand.

Still, it may not be feasible to have all items on site. In that case, you should compile a list of the other parts that could break and need replacement, and how to quickly order them from the correct supplier. You should include on this list the cost of those items and delivery times – and update the list at least every year.

3. Plan for renting replacement equipment

As part of your planning, you should obtain quotes from companies that rent out the same type of equipment or machinery that you use, and update the quotes every year. The quotes should include all pricing like transportation and set-up fees, as well as estimated time from ordering to delivery and start-up.

Don't forget to include alternative suppliers.

4. Repair firms

You should also have at the ready information on the various contractors that are able to repair equipment that's broken down. The information should be listed by equipment item and should include contractor capabilities, contact information and availability.

Again, you should update this information every year.

5. Inventory

The dilemma for many businesses is how much inventory to carry. You don't want to get caught short when it's time for deliveries, and you don't want too much of your money tied up unnecessarily in inventory that will go unused for some time.

That said, a certain reserve of inventory to help you continue to supply your customers is a smart move if you want to minimize the disruption of an equipment failure.

You need to analyze your order and delivery schedules and identify an optimum amount of spare inventory to keep on hand to fulfill orders in case of an equipment failure.

Make sure to keep in mind perishability of inventory, if applicable. ❖

Good Housekeeping Yields a Safe Workplace

THE MANUFACTURING and warehouse environment is often a busy and hectic one with high potential for injuries or accidents to occur.

Good housekeeping habits can help reduce these hazards. Housekeeping is also an essential part of any effective safety program and a safe workplace can reduce the risk of injuries, which not only put employees in danger but also can affect your workers' comp premiums as well as force you to incur other costs.

Depending on the type and scope of work, it is important that you have staff to perform housekeeping duties such as picking up trash and cleaning work areas as often as is required to reduce and eliminate safety hazards.

In manufacturing and warehouse facilities, it's imperative that you keep floors, walkways and other high-traffic areas uncluttered and clear of hazards.

Every year, about 17% of all workplace fatalities are the result of slips, trips and falls.

Many of these occur due to tools, hoses, cords, trash, debris or slips on spilled liquids or fluids.

Part of housekeeping duties should include making sure the work areas are always kept free from tripping hazards and that any liquid or slippery surface is cleaned and dried immediately.

Cleaning items such as mops, buckets, brooms and dustpans should be easily accessible and stored in a number of different areas, close to each workspace.

When mopping to clean a floor, make sure to use a "wet floor" sign to warn others that the surface could be slippery.

Employees must be trained to respect "wet floor" signs as well as to immediately clean up spills after they occur and dry the area thoroughly in order to prevent slip-and-fall injuries.

Trash and debris

Your staff should also understand the importance of picking up trash and debris that often accumulates throughout the workday. Trashcans and trash bins should be kept in easy-to-reach locations and should be placed near brooms and dustpans.

Here are some tips:

• Sweep smaller debris such as broken glass, nails and other trash into a dustpan, before placing it into the trashcan.

• If sharp objects such as nails, broken glass or metal fall onto the floor, use leather gloves in addition to using the dustpan and broom to dispose of the trash.

• Trashcans should be emptied into dumpsters frequently so that they do not become too heavy,

Other useful housekeeping practices include:

• Keeping tools and equipment clean and properly stored when not in use.

• Wrapping up and storing hoses and cables when not in use.

Be aware of open cabinet drawers, electric wires, sharp corners or protruding nails. Correct any such unsafe conditions immediately, but only if it is safe to do so. If the situation is too dangerous to correct, your workers should be instructed to notify their supervisor or the person responsible for overall facility maintenance.

The workplace appearance makes an impression on employees and visitors alike. Good facility housekeeping will help reduce workplace accidents, lower insurance costs, improve employee morale – and ultimately increase business profits.

When a workplace is neat and clean, everyone will feel better as they complete their daily work and production quality is improved. ❖