

# MID-STATE EMBRACES THE RISK MANAGEMENT REVOLUTION

By Craig Shaffer

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Saving money on insurance is not so easy that “even a cave-man can do it.” Shielding your company from systemic risk takes more than a gecko, a brash general, or a braying elephant...

That's the Mid-State Group's declarative stance as it continues its unique “Beyond Insurance™” revolution across Central Virginia.

“Everywhere you look, the media is bombarding us with the overreaching message that insurance is all about price,” remarks John Austin S. Basten, director of Mid-State Risk Management. “Insurance has been commoditized.”

Insurance is a puzzle piece—not the cornerstone—of effective risk management, Basten contends. And, it's the most expensive way of managing risk. The conventional ritual of annual policy renewals does “nothing to address daily risks employers face that directly impacts their ability to grow and survive,” he adds.

Armed with case studies, statistics, nationwide peer groups, intense training, and a 30-year journey to ignite a new paradigm, Mid-State is determined to convince business leaders that top-to-bottom risk management is a comprehensive year-round imperative.



## BUSINESS CHALLENGES & CONUNDRUMS

As if business owners didn't have enough to think about. The economy continues to sputter, companies wrestle with finding and retaining top talent, and competitors are always clawing at the door. Now the federal government has hired thousands of auditors seeking non-compliant businesses.

For lean companies that downsized during the economic downturn, fewer

employees shoulder the workload. Many workers don more hats and log more hours. Wall Street may be doing great but Main Street still struggles.

Challenges continue to mount with higher taxes, health reform uncertainty and stifling regulatory pressures. Companies risk the danger of workplace injuries along with increased employee stress and low morale.

“How many managers fully understand the ever-changing requirements of the ACA, FLSA, FMLA, ADA, IRCA, ERISA, OSHA, EEOC and others?” ponders Ronny Michelle Smith, director of Mid-State HR.

“There’s really so much complex information for busy HR people to keep up with.”

Today’s HR manager juggles an overwhelming array of complex duties, from benefit plan design to strategic employment planning. New laws and regulations appear almost daily, especially with the Affordable Care Act. It’s not uncommon for HR managers to have evolved into their role and be still expected to perform other job responsibilities.

Roughly 3,600 new rules were published in the Federal Register in 2013, adding an estimated 77,278 pages. The running tally of compliance costs for economically significant regulations range from \$6.42 billion to \$11.82 billion.

“You don’t need Paul Revere to know that armies of regulators are coming to take names. The word directly from Washington is that compliance crackdowns across the board are expected in 2014,” warns Basten.

## THE MID-STATE BEYOND INSURANCE™ SOLUTION

The evasive dilemma for many small and mid-sized businesses is the ability to hire dedicated professionals with the high-level knowledge and skills to navigate the choppy waters of inherent risk.

That’s where Mid-State sees compelling opportunities to make a difference.

“Our whole focus is middle-market growth-oriented companies that don’t have the resources to field top-level specialists,” explains John Basten. “We’re available for companies that need specialized high-caliber expertise, thought leadership, or workload balancing.

Mid-State can provide expert resources such as an outsourced chief risk officer, CFO, HR executive, ERISA specialist, safety or wellness director, and a Six Sigma black belt consultant, along with leadership coaches and movement specialists, Basten explains.

Mid-State was not always a risk

management powerhouse. The Lynchburg-based firm started out in the ‘60s with the typical suite of insurance products and services.

“As we grew, we struggled with all the common business issues, such as hiring, employee and leadership training, compliance—strategic planning, liability, and the whole avalanche of inevitable obstacles,” notes Basten. “We didn’t know where to turn to for help.”

Mid-State’s leaders realized that many other local companies were likewise struggling to find answers and solutions.

In the early 90s, the company launched a bold strategy to develop an integrated solution that would eventually consign insurance conventions to the back seat. Mid-State began the quest to assemble a safety, wellness, human resources, finance, total quality management, and leadership “SWAT Team” to fill the void for Virginia

businesses.

So what is “Beyond Insurance™” other than a marketing euphemism? To Mid-State, it’s a common-sense mechanism to shore up weaknesses, reduce risks, mitigate obstacles, and empower companies to grow.

In short, Beyond Insurance™ is a systematic array of tools and techniques to identify, measure, and manage risk while enhancing an organization’s performance (and productivity) through non-insurance solutions.

“If we only focus on insurance, we miss the greater opportunity to drive down costs in many other areas of a business,” Basten explains. “The ultimate goal of the Beyond Insurance™ process is for our clients to increase profitability, decrease costs, and create a thriving workplace.”

“If your employees aren’t growing and thriving, neither will your company,” he adds.



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## RISK MANAGEMENT REVOLUTION

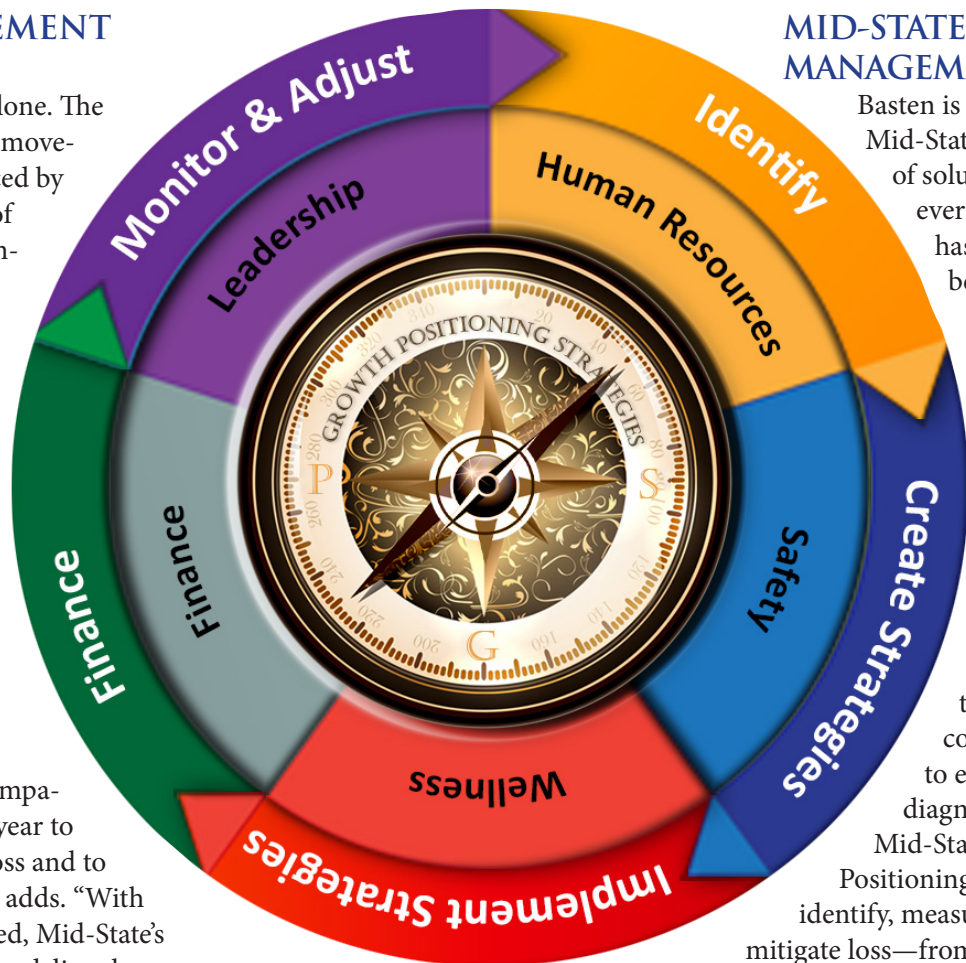
Mid-State is not alone. The Beyond Insurance™ movement is being practiced by an elite consortium of risk management consultants throughout the country seeking to transform 21st century workplaces.

Many of Lynchburg's full-service insurance agencies focus on traditional insurance, meeting with clients only once a year to deliver coverage and premium proposals, explains Basten.

"We work with companies throughout the year to lower their risk for loss and to optimize growth," he adds. "With business risks subdued, Mid-State's insurance division can deliver lower premiums at renewal. To accomplish this, we had to create a highly specialized team not found anywhere else in Central Virginia."

As a former General Electric (Genworth) vice president, Leon Hill prized the ability to easily consult with internal department heads.

"I had access to legal, compliance, marketing, operations, HR, finance, and client services with the touch of a button," explains Hill, director of Mid-State Process Excellence. "At a large company, ready access to expertise allows managers to focus on their core competencies. Most small businesses simply do not have that range of critical expertise."



The company's innovations have not gone unnoticed.

Mid-State was recently featured in a cover story as *Rough Notes* magazine's "Marketing Agency of the Month," a coveted award among the nation's top insurance and financial service firms. Mid-State is the only Virginia agency to have ever earned the recognition.

"Mid-State exemplifies the entrepreneurial zeal that characterizes successful independent agencies. Rather than sitting back and waiting for opportunities, the group has gone out and created new ones," notes associate editor Dennis Pillsbury, who has written for *Forbes*, *Fortune* and *Business Week*.

## MID-STATE GPS™ RISK MANAGEMENT PROCESS

Basten is first to say that Mid-State's full ensemble of solutions is not for everyone. Mid-State has stringent criteria before partnering with a new client. An as-needed à la carte consultative menu is often the choice for seasoned businesses eager for continuous improvement and vibrant partnerships.

For committed clients, the company is invited to engage in a no-fee diagnostic process called Mid-State GPS™ (Growth Positioning Strategies) to

identify, measure, prioritize and mitigate loss—from minor accidents to major catastrophes. Mid-State GPS™ targets five key disciplines—safety, HR, finance, wellness, and leadership. The audit may take several weeks to two months to complete.

Mid-State is the first and only risk management company in Virginia to acquire the IQRM™ (Intelligence Quotient Risk Management) risk audit system. The benchmarking program allows Mid-State to "deep dive" into any organization to precisely find and fix areas of potential exposure.

"It's a smarter way to manage risk," says Basten. "It allows us to diagnose and understand how a company performs compared to industry best practices. Clients are impressed with how it pinpoints real opportunities for risk improvement that result in a healthier, safer work environment while reducing loss."

Using the Mid-State GPS™ and IQRM™ processes, the team surveys policies, procedures, facilities, training, behaviors and activities across the five disciplines to minimize specific risks

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throughout the enterprise, weighed against industry metrics.

A comprehensive report includes audit results, evaluations, recommendations and strategies. Mid-State provides outsourced consultants in each key area as needed throughout the year to implement, monitor and adjust strategies as needed.

Since the Mid-State GPS™ model helps clients contain risk at all levels of a business, insurance remains part of the the total risk management equation, but more as a last line of defense.

“In the eyes of the people we work with, we are no longer insurance salespeople; we instead represent risk managers, consultants and business leaders who are always available to understand and serve our clients’ needs,” Basten remarks.

## REAL WORLD RESULTS

The Mid-State “Beyond Insurance” revolution has been extremely valuable to Wanda Mills and her colleagues at NewBold Corporation in Rocky Mount, VA. As HR manager, Mills has found the veteran assistance of Mid-

State’s Ronny Michelle Smith to be a “phenomenal resource.”

“If I have an employee issue or policy violation, I just call or email her,” Mills says. “She’s provided guidance that’s saved us a lot of money. She also gives supervisor and compliance training along with harassment training for employees.”

After signing with Mid-State to consult on health benefits, NewBold gradually adopted other facets of Mid-State’s service array. Frank Goodwin, director of Mid-State Safety, helped organize an active safety committee and trains employees on OSHA standards. Margaret Gugliotta, director of Mid-State Wealth Management, gives seminars and recommendations for 401k participants. John Basten works with NewBold to bulletproof customer and outsourcing contracts. Other Mid-State team members support property and casualty coverage, group benefits, and the 401k plan.

“I can’t say enough good about the team,” exclaims Mills. “All our previous brokers just came in once a year when it came time for renewal. Mid-State

has a very hands-on approach. It’s been very, very valuable.”

Mid-State has also been a powerful ally to Lynchburg Nissan, says controller Sheila Burch.

“Ronny’s been awesome. Her expertise has been invaluable. The one thing that led us to switch (to Mid-State) is they offered so much professional help that we did not have in the past,” says Burch. “Frank Goodwin has worked with us on safety training and OSHA. Margaret Gugliotta has been great at answering 401k questions for our employees.”

## BACK TO WORK EARLY WITH WORK-LIFE 360™

One of Mid-State’s newest programs is Work-Life 360™. The multi-tiered process focuses on every aspect of employees’ well-being and risk for injury—on or off work—to foster a healthier, safer, more productive work-life environment.

Employee injuries or illness can impact a company’s productivity and bottom line, regardless of whether injuries occur at work or at home.



**WORK-LIFE 360™**

*Employee injuries can impact a company’s productivity and bottom line. Our integrated program focuses on every aspect of your employees’ well-being and risk for injury, on or off work. We offer simple solutions to foster a healthier, safer, and more productive work-life environment.*

- Injury Identification
- Injury Profile Assessment
- Injury Prevention
- Early Return-To-Work
- Health Care Partnerships

**THE MID-STATE GROUP**  
Growth Positioning Strategies

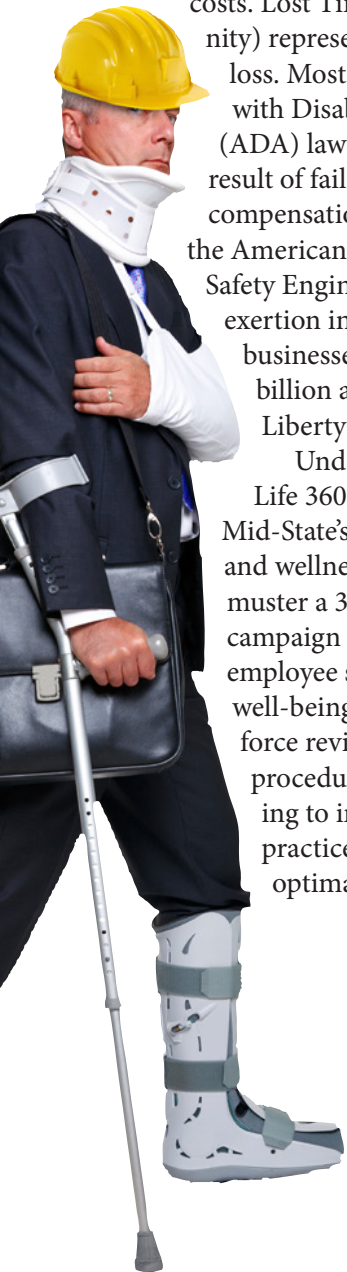
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Workplace injuries can unleash a ripple effect, driving higher workers' compensation costs and OSHA fines, absenteeism, stress, presenteeism and lower productivity. Even an employee hurt on personal time can affect group health and disability costs.

Larger companies can afford to hire dedicated safety and wellness professionals to help manage costs. But most businesses do not approach employee health and safety in an integrated way, notes Steven Mouzon, director of Mid-State Wellness.

The statistics cannot be ignored. Productivity losses are estimated to double workers' compensation costs. Lost Time (indemnity) represents 40% of a loss. Most Americans with Disabilities Act (ADA) lawsuits are the result of failed workers' compensation claims, says the American Association of Safety Engineers. Over-exertion injuries cost businesses at least \$13 billion a year, reports Liberty Mutual.

Under the Work-Life 360<sup>OTM</sup> regimen, Mid-State's safety, HR, and wellness teams muster a 360-degree campaign to enhance employee safety and well-being. The task force reviews policies, procedures and training to institute best practices and promote optimal outcomes.



Employees predisposed to injury are identified and coached on ways to improve their risk profile. Mid-State's innovative Early Return To Work (ERTW) model builds partnerships between the company, employee and health care practitioners through ongoing communication, quicker care response and continuity of care.

Employers with a RTW program report an average of 5.1 weeks for injured employees to reach maximum medical improvement, compared to 13 weeks for companies without a program

in place, according to a study by Crawford & Company.

"When accidents do happen, we work with proactive employers to reduce unnecessary lost workdays, accelerate a worker's recovery, maintain productivity and minimize injury-related direct costs. Getting employees back to work sooner costs less in the long run and improves morale," states Mouzon, who is also a functional movement specialist, cross fit trainer, and a U.S. Weightlifting Sport Performance Coach.

## IN RELENTLESS PURSUIT OF A SAFER WORKPLACE

For many Americans, the workplace is like a second home. Hours spent at work consume a hefty diet of daily life. Experts agree a safe and comfortable workplace contributes to overall job satisfaction and productivity.

While many jobs are fraught with risk, a robust safety program can alleviate the far-reaching impacts of workplace accidents.

Nearly 3 million nonfatal workplace injuries and illnesses were reported by private industry employers in 2012, resulting in an incidence rate of 3.4 cases per 100 full-time workers, according to the U.S. Bureau of Labor Statistics (BLS).

The same year, there were 1,153,980 reported cases with days missed from work. The median days away from work—a key measure of severity of injuries and illnesses—was nine days.

Research reveals that work accidents cost companies billions per year and cause untold pain and hardship to injured employees and families.

"In today's economy, safety is no longer just a cost of doing business. It's an ethical responsibility as well as a competitive advantage," explains Mid-State's John Basten. "Organizations can expect a \$4-\$6 return for every dollar invested in safety."

Safe, thriving workplaces that comply with regulatory standards delight Mid-State's director of safety, Frank Goodwin. The charismatic "Johnny Applesseed of Safety" is constantly giving workplace seminars, OSHA training, and presentations across Virginia. (cont'd)



He's a Authorized OSHA Outreach Instructor at Liberty University and a certified safety trainer through Virginia Tech. Goodwin is the well-known "Safety Minute" guy on WLNI and WFIR.

Today's safety and HR professionals are under enormous pressure to meet organizational goals while complying with a myriad of governmental

regulations, he says.

OSHA is beefing up enforcement for inspections and violations penalties, according to various sources. Since 1970, OSHA has conducted more than 39,000 inspections and issued over 85,000 safety violations.

"Many safety and health professionals—when faced with downsized staffs or budgets—might cut training.

Yet we all know that training can dramatically reduce risks and protect the enterprise," says Goodwin.

Thriving safety cultures decrease absenteeism and lower workers' comp costs, Goodwin adds. A healthy, safe workplace also raises profitability by attracting and retaining top talent.



**THE MID-STATE GROUP BEYOND INSURANCE TEAM:** (L-R) *Ronny Michelle Smith, Director of Mid-State HR; Leon Hill, Director of Mid-State Process Excellence; John Basten, Director of Mid-State Risk Management; Frank Goodwin, Director of Mid-State Safety; Margaret Gugliotta, Director of Mid-State Wealth Management; and Steven Mouzon, Director of Mid-State Wellness.*



Photo Courtesy of *Rough Notes Magazine*

