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Positive thinking pays

Risk management should be founded upon complete understanding of what is happening within both your business and its broader environment. Mechanisms that allow you to learn from your organisation's day-to-day experience can help translate risk management theory into practice. Incidents that do not lead to damage, often called "near misses", and customer complaints are both excellent pointers to business performance and can help in developing risk strategies.

Reviewing near misses and customer complaints allows you to examine a broader population than provided by a more conventional insurance based assessment of claims. For every 10 major injuries or 30 damage-only accidents, there are 600 near misses. For every reported product liability claim, there are many more complaints.

Near misses are as much incidents as accidents, the difference being that they have zero cost. This often means that not enough attention is paid to them. But they can result from latent failures, for example, non-functioning safety valves found on inspection, bad work habits, or undesirable work situations such as untidy or unclean work areas.

An example is the supermarket where a routine audit reveals a number of out of date goods on the shelves. To date, there have been no claims, but detailed investigations reveals a number of customer complaints in which goods have been replaced. The business has to decide if this is a risk worth taking in an area where customer confidence can be rapidly destroyed.

The detailed investigation of accidents (often leading to claims) is a broadly established pattern. Not all businesses undertake a detailed investigation of root causes, however. This can lead to a less valuable investigation methodology.

Investigating incidents should involve the personnel on the ground who have the experience and knowledge to help. Following a near miss, you need to establish how and why it happened and look for the root cause. You should also investigate the management systems failures that underly most misses. Such failures will affect the performance of your business. If wrongly evaluated, they may lead to strategies of risk avoidance, where reduction would be more appropriate.

You can quantify the success (or otherwise) of

Risk programmes by the reduction in near misses. You can also intervene if management procedures are failing.

There are similar considerations with complaints. A complaint means that the customer is offering you the opportunity to sort matters out and keep their business. Some organisations that deal with complaints effectively have built brands through a "no quibble" policy. An opportunity to exploit what is risk management process has to be attractive.

You need a managed process to handle complaints. You should encourage your front line staff to own complaints, and have a formal written procedure.

Drawing up a resolution menu can involve options such as providing an apology, providing an explanation, and giving a clear assurance that the problem will not be repeated. You need to act to put things right. But you should only offer financial compensation where relevant. If it is goodwill gesture, you should make this clear.

Having produced resolution menu, you need to establish monitoring mechanisms to ensure problems that are discovered through customer complaints are not repeated. Look at complaints positively. They may point out weaknesses within your business and provide an opportunity for improvements. Resolving them quickly and effectively gives your customer something positive to say about your business, and reduces the risk of losing business.

Complaints also offer an inexpensive source of market research, to which you can link your risk management strategies and business planning. They allow you to understand how customers interpret advertising and sales collateral, whether products and services meet customer expectations and where your business needs to improve. A noticeably increasing number of complaints will help alert you to pinpoint weaknesses.

Complaints, may only be the tip of an iceberg, and part of the programme might be a regular survey of customers to track the non-complainers. (Jonathan Clark, Crawford & Co, UK, *StrategicRISK Magazine*)



Did you know?
An average worker bee makes only half a teaspoon of honey in its lifetime.
(Golden Honey Blossom)

Market Buzz

OVERWEIGHT workers cost their bosses more in injury claims than their lean colleagues, suggests a study that found the heaviest employees had twice the rate of workers' compensation claims as their fit co-workers. (*Associated Press 23 April 2007*)

U.S. CONGLOMERATE H. J. Heinz, which early this year announced plans to dispose of its 51% majority interest in Olivine Holdings is now exploring opportunities related to its stake and no firm decision has been made yet to pull out of the country's troubled food and consumer goods manufacturer. (*Financial gazette April 20-25 2007*)

FREED from sanctions, Libyans are rushing to the shops. Goods long denied are flying off the shelves as pro-market reforms and petrodollar windfall combine to turn those with sufficient savings into compulsive consumers. The spending spree has been spurred by an end to sanctions after the north African state accepted liability of 1988 US plane bombing and reversing decision to develop weapons of mass destruction (*Zimbabwe Independent 16-22 March 2007*)

THE National Social Security Authority (NSSA) is set to construct a multi-million dollar three-star hotel in Beitbridge in partnership with Rainbow Tourism Group Limited. In addition, the group has also secured a US\$2 million loan from PTA Bank to finance acquisitions at the new hotel. (*Herald 16 March 2007*).

PHARMACEUTICAL and healthcare products manufacturer CAPS Holdings Limited has completed the refurbishment of its penicillin plant and is awaiting approval from the Medicines Control Authority of Zimbabwe to resume production. (*Herald 29 March 2007*)

MIMOSA Platinum has contributed a total of 17,380 of pgm ounces to Aquarius Platinum's 124,577 ounces for the quarter while production at the Zvishavane based mine increased by 4% to close the quarter at 34,760 pgm ounces (*Business Online 27 April 2007*)

Road accidents-*they cost more than loss of lives*

An increased number of road accidents and related deaths has of late alarmed authorities in several countries world wide to act upon the problem. With the increasing number of major accidents that take up lives in dozens leaving several passengers injured, traveling on the roads has become a great risk for most people.

In Zimbabwe it is estimated that road traffic accidents top the list of the 10 causes of hospital admissions due to external injuries. Road traffic crashes account for about 21% of admissions due to external injuries, 26% of deaths and 9.5% of hospital bed-stay-days (*Herald, 1 May 2007*). According to the Ministry of Transport and Communication, an estimated 1800 people die in different times and places in a year due to road traffic accidents and a further 18 000 people are badly injured as a result of accidents.

The above figures are obviously disheartening given the fact that studies have proven that in all given circumstances 85% of road traffic accidents worldwide are caused by driver errors. Zimbabwean statistics indicate that 33% of those accidents involve pedestrian-vehicle collisions (*Traffic Safety Council of Zimbabwe*). This in shot means that the bulk of deaths and injuries incurred in road accidents can be avoided if all stakeholders of the road exercise due care.

World statistics also indicate an increase in road accidents in the past few years. An estimated 1.2million people are said to die every year from road traffic accidents and road traffic injuries are currently ranked 9th globally among the leading cause of disease burden and disability adjusted life years(DALYs).According to researches the annual cost of crashes worldwide is in excess of US\$600billion and in developing countries the amount is above US\$65billion each year. In Sub Sahara Africa road accidents cost an estimated US\$3.7billion annually of which South Africa alone account for an amount of US\$2billion. However the total estimated percentage cost per country in terms of Gross National Product (GNP) ranges from 0.8% in Ethiopia to 1% and South Africa to 2.3% in Zambia and 2.7% in Botswana to almost 5% in Kenya(*Harvard Center For Population And development Studies: World Population Day 2004*)

The above statistics clearly indicate that road traffic accidents do not merely cost in loss of lives alone but also have a serious bearing to the total loss of the countries' economic performance. The situation is even worse in

developing countries where governments are still grappling with diseases, inflation and abject poverty levels in their countries. This means that funds which are supposed to be channeled to productive sectors of the economy are diverted by the cost of road accidents. This can be through victims compensation, rehabilitation, repair of vehicles and awareness campaigns.

Risk factors that contribute to road accidents

Reports from various sub-Sahara countries that include Kenya, Uganda, Ethiopia, Tanzania, Ghana, South Africa and Zimbabwe indicates human error, road conditions and vehicle conditions which include the following:

1. Over speeding and perilous overtaking
2. Alcohol and drug abuse
3. Negligent driving and poor driving standards
4. Vehicles overloaded with people(buses, vans, commuter omnibuses)
5. Inadequate maintenance of vehicle
6. Tyre bursts
7. Bad roads and hilly terrain
8. Negligence of pedestrians
9. Distraction of drivers by passengers, speaking on cellphones whilst driving.

The contribution of public transport in road accidents plays a very important aspect. In Kenya and Tanzania buses account for 98% of public vehicles to be involved in road accidents. (*Public Transport Safety in Tanzania, Annual Roads Convention 1999*). The fact that the majority of people travel in public transport exacerbates the situation in most developing countries.

Good driving tips

Driving a road vehicle remains, by fact the most daunting task as compared to other means of transport. For example airplanes pilots use land radar and navigation assistance to operate the plane, ships use a wide and unchallenged water mass to navigate the way through also with the assistance of port navigators who give directions through the radio. In terms of rail transport, not much is needed since the locomotives can just use a defined and structured route which needs minimal control. Motor vehicle operators have the most difficult task which involves navigating the road without any assistance, dealing with other road users that includes drivers, pedestrians and animals as well as controlling the passengers in the vehicle at one goal .This means that acute

attention and alertness is the prerequisite to avoiding unnecessary accidents. The following tips by Elaf T Al Kattan can help reduce unwarranted for accidents :

1. Expect other driver's mistakes, so always stay alert when on the driving seat.
2. Drive slowly and ALWAYS observe and respect the speed limits in that area.
3. Always stick to your lane, do not move from lane to lane unnecessarily.
4. Be alert to changing road and traffic conditions, always read the road and traffic conditions ahead of you.
5. Keep both hands at the steering wheel at all times, do not use one hand to control the vehicle.
6. Always get the bigger picture, your negative and negligent attitude can cost innocent lives.
7. Always turn at very low speed, turning at high speed or swerving can cause overturning.
8. Do not tailgate, keep a safe distance between your vehicle and the next vehicle that allows you to stop in case of emergency without bumping into each other.
8. Always expect surprises, stay conscious and alert in order to react quickly and in the most precise manner that does not endanger yourself and others.
9. When you feel sleepy or tired, do not stretch yourself to reach your destination, always pull over on the safest roadside and take a small nap
10. When traveling long distances, drinking a lot of cold water in between your journey helps you stay awake.

Always remember that it is up to you as the driver to cause or avoid an accident. Every bad judgement you make may cause loss of innocent lives.



Buzz corner

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