Law Enforcement Action Forum NEWSLETTER

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The Truth Is In the Details

Safety Is Never An Accident. It Is The Product Of Thoughtful Effort.

By Gene King, MML Loss Control Consultant

It was a cold and damp night as the Titanic raced quietly through the dark waters of the North Atlantic just off the coast of Nantucket. The passengers were enjoying their trip on the largest and most luxurious ship ever built. Every detail of the Titanic exuded luxury. Its builders had used only the finest wood and glass and had adorned the ballrooms, staterooms, and dining rooms with luxurious furniture, drapes, and chandeliers. The food and service were worthy of the world's finest restaurants. Management had been lavish in providing the Titanic's passengers with top quality amenities.

On its maiden voyage, the Titanic was attempting to set the record for the fastest crossing of the Atlantic. We all know the outcome: the Titanic sank after running into an iceberg.

Few individuals have examined the demise of the Titanic from a risk management perspective. In their efforts to get the ship launched and to lavish their first class passengers with pure luxury, management had neglected to provide for or train employees to proper risk management protocol. Investigations following the incident have disclosed that management had not examined the ship's design for structural integrity and had not provided appropriate policy, equipment, and training, especially in the area of employee discretion. As a result, the following conditions and actions combined to cause what -- even in 1912 -- experts recognized as a preventable tragedy:

- The lookouts did not have adequate equipment. There were no binoculars in the crow's nest. The one pair of binoculars was on the bridge. The crew did not discover this until underway because there had been an insufficient number of shakedown cruises before the Titanic's maiden voyage.
- The ship's turning radius was too wide to avoid the iceberg.
- The ship was going too fast for the conditions at the time of the accident because management was trying to set a Trans-Atlantic record.
- The route management chose for the voyage brought the ship in proximity to the icebergs because it was shorter and lent itself to a faster crossing.
- The design of the bulkheads was defective, not allowing for adequate containment of water.
- There were not sufficient lifeboats to accommodate the crew and all the passengers.
- The Titanic sank in part because management failed to provide policy and adequate equipment, used inadequate materials and, most importantly, did not regulate the discretion of their employees who made several decisions that cost lives.

The bottom line is that using sound risk management practices may have prevented the accident and averted the tragedy that ensued after the Titanic struck that iceberg.

What happened to the Titanic can happen to any governmental agency because they face the same types of problems as the captain and crew of the liner. Figuratively speaking, everyday some members of the Pool and Fund hit an iceberg, whether it is the proverbial accident waiting to happen or a failure in policy or procedure that leads to a loss. In most cases, they hit that iceberg because management has failed to chart a path to a safe and secure environment for its employees and citizens or to stay the course if they have plotted a chart.

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There are many parallels between the Titanic's story and the experience of the Pool and Fund. These similarities support the belief that risk management is an important practice.

In fact, the Pool and Fund's belief is so firm that they are initiating a new program called "Risk Management is Good Management." The program's purpose is to assist members in assessing their operations by using tools designed to identify existing risk exposures. Once identified, Pool and Fund members can go to the Pool or Fund Web sites where they can resources, such as the PERC$ and the Safety & Health Manual, that they need to develop an action plan that will contribute to eliminating or, at least, mitigating the risks. In doing this members can prevent incidents that cause litigation, damage or injury. That translates to real dollar savings and that is no story!

The last issue of the LEAF Newsletter spoke about the kinds of losses the MML Pool and Fund are experiencing and the types of actions members can take to avoid them. This edition is going to outline the importance of taking action to identify the risks and eliminating them before they cause a loss.

Like the crew of the Titanic, your organization can only see the top quarter of the iceberg. If a loss occurs, the hidden and indirect cost of the claim represents the other three-quarters of the iceberg. Insurance covers the top quarter of the -- insurance costs. Therefore, if you can site the iceberg in time and turn the ship to miss it or launch a torpedo to eliminate it, then the governmental agency saves money.

WHAT IS "RISK MANAGEMENT IS GOOD MANAGEMENT"?

"Risk Management is Good Management" is a program that supports top-level management in its efforts to reduce costs and keep its employees and the governmental agency safe. The program requires top-level management to commit to the philosophy that risk management in their organization is a top priority. MML Loss Control provides self-assessment survey guides to evaluate the policies, practices, and processes of the governmental agency and its departments, especially in high-risk areas. The program also provides department specific survey guides for department heads to evaluate their operation and report the outcome to top management. A broad listing of the areas evaluated includes employment practices, policies, training, equipment use and maintenance, as well as property maintenance. Once the agency completes the survey guides, it can develop a plan and timetable for eliminating the identified exposures.

The MML Risk Management Team is available to assist members in their efforts to integrate the "Risk Management is Good Management" program into their operations. MML Loss Control Services will be visiting the members to monitor their progress in developing and implementing their plans to reduce risks. They will consult with members about those areas that identified as priorities due to past losses or Pool or Fund trends. During their regular visits, Account Executives will be checking on the progress of members in accomplishing their goals. Members will also be encouraged by Claims Services and Customer Service Representatives to continue their efforts to reach the goals established from the Risk Management is Good Management Survey Guide self analysis.

A governmental agency's top level of management is responsible for managing its organization so that its operations are efficient, cost effective as well as safe for the employees and the people who use the agency's services. To do this, management should continuously monitor how it spends its money. This is even more crucial in today's harsh economic times. "Risk Management is Good Management" helps top-level management to focus employees on preventing accidents, injuries, and claims that have a large cost should they occur.

THREE ELEMENTS OF EFFECTIVE RISK MANAGEMENT

The simplest way for top management to address employee participation and commitment at every level of the organization is to remember a very simple phrase: "If it is important to the boss, it is important to me." No matter what level you are in a municipal organization, the phrase applies. Even elected officials have bosses. The issue then becomes how best to integrate 'Risk Management is Good Management" into an organization. The following three approaches used together, work well.

I. Focus on Exposures Not Incidents

In the past risk management in governmental agencies have reacted to incidents. Statute, court decision, regulation or claim often drove the risk management effort. Instead of reacting, top management needs to focus its energy on being active in preventing incidents before they can occur. To do this top management should challenge its organization to identify and eliminate, where they can, the proximate factors that enable the accident, injury, or claim.

II. Require Employees to Assume Responsibility for Safety

To be successful at risk management, top management must challenge employees to work safely. Management must have policies and rules in place that are current with industry standards and best practices. Management must then train its employees to the policies and rules, to the agency's risk management philosophy, and to the extent of discretion that each level of employee has in applying the policies and procedures. Management needs to provide appropriate tools and equipment as well as the training necessary to use them in accordance with policy. Once this step is complete, effective supervision must be in place to ensure employee accountability at every level of the organization. Employees must understand that they are the baseline protection against accident, injury and claims. If employees are working safely and following the rules, a significant reduction in the probability of an incident should occur.

III. Require Management to Take Responsibility

This is the most important element of an effective program. Top management must hold its department heads accountable for initiating the agency's risk management philosophy in their department. Department heads must hold supervisors accountable for the actions of their reports in practicing risk management. Inversely, in addition to working safely and following the rules, the line level employee must inform supervisors and management of their needs and report problems and solutions as they identify them. If every level of the organization assumes responsibility for working safely in their environment, the outcome will be beneficial.

RISK MANAGEMENT DOES NOT HAVE TO COST A LOT OF MONEY

"Risk Management is Good Management" survey guides provide top-level management with an effective tool for guiding department heads in their risk management efforts. Once department heads complete their survey, the next step is to develop a plan of action for resolving any identified exposures. Department heads should then incorporate the plan into the department's performance goals. Performance goals should include requiring that department heads report the following information to top-level management:

- What are the top five risk management goals of the department for this period and what are their intended outcomes?
- Has the department accomplished the results necessary for reaching those goals? If not, why not?
- Is the department using its resources efficiently?
- Can the department get closer to reaching those goals with existing resources?
- What are the periodic reporting dates to measure progress toward reaching the goals?

Top management should encourage department heads to involve their supervisors and employees in completing the survey and in the problem-solving phase of the risk management process. Department heads should encourage employees to help establish the goals for the department, develop a strategy to reach them, and look at internal and external resources that are available at little or no cost. After identifying resources, department heads and their staff should establish a realistic timetable for reaching the goal.

Top-level management should require department heads to report on their progress at the halfway point of the established timetable, so it can see how departments are progressing and offer guidance if necessary. At the end of the period or at intervals along the way, departments should use the survey guide to evaluate progress and modify the goals as needed.

STAY ON COURSE TO AVOID THE ICEBERGS

Frequently management has good intentions, but it becomes so immersed in managing daily operations that it drifts away from its priorities. If top management does not routinely ask its employees to account for their risk management compliance plan, then the program will falter. The ship will begin to wander. Top-level management has to discipline itself to continue prioritizing risk management. To stay on course, management must remember that employees tend to believe that "If it is important to the boss, it is important to me."

By using the tools that the MML Pool and Fund's Risk Management have provided as the foundation for the program, a governmental agency can continue to work on its risk reduction efforts. It could take some significant time to address fully all the issues that the completed survey guides identify. What is important is that the governmental agency continues to strive to reduce its risk exposure.

Think of the iceberg that the Titanic hit. Most of the damage to the ship occurred below the waterline where three quarters of the iceberg lurked. Using the analogy of the iceberg as a claim, in most instances insurance covers only the visible part above the waterline. Three quarters of the expense are from hidden costs and are borne by the member. By embracing the philosophy that "Risk Management is Good Management," governmental agencies can steer their ships toward warmer climes and avoid most of the icebergs that they pass along the way.

The insert to this newsletter is a sample from the Law Enforcement "Risk Management is Good Management" Survey Guide. The Pool and the Fund will release all the survey guides beginning in August 2004 at one of several training seminars designed to orient top-level management of Pool and Fund members to the "Risk Management Is Good Management Program" and its benefits.

While complying with the loss prevention techniques suggested herein may reduce the likelihood of a claim, it will not eliminate all exposure to such claims. Further, as always, our reader's are encouraged to consult with their attorneys for specific legal advice.

Inside This Issue: **THE TRUTH IS IN THE DETAILS**

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