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PRESENTING THE

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**THE LACK OF SYNERGY BETWEEN OPERATIONAL SAFETY MANAGERS AND FINANCIAL MANAGERS IN THE RAILWAYS:  
A SOUTH AFRICAN CASE STUDY**

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# The *Oxford English Dictionary* defines synergy as “joint working” and “cooperation.”

The failure of financial managers and the operational safety managers to see themselves as cooperative partners is a serious challenge.

## **Financial Managers (FMs)**

- Critical success indicators (CSIs) are:
  - (a) profitability,
  - (b) liquidity and
  - (c) cash flowas a result they take decisions based on these financial indicators.



## **Operational Safety Managers (OSMs)**

- CSIs are:
  - (a) frequency rate (FR) and
  - (b) the severity rate (SR)and feel strongly that the budget that is allocated to their safety projects is inadequate to meet their CSIs.

# DEALING WITH CHALLENGES OF SYNERGY

## THE INTRODUCTION:

The problem is **not** with Financial Managers (FMs), **but** it is with Operational Safety Managers (OSMs) who fail to use synergistic skills.

**Marketing Myopia:** A short-sighted & inward looking approach primarily focusing on the needs of the company instead of defining the company and its products in terms of the customers' needs and wants. *A Harvard professor Theodore Levitt (1960).*

**Marketing Hyperopia:** *Should have:* A better vision of distant issues than of near ones. *Kotler and Singh (1981).*

**Marketing Macropia:** *Guard against:* An overly broad view of your industry. *Baughman (1974)*

# THE ISSUE

Financial Managers (FMs) and the Operational Safety Managers (OSMs) must see themselves as cooperative partners in the South African railways.

**Synergy** → combined value and performance of two or more entities is greater than the sum of the separate individual parts.

**Financial synergy** is when the combination of two firms together results in greater value than if they were to operate separately. <https://www.divestopedia.com/definition/financial-synergy> (accessed:27/09/2019)

- Technological Synergy (TS)
- Structural Synergy (SS)
- Political Synergy (PS)

# TECHNOLOGICAL SYNERGY

“We need freedom to shape our future; we need profit to remain free.” Goodstein, L.D., Nolan, T.M., and Pfeiffer, J.W. (1993). *Applied Strategic Planning: A Comprehensive Guide*. New York: McGraw-Hill, Inc.

**FM**s and **OSM**s are like the two streams that rarely converge.

Technological Synergy refers to shared **tools** and **techniques**.

Frequently used to accomplish:

(a) Information collection

(b) Decision making,--criteria rating, list reduction and weighted voting and

(c) Evaluation of data and action plans,-- cost-benefit analysis (CBA), cycle time analysis (CTA)\* and business assessment process (BAP)\*\*.

\***CTA**- Examines the total **length of time** an activity needs to complete its **cycle**

\*\***BAP**- To reveal **business process** improvement opportunities.

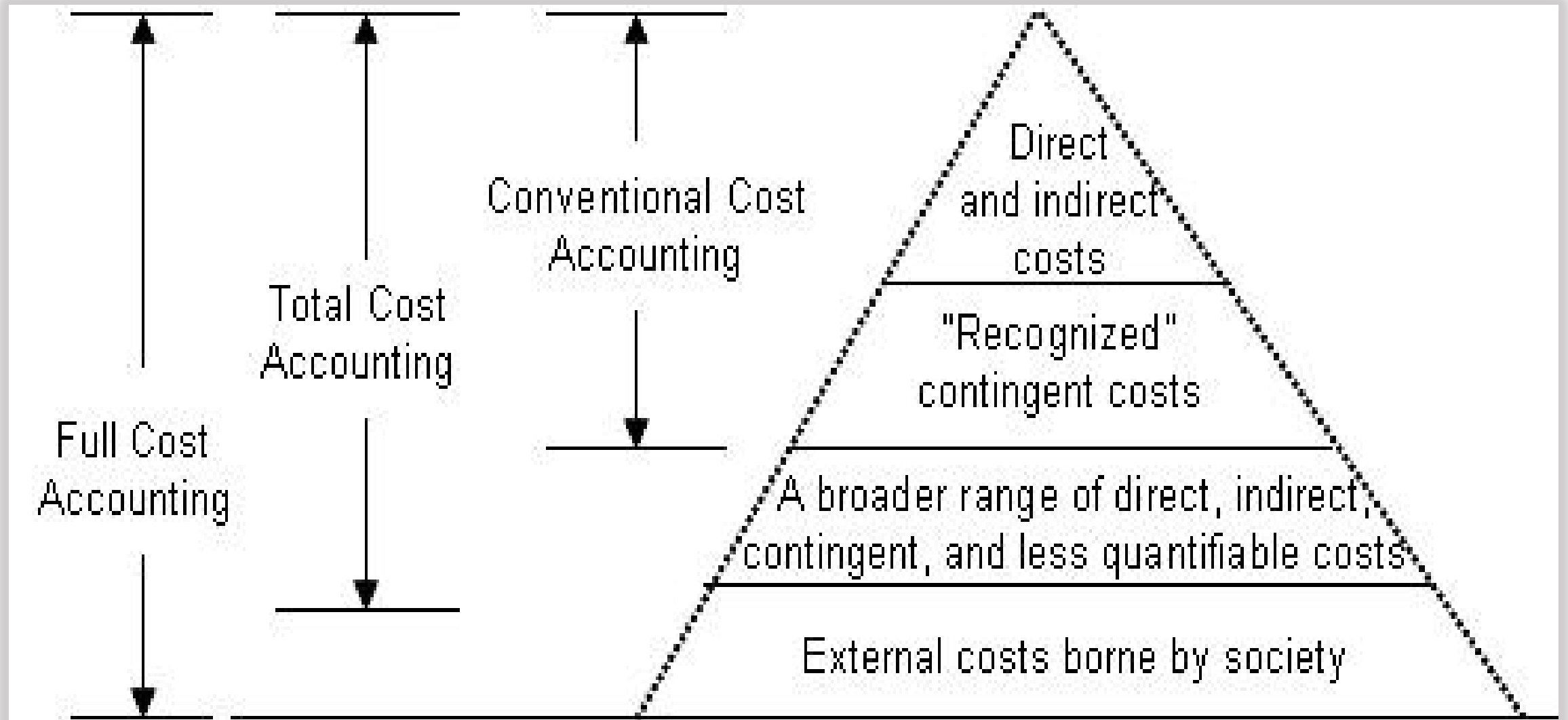
# STRUCTURAL SYNERGY (SS)

1. (SS) refers to system overlaps between **OSMs** and **FMS**.
2. **FMs** find it hard to deal with **hidden costs** --- from safety, quality and the environment.
3. **GAAP** is incompatible with safety management.
4. Full cost accounting (**FCA**) provides a means of accounting for safety and environmental cost.
5. **Hidden costs** such as inspections, investigations are quantified by **FCA**.
6. The **apparent conflict** between **OSMs** and **FMs** is the tip of the iceberg;  
---the underlying cause of conflict is a disciplinary paradigm---

# More on FCA and 'Hidden Costs'

commons.wikimedia.org (accessed: 01/10/2019)

GAAP is embedded in FCA



# POLITICAL SYNERGY

Safety professional can no longer operate like an island, they need allies who will support them during budgeting processes.

**Dickens and Dickens:** Proposed the following twelve key principles for anyone who intends to play above the corporate 'hoop':

Selected 4:

1. Identify people with power in your organisation.
2. Assess the personal risks involved in reaching your goal.
3. Identify the critical issues and problems in your organisation.
4. Use an effective interpersonal behaviour style with both supporters and adversaries.



# COMPETENCIES

## (12)

**Collaboration:** → consensus on issues or disagreements.

**Diagnosis:** → reveal and understand the root causes of organizational problems.

**Feedback:** → two-way communication.

**Examination skills:** → Objectively gathering information to stimulate creativity and learning.

**Relationship Skills:** → verbal and nonverbal communication skills.

**Intervention:** → Appropriate Action.

**Group process:** → Understanding of group development processes



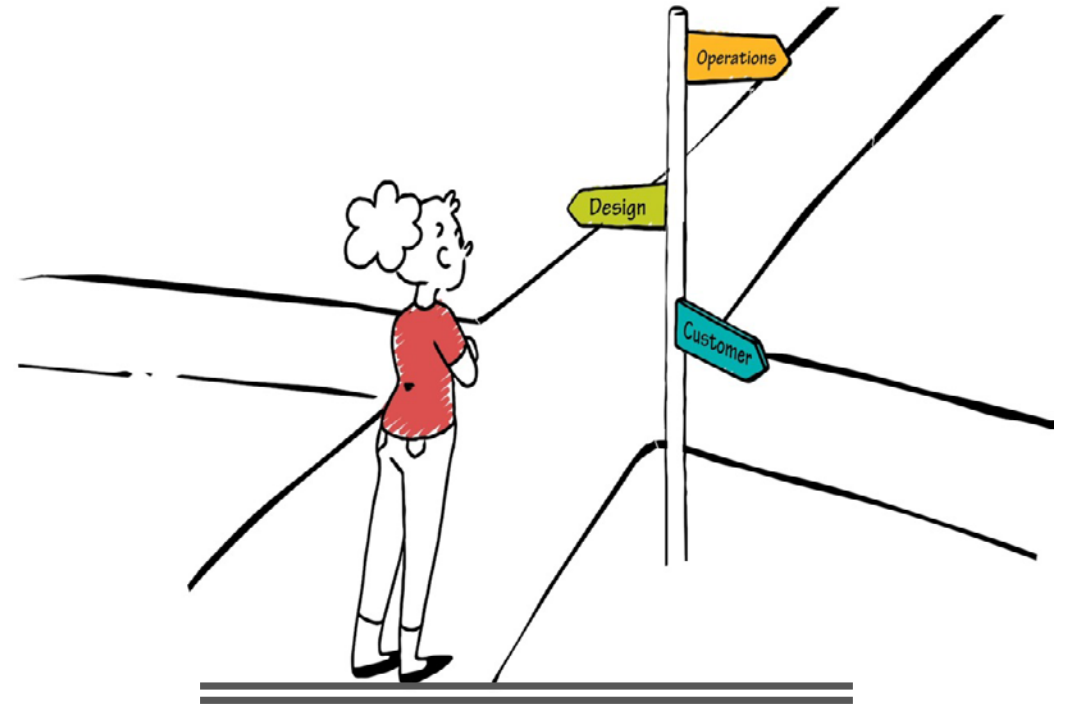
## CONCLUSION

To conquer the fourth industrial revolution (4IR) safety professionals should:  
be experts in:

- (a) Social and
- (b) Technological sciences.

Which way  
must one go?

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# RECOMMENDATION



UNIVERSITY/  
COLLEGE LEVEL  
TYPE OF  
TRAINING FOR:



OPERATIONAL  
SAFETY  
MANAGERS



FINANCIAL  
MANAGERS



ON COURSES  
SUCH AS:

1. RAIL TECHNOLOGY FOR  
EXECUTIVES

2. FINANCIAL MANAGEMENT  
FOR NON-FINANCIAL  
MANAGERS.



THANK YOU!!