



Beyond dispute resolution ...

by Karl Mackie
Chief Executive

2006 was a landmark year for CEDR with not only the announcement of a new portfolio of mediation services and the addition of 30 new mediators to our panel to

facilitate the three mediations we arrange every working day, but we also launched our new initiative to take CEDR beyond dispute resolution and into the prevention and management of conflict.

... to improving conflict management

Celebrating over 15 years of CEDR at the Confederation of British Industry in May 2006, with the presence of many of our corporate and law firm Members, we recognised our joint achievement in helping to establish and grow mediation in the UK and internationally. However research that we had undertaken for this milestone indicated £33 billion a year is still being lost through poor management of conflict. Our Conflict Management Initiative has thus been established to tackle this staggering sum, which is comparable to over half the total budget for the National Health Service.

Ask an 'average' company director how often they encounter 'disputes' and they may say 'occasionally' but ask them about experiencing conflict and the response is likely to be 'all the time'. This is because conflict, be it with a dissatisfied client or a troublesome executive, is part of working life. Yet CEDR has found it is the approach to conflict that makes the difference and in the meantime 80 per cent of disputes are having a significant impact on the smooth running of business. Conflicts left unchecked or unmanaged turn into disputes and CEDR research shows that in a case that is a million pounds in value (the average size of a CEDR Solve mediation) a company will typically consume over three years of managers' time trying to sort it out.

The true cost of conflict within the workplace

As one of the first in a number of research projects within the Conflict Management Initiative CEDR, with the help of Barclays Bank and law firm Lewis Silkin, revealed that businesses spend £277,000 in time and fees on a typical employment dispute. A quarter of the amount is spent on management time in tackling the dispute and this overall figure does not even include any settlement figure. However, if mediation takes place in the initial stages of a case then the costs are just a fraction of this amount at around £9,000.

CEDR remains dedicated to its mission of delivering and improving effective dispute resolution for business, and we invite all those interested in the better management of business conflict to work with us to the benefit of this field.

2006

The Alternative Dispute Resolution and mediation sectors

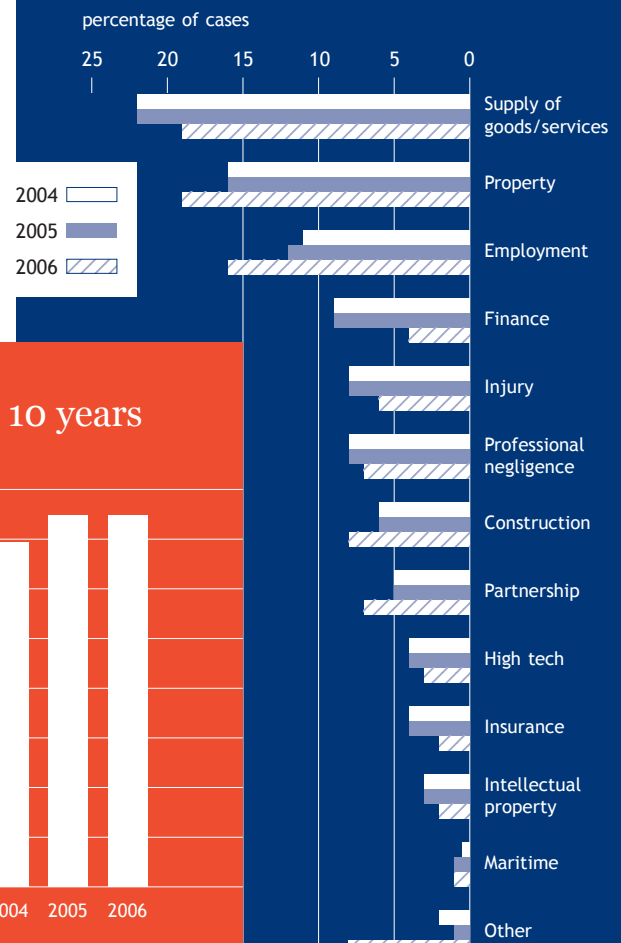
- Recognising changes in demand and the differing needs of mediation users in a maturing marketplace, CEDR Solve **expanded its service** to ensure maximum choice for clients. While keeping its existing mediator recommendation service, a new service lets clients book specific mediators directly, and clients can also opt for an express service where CEDR is asked to choose the mediator.
- CEDR hosted 240 guests for the biennial **CEDR Awards for Excellence in ADR** dinner. The awards attracted record entries and the panel of expert judges selected 21 finalists for the seven categories. New awards were introduced to recognise innovation and international achievement.
- CEDR expanded its model Contract Clauses to represent the broadening field of Alternative Dispute Resolution. This included Model Employment Contact Clauses introduced to promote best practice in employee relations and the employment environment.

CEDR's performance

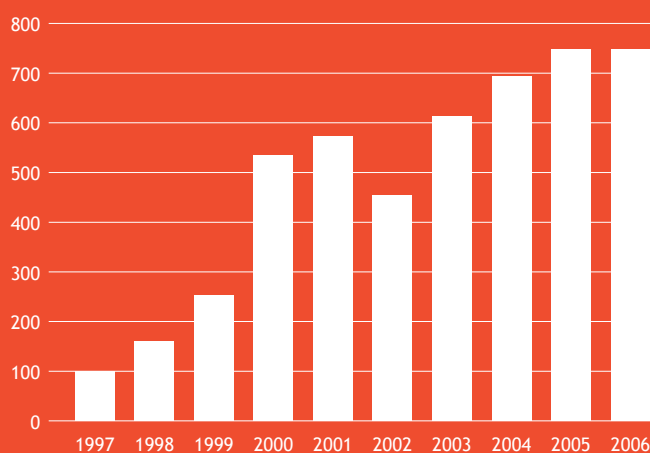
CEDR, a non-profit body, with the membership of supporting organisations and law firms, (to whom we are most grateful) has a turnover of £4,000,000 from activities such as its dispute resolution provision and training services. In 2006 CEDR undertook projects and initiatives to improve dispute resolution and conflict management in the UK and internationally.

In 2006 CEDR's dispute resolution arm, CEDR Solve, had its 12,000th mediation referral and mediated over 650 major cases. 284 new mediators were trained around the world by CEDR in 2006 and a total of over 2000 law firms, corporations and government offices called on CEDR's services during the year.

Major commercial cases



Case numbers over the past 10 years



International activity

CEDR launched the first Alternative Dispute Resolution International Study Programme to examine ways in which dispute resolution and mediation can be developed within contemporary civil justice systems. It also saw a marked increase in international requests for support and development.

Africa

- **Nigeria** - For the third consecutive year CEDR delivered a Mediation Skills programme in Nigeria
- **Cameroon** - In association with the Commonwealth Telecommunications Association, CEDR delivered mediation awareness training to improve the resolution of disputes in the African Telecommunications Industry
- **Kenya** - CEDR delivered a presentation on mediation in Kenya for a leading bank's African legal officers.

Americas

- **United States of America** - CEDR delivered presentations to the World Bank in Washington DC, a JAMS international mediation event in New York, the American Bar Association conference in Atlanta and the International Bar Association conference in Chicago.

Asia

- **China** - CEDR and CCPIT launched a landmark international mediation centre alliance to help European and Chinese businesses resolve disputes without having to go to court in a foreign jurisdiction
- **Pakistan** - CEDR worked with the World Bank Group to help professionalise mediation through consultancy, system design, training, mentoring, and certification of mediators
- **Azerbaijan** - CEDR, with the financial assistance of the European Union, delivered a three-day ADR and mediation workshop to lawyers, government officials and consumer organisations in Azerbaijan
- **Kazakhstan** - CEDR worked closely with lawyers and consumer professionals in the development of consumer-orientated mediation centres
- **Singapore** - CEDR presented at the Intellectual Property Mediation Conference.

Europe

- **Bosnia** - In a project funded by the International Finance Corporation (IFC), CEDR conducted training of local commercial mediators in Advanced Mediation Practice
- **Croatia** - In co-operation with its partner, the British Association for Central and Eastern Europe (BACEE), CEDR ran a two-day workshop to plan a pilot mediation programme in the Commercial Courts of Zagreb
- **Ireland** - CEDR delivered mediator skills training in Cork and Dublin as well as presented at the UIA Forum of Mediation Centres in Dublin
- **Portugal** - CEDR delivered a presentation in Lisbon on international mediation to the European Association for Mediation
- **Spain** - CEDR delivered Mediator Skills Training in Barcelona
- **Russia and Ukraine** - CEDR worked with the European Patent Office to run a Study Tour for Russian and Ukrainian federal judges
- **United Kingdom** - CEDR organised around 650 mediations and trained 500 delegates.

Innovation

As part of CEDR's existing mission to bring the benefits of alternative dispute resolution and effective conflict management to business, it developed a number of important initiatives, services and partnerships to push the boundaries of dispute resolution;

- CEDR has created a new 'Project Mediation' initiative to help major industry projects, such as the London Olympics, prevent disputes and meet critical deadlines, by building into projects a skilled, independent overseer for communications between entire project teams
- CEDR and The National Association of Pension Funds (NAPF) worked in partnership to provide a valuable new mediation service for its members
- CEDR launched The Performing Arts Mediation Service, a new initiative set up with the Independent Theatre Council (ITC) to meet the specific needs of performing arts professionals
- CEDR is sponsoring an important 12-month PhD research student and mediator from the London School of Economics, using CEDR as a case study for looking at the whole field, in one of the first ever PhD projects into UK commercial mediation.

Some 2006 press coverage

Daily Telegraph 05/10/2006

Brief Encounters

Launching National Mediation Week on Tuesday, Lady Ashton, the constitutional affairs minister, said that mediation was "*increasingly having a positive bearing on people's lives in resolving a whole range of disputes - from unsociable neighbours to unscrupulous landlords, from individual small claims to large-scale commercial disputes*" ... Unlike court proceedings, which could prove intimidating, time consuming, stressful and costly, she said mediation allowed parties to 'patch up' their differences and agree a settlement rather than have one imposed on them.

Edge Magazine 01/07/2006

Counting the cost of conflict

Poor conflict management is costing British Business £33 billion every year through damaged reputations and legal fees, a study has claimed. Researchers discovered that conflicts, such as an unhappy customer or disgruntled director, cost companies a massive £27 billion through damage to reputation, morale and sales. Legal charges account for just £6 billion of the total. The study by the Centre for Effective Dispute Resolution (CEDR) concluded that managers are ill-equipped to deal with disputes, with just 37 per cent saying they are suitably trained in conflict management. Many of those polled would go to great lengths to avoid facing up to conflict.

Think of us ...

- Advice on dispute resolution
- In need of a mediator or neutral
- Develop mediation or negotiating skills
- Develop and refine your use of conflict management and mediation
- Consultation on civil justice systems



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