

Issue 60, April 21, 2001

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COLLABORATION

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Are you ready to go beyond competition and cost cutting?

Perhaps your future lies in successful COLLABORATION.

Forget what you may have learnt from late night world war II movies, collaboration is GOOD with many opportunities yet to be tapped.

True COLLABORATION is the result of two or more parties working together to achieve a common goal.

The essential element here is the COMMON GOAL.

Collaborative efforts do not always work, or work as well as they could.

This issue looks at COLLABORATION and the role that ASSET MANAGEMENT can play in helping it to work better.

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COLLABORATION – EXAMPLES

▪ **Joint Use Library (Council + TAFE College)**

Council had provided a joint use public and TAFE library out of its existing premises for a number of years but community demand had outstripped its capacity and, because of the success of its current joint arrangements, the decision was made to develop a purpose built facility on the new TAFE campus. Designs were developed jointly to meet the needs of both council and TAFE. Their common goals were that the new building had to blend with existing buildings on site and to have a central entrance for both TAFE and Council customers. It had to be environmentally friendly and energy efficient and it had to be inviting and user friendly for both sets of customers and staff.

The library works under a joint use agreement between both organisations, which outlines the way costs will be shared. Both capital and operating and maintenance costs are shared. The council provides the majority of funding and staff for the library service as the community uses the facility far more than TAFE.

The joint agreement has enabled new IT resources to be incorporated into library services for borrowers which were non existent in the old premises, the floor space is larger, better arranged, safer and more functional. In the few years since the creation of the new library, usage has increased by more than 30%, testimony to its acceptance by the community.

▪ **Joint Use Campus (Public + Private School)**

The school campus was designed to house both a public and a private school. The schools shared the ovals and sports areas and there was a common reception/ administration core.

Project control was in the hands of the public sector education department.

▪ **Joint Use Campus (Public and Private Hospital)**

Benefits to the private hospital were the credibility of co-location and potential joint use of high value theatres and theatre equipment, as well as the potential to cater for private patients that might otherwise have been treated by the public hospital. Benefits to the public hospital were the ability to attract more highly qualified senior medical staff by giving them the opportunity to work in both public and private hospitals and the opportunity to increase their throughput of public patients by re-directing private patients.

▪ **Joint Agreement for the Development of the Water Industry (Private and Public Sector Water Companies)**

An agreement was reached between a multi-national water management company and the State water authority for a two fold outcome: (1) to use the marketing strength of the multi-national to introduce the innovative water products and services of the State to a wider overseas market and thus increase exports. (2) to maintain the level of water service provided to the community whilst reducing costs of service.

What are some of the lessons to be learnt and potential risks of these arrangements?

See page 63

BENEFITS OF COLLABORATION AND WHAT IT TAKES

Benefits of Collaboration

- Alternative solutions that provide greater value for money
- Cost effectiveness (but not necessarily cost reduction)
- Access to greater funding levels

Requirements of Collaboration

Successful collaboration requires

- Clear and well understood objectives on the part of all parties
- Each has to have credibility in negotiations
- And the ability to communicate

But the real benefits come from

- the ability to take the wider view

Asset Management Strategies and Plans

The first three are satisfied if the parties have well developed Asset Management Strategies (these set out their desired outcomes) and similarly well developed Asset Management Plans (these cost the current methods designed for the achievement of those outcomes).

The fourth requires seeing the situation from the perspective of the other fellow. This is where the strategy document is so important. If agencies only have plans (sets of goals to be achieved) and do not have a statement of their broad objectives (for which these goals are but one way of achieving) they may only see 'their' way and be blocked from seeing other ways of gaining benefit.

(See "Taking the Wider View" on pages 61-62)

Making collaboration work

Collaboration requires that all joint projects be seen to be genuinely win-win propositions by all participants. Suspicions that some individuals or groups are gaining disproportionately from the joint project will often be sufficient to derail it. Derailment takes many forms. It can result in the joint project not going ahead. This is, in fact, the best of the results. More often the project goes ahead but one or more of the joint partners gives it only lukewarm support, or even actively 'white-ants' their own project.

Good Information Promotes Trust and Respect

Genuine collaboration requires trust and respect. Both of these are assisted by good quality information and analysis and a commitment to transparent and accountable processes. Each party must have something 'to bring to the table'. And each party must be prepared to look at alternative ways of achieving their own outcomes in the joint project. The tendency is, initially for each party to want to develop along their own lines.

Desired Outcomes

It helps greatly if each party are able to describe their desired outcomes rather than outputs or, worse, an input-related process.

Desired outcomes may be difficult to quantify or measure but they are not so difficult to describe and for the purposes of joint agreements and the acceptance of a common direction, description may be all that is necessary. How do you move from input to output to outcome descriptions?

See page 60.

MOVING FROM INPUTS TO OUTPUTS TO OUTCOMES.

There is a relatively simple technique that can be employed to move up the scale to desired outcomes. It is the technique of simply asking "why?" (for what purpose, or to what end).

Here are some examples. Try them; invent your own answers. The practice is useful in both collaborative and individual endeavours.

First, a non-asset example

What do you want – More Money! – why?
 So I can buy a sports car – why?
 To attract the girls – why?
 So my mates will respect and look up to me – why?
 So I feel confident – why?
 Then I will have the courage to tackle anything.

*So we move from a specific – money
 To a general – confidence/ courage
 The higher up the scale you move, the
 more options that are open to you.*

An asset acquisition example.

What do you want? - a new hospital – why?
 So we can reduce the waiting lists – why?
 To improve the health of the community – why?
 To increase the quality of life

*Now we can ask ourselves whether our
 quality of life will be best improved by
 spending more time in hospital – and is
 there a better way?*

Now take a maintenance example

What do you want – More Money! - why?
 So I can tackle all of my backlog maintenance – why? (what for)
 Then all of the assets will be in good condition – why (is this important)

Here the responses may branch, depending on whether the response is a personal or an agency one, for example:

Personal Response

Then I won't be called out at night or weekends for emergency repairs - why (is this important)?

Well I 'll be able to arrange family outings (and stick to them) and I will even be able to join in team sports and know I will be able to make training regularly. – why (is this important)

I'll have a happier and a healthier lifestyle.

Agency Response

The community will get good service – why (is this important) - Their quality of life will improve

Now we have moved from 'more money' a specific, to 'a better lifestyle' a generic. There are more ways to generate a better lifestyle (for an individual or a community) than simply applying more money to maintenance, so if the focus is maintained on the end outcome, there could be non-money options that will do the trick.

TAKING THE WIDER VIEW

It was argued in the previous section that collaboration requires participants to take a wider view; they need to see beyond their needs to the needs of their partners. Consider the following, the case of the mass limits review.

The Mass Limits Review – An opportunity missed

Free trade is a national objective and to survive in a world of free trade, Australia has to reduce its cost of transporting its goods to market. This was the context of the “Mass Limits” review in 2000. The trucking industry argued that costs could be reduced if the mass limits on local roads were increased and this argument was supported by the Commonwealth and by the farm lobby.

Local Government, not a party to the development of the policy objectives, argued against them: an increase in mass limits would ruin local roads, they said, and greatly add to the cost of maintaining them. If the mass limits were to be increased then councils would need much more resources.

A Common Objective?

The policy objective of the Mass Limits Review was to reduce the transport costs to market for primary produce. Was this a policy objective that councils could ‘buy into’? Of course! It was definitely in the interests of councils that their major rate-paying base, primary industry, thrived under the new market conditions. How do goods get to market? In trucks - trucks that use local roads. So, how would sound asset management principles have helped councils in this situation?

Another Route

By working in collaboration, councils could have helped the trucking industry to choose an efficient route, one that minimised the time taken to get goods to market. Where this route traversed sections of road that their asset managers could show were not capable of managing the higher mass limits, they could have worked co-operatively with the Commonwealth and the Trucking industry to upgrade selected roads to improve the service. This would also have had the effect of keeping truck traffic off other road segments.

Creative Collaboration

The extra costs of upgrade could have been offset against the savings that would be made by the faster, more efficient, route, thus the councils would have had leverage to gain greater funding – by increasing value! This is a more positive approach than claiming large (mostly unspecified) damages.

Emotions are no Substitute for Good Information

After the event, when councils were left with very few extra resources to cope with the increased mass limits, they were asked what effect the increase would have on their roads. Answers varied from “I don’t know” to “Really major damage” to “Probably have no effect at all”.

Information adds value and credibility to negotiations.

Without information on condition, costs and consequences, councils had little to bring to the table. Their bargaining power would thus have been slight, even had they chosen to abandon the adversarial position and work co-operatively. But armed with this asset management information, they could have achieved a much more satisfactory outcome for themselves.

Taking the Wider View (cont)

Not only would they have been able to develop the most cost-effective route for all parties, but they would have had increased respect and thus bargaining ability.

Importance of Clear and Transparent Objectives

Collaboration requires information and general agreement by all of the group's objectives.

Often the objectives are not clear or not clearly stated. In these circumstances each member of the group could be, inadvertently or otherwise, undermining the others.

Example of the Need for Clear Objectives

Consider the process for developing regional road projects where, within each region, the Mayors and CEOs jointly agree to list of projects.

Suppose that one council recommends a road upgrading should be on the region's priority list. (It has in mind that the road upgrading would enable grain trucks to move more quickly through the region). The other councils agree with the project (but they have in mind improved tourist prospects). With joint agreement the project goes ahead. But grain trucks on the new faster road are now slowed down by the extra tourist traffic! And the tourists are frustrated by the grain trucks.

Had the objectives been more clearly understood, a more effective (and possible more cost-effective) solution for all councils might have been more by-pass lanes!

For Clarity and Transparency

Joint Project Asset Management Plans Recommended

Joint project asset management plans are important for assuring that all parties are clear and in agreement about the overall objectives and purpose of the project. This asset management plan will follow the same lines as individual agency asset management plans but will cover only the group objectives and goals. It will be up to the agencies involved to ensure that their own plans are consistent with those which they agree together for the group.

Joint asset management plans can, and should, also be developed for any joint enterprise, whether with the state or federal government or with the private sector. It is both a method of communication and monitoring of results.

Opportunity rather than Conflict

Taking a wider view helps councils to see opportunities for collaboration where previously there may only have been seen the possibility of conflict.

You know that collaboration is working when

- Your partners voluntarily and unilaterally seek to improve the joint outcome
- Your partners voluntarily seek to improve YOUR outcomes!

COLLABORATION

What works, what doesn't?

Wherever there is a joint interest, there is the possibility for collaboration. The fact that it hasn't happened before, or that it has been tried and failed, should not deter. Instead we should look to see the reasons WHY it works, where it has worked, and equally, WHY it hasn't worked in situations of failure.

What works and what doesn't?

The risks

Consider the examples on page 58.

Joint Library

The joint library example appears to be working well and the reason for this may be that the council and the TAFE college have, over a number of years, developed a good working relationship. There was a joint agreement in place and working well before they decided to jointly develop the new facility. Thus there is both credibility and trust.

Schools

In the case of the schools, the joint use of the ovals and sporting facilities is working well, but the joint reception/administration facilities are not. The common area is neglected as each seeks to establish their own unique identity within the shared campus.

Hospitals

In the case of the hospitals, there is a common objective whilst demand is high and increasing, but what is demand falls?

Water

In the case of the water authority, the exports goals is working extremely well as the multi-national benefits from having access to good quality products and

services and particularly to relatively low cost but highly valued practical engineers, and the state benefits from higher levels of employment and incomes. A risk is the willingness of engineers to be shunted around the globe in the search of profits when their families are based in Australia. (Reminding us that both corporate and personal goals need to be met.)

However the operations and maintenance goal is problematic. Had the multi-national company been required to increase standards, this would have given it the scope to make more money whilst meeting the water authority's needs. But the requirement to maintain standards but lower costs eats into their own profit margins and this is a source of competition and conflict rather than collaboration.

What is your experience with Collaboration?

Positive or Negative, there are lessons that may be learned. The potential benefits of collaboration are sufficient to put the effort in.

Please ring me on 08 8281 5795 if you would just like to talk about your experience, or email me at <penny@amqi.com>

In a bad light?

Concerned that your experiences, if revealed, would show your agency in a bad light?

We can disguise your offerings under a pseudonym industry to ensure confidentiality.

The South Australian Local Government Infrastructure Study is now available on the web at <http://sainfrastructure.com>

"A Wealth of Opportunities"

A report on the potential of
infrastructure asset management
in South Australian Local Government

South Australian Councils are custodians of about \$8 billion of public assets. The average annual cost of supporting this level of assets is approximately \$160 million since they wear out or become obsolete at approximately 2% per annum. This is approximately three times the amount that councils are currently spending on asset renewal.

How has this imbalance come about?

Renewal has a 'delay function'; councils are now facing the renewal of infrastructure that was first established (often in better economic circumstances, and often with the help of state and federal funding) some 30, 40 or more years ago.

Renewal is lumpy; unlike depreciation which averages the renewal costs, actual payments for renewal are periodic, and for any given asset group, renewal can be far less, or much more than depreciation. Only

sound long term renewal forecasting will let councils know where they stand in prepare for the renewal challenge.

Renewal is not associated with increased funding. Instead, it has to compete with many other demands on council, and recently these demands – for social and environmental reasons as well as for increased services – have themselves been increasing. Revenue increases have not kept pace with these extra demands; a limited revenue base and community sensitivity to tax (property rates) increases have been the main reasons.

Renewal is exacerbated where maintenance is under-funded.

**What can be done?
READ THE REPORT!**

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