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## THE MARKET FOR STRATEGIC ASSET MANAGERS

Where is the market and what are clients looking for by way of a Strategic Asset Manager? How can you position yourself to achieve a top job in strategic asset management?

I spoke with Liz Coombe and Dianne Cassen of TMP Worldwide (formerly Morgan & Banks) who are both experienced recruitment consultants. Liz works out of the Adelaide Office and is a specialist in property and engineering related roles whilst Dianne is in the Sydney Office and specializes in property investment, development and management.

*AMQ: Where is the market for Strategic Asset Management?*

**TMP: Mostly in government, at the local, state or federal level but also in large development firms and major institutional property owners and users.**

*AMQ: How do you distinguish between asset management and strategic asset management?*

**TMP: Property asset managers focus on financial performance and add-**

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ing value through redevelopment and /or lease terms. Technical asset managers look at managing the maintenance and renewal of assets. Strategic asset managers, however, must be able to plan and position their assets not for today's tasks but for tomorrow's, focussing on performance as well as operational aspects.

*AMQ: The strategic focus requires understanding the culture and the social and environmental setting in which the client provides its service?*

**TMP:** Yes, strategic asset managers must understand the prime drivers of the business and the services to be supplied. We are looking for managers who can produce creative and lateral business solutions and for managers who can communicate to a wide variety of stakeholders and make complex propositions simple.

*AMQ: So communication is important?*

**TMP:** Very much so! Because organisations, particularly in Government, cannot afford to fund all requirements that may be placed on the assets, it is important that strategic asset managers have credibility; they must be able to convince all stakeholders that their needs have been understood and taken into account. Good people skills are very important.

*AMQ: Do you find that certain backgrounds lend themselves to good communication skills?*

**TMP:** Usually those from a private sector background will be better at communication than those from a government background because this is generally part of their job. This is not invariable, of course. And those from a government background usually have a better understanding of the service role of the public sector.

*AMQ: OK, so it is no good applying for a strategic asset management position if your only background is at the operational level of maintenance or facilities management, but what skills and experience would be valuable?*

**TMP:** Strategic asset management is multi-disciplinary but there are fundamentals and defined processes that need to be understood. Financial expertise is very important; understanding and being able to calculate rates of return and discounted cashflow analysis for instance, and a good understanding of budgets and the capital investment process as well as portfolio management and asset acquisition and disposals. Project feasibility analysis is also a valuable tool.

*AMQ: What do you look for by way of qualifications?*

Qualifications in engineering, commerce, land economics and facilities management are often stipulated by the client. It is an advantage to have a knowledge of financial modelling software and asset management information systems.

*AMQ: Does any one particular skill or level of experience dominate?*

**TMP:** Depending on the job itself, possibly a high level engineering-management background or a strategic FM background, however strategic asset managers need to be able to demonstrate a wide raft of abilities. At interview we would look for their understanding of the area and an ability to come up with creative solutions. We would also look at the level and size of the asset portfolios they have managed in the past to see if there was a match with the position requirements.

*AMQ: How important is it to be a member of a professional association?*

**TMP:** For engineering, somewhat important; but for strategic asset management professional association membership is not generally one of the criteria although it is useful for industry networking. This may change as FM accreditation courses become more prevalent.

*AMQ: How would someone applying for a strategic asset management position go about impressing you that he/she is the right person for the job?*

**TMP:** Firstly we look at achievements, track record and experience. Achievements are as important as responsibilities and all applicants should spell out their achievements in detail. Career history is important. And we would be looking to see whether there has been a progression to higher levels of responsibility, as well as the appropriate mix of personal qualities and attributes, ie initiative, motivation, leadership qualities, etc, depending on the type of role.

*AMQ: In today's world, I guess many people would access your internet site to discover what jobs were currently on offer?*

**TMP:** Yes, they can go to [www.eresourcing.tmp.com](http://www.eresourcing.tmp.com) and click on the map of the world for the country of their choice. Our company also manages [www.monster.com](http://www.monster.com) the #2 job website in the world (and on its way to becoming #1). Again they can just click on the country of their choice.

*AMQ: Finally, in terms of career progression, where can a strategic asset manager go next?*

**TMP:** Generally the progression would be to larger and wider levels of responsibility and to movements up the general management ladder. Because strategic asset management requires an understanding of service level delivery, good communication skills and the ability to integrate different perspectives, as well as a focus on achieving medium to long run objectives, strategic asset managers could see themselves potentially as general managers, or even CEOs.

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## AIMS, OBJECTIVES, GOALS OR TARGETS?

Françoise Szigeti, Vice President, International Centre for Facilities, Ottawa, Canada, recently discussed with Helen Tippett, Emeritus Professor, Faculty of Science, Victoria University, New Zealand, the fact that the same words tended to be used to convey totally different meanings, and Professor Tippett came up with the following that she uses to help her students keep the meanings straight.

"You **AIM** for the stars.

Your **OBJECTIVE** is to land on the moon.

Your **GOAL** is to build a rocket with enough fuel to get you there at an affordable cost.

Your **TARGET** is be ready to launch in two years."

Got It?

## A SCHOOL COUNCIL TACKLES STRATEGIC ASSET MANAGEMENT

BRENTON ELLIS

*Under programs such as Partnerships 21, schools are accepting more responsibility for managing their own affairs—and their assets. Here is the approach taken by one such P21 school, as reported by the Chair of its Governing Council, Brenton Ellis.*

### The Business Environment

School Governing Councils in SA have recently shifted their focus from the minutia surrounding small areas of school finances to strategic business planning and complete pictures of school operating costs. In so doing the asset planning emphasis has moved from small picture reaction to big picture pro-action.

As part of a well-intentioned corporate framework, the State Education Department has produced two separate 'Asset Management Plans'; although these would be better described as Minor Replacement and Upgrade Funding Agreements. These plans are designed to meet the corporate needs of the Department rather than the strategic needs of the school councils

As the Chair of a Governing Council for a large outer-metropolitan High [Secondary] School in Adelaide (that adjoins a large Primary and Pre School site with its own Governing Council) I have had the opportunity to see life through the eyes of front line business planners.

### The Asset Management Environment

The two educational sites accommodate over 160 staff and 1700 students and operate with a total annual budget in excess of \$8 million (10% of which relates to building maintenance and operation).

Like so much of South Australia's public building stock, the two sites commenced life in the seventies. Over the years they have developed into sites comprising twenty-nine single and two-storey buildings and fifteen sheds valued at over \$20 million in total – all set within copious grounds.

Present demand data tells us that the schools will need to exist for many years. However, the enrolment of the combined Primary / Junior Primary / Child Parent Centre site has fallen by about 40% and there is now an over supply of space – mainly in the form of prefabricated timber buildings that were brought in, many years ago, from much older sites.

On the other hand, the High School takes its enrolment from the adjoining site in combination with four other 'feeder' schools, and according to the Department's benchmarks, has an under supply of space; a situation that we know will continue to apply, due to the fact that two of these feeder schools are presently growing at a rate that will compensate for the fall in enrolment on the adjoining site.

To complicate matters the High and Primary sites have had no significant suitability upgrade work for nearly twenty years and, with ever decreasing funding allocations, the physical condition has run down.

To even further complicate matters, teaching methodologies have changed in the twenty-odd years since construction. The community now expects IT to play a big part in education so the 'sage on the stage' has been replaced by a 'guide on the side' approach to teaching.

## Fostering Front Line 'Take Up' Of Strategic Asset Management

About eighteen months ago, in anticipation that the Governing Councils would both enter Partnerships 21 (essentially a better funding environment) we established a Joint-Councils Asset Advisory Committee to draft a Cross-Campus Asset Strategic Plan. It was based around business planning work that had started to emerge from both sites, in unison with the Asset Management Plan framework that had started to emerge from State Office.

The Committee developed a 'Draft Community Discussion Paper' with the following content.

- **Business Considerations** i.e. community profile, core business and educational priorities.
- **Performance Considerations** i.e. a brief overview of key capacity, suitability and condition concerns incorporating a synopsis of their likely educational consequences if remedial action is deferred, as well as a designated 'service impact rating' to assist in identifying the critical concerns.
- **Strategy Options Analysis** i.e. a brief cost / benefit analysis of the key strategy options that will guide; maintenance and operation; capital improvement; and sourcing of capital funds.
- **Performance Management Propositions** i.e. a simple five-year spreadsheet with suggested (recurrent funded) maintenance and operating activities as well as (capital funded) investment or land disposal activities.

The Draft Asset Strategic Plan Discussion Paper was then presented to a joint sitting of both Governing Councils, as a compilation of issues and ideas, aimed at sparking a community debate that would ultimately encourage a degree of community ownership.

The presentation was focussed on the need for thinking at a macro level while the overarching theme was about enhancing education, achieving value for money and reducing risk.

## HOW THE PLAN WAS DEVELOPED

### Plan for the Plan

- First and foremost, the plan was to be focussed on educational outcomes.
- The Asset Strategic Plan was a project, hence it needed a 'project team' and a 'project timeline'.
- The 'project team' needed to accept that, when they eventually 'went public', their audience would want simple answers to complex questions, but because complex questions are multi-faceted, the answers would be multi-faceted (i.e. too complicated for general consumption). Therefore they would need to confront the inherent complexities, then simplify the answers and feed them a piece at a time to the 'audience'.
- The Education Department's Site Property Services Unit would eventually develop an 'Asset Management Plan' on behalf of each site. But this would only focus on detail associated with some of the issues that the Governing Councils made decisions about. If the planning team did nothing, the schools could end up with the cart before one of the horses (i.e. part of the plan before the strategies). So the challenge was to work on the big-picture issues in a way that allowed the 'Asset Management Plan' to be slotted in to the right place at the right time.
- The eventual Asset Strategic Plan document needed to be in an easily understood and easily altered format. *More of an 'executive summary' than a traditional 'door-stop'.* This is not to say that it wouldn't be justified with copious data, just that not everyone wants to see it.

- The team needed to work from available information. They could not and should not 'buy' data until they knew why they wanted it, when they wanted it and how much the stakeholders were prepared to pay for it.
- Later the team could widen the scope of the Asset Strategic Plan project to encompass other 'asset' classes like IT, books, furniture, machinery and vehicles. So the approach needed to be generic.
- Finally. Getting started meant that they needed to accumulate all available information and deal with four simple 'planning considerations'.

## THE MAJOR PLANNING CONSIDERATIONS

### *Consideration 1 – Asset Purpose*

This meant simply tabling the school service strategic plans, annual reports and enrolment projections and distilling from those 'appendices' the key issues that were relevant to buildings and grounds. Then summarizing this in a single matrix, dealing with both sites under three headings – that would set the scene for decision making.

- The Community Profile heading summarized locality, demography and community expectations or values.
- The Core Business heading very simply stated the obvious. 'Kindergarten to Year 7 Education' or 'Year 8 to Year 13 Education'.
- The Educational Priorities column listed the important aspects of core business and core business directions.

### *Consideration 2 – Fitness for Purpose*

This phase developed a summary of key suitability, capacity and condition concerns expressed in terms of their present educational consequences, and in conjunction with assigned 'future service impact' ratings.

The terms suitability, capacity and condition were interpreted literally and were merely used to categorize the concerns without getting too hung up about category and sub-category terminology. Or for that matter, the obvious shortage of clearly defined 'benchmarks'. *After all, the purpose of performance review is to appropriately define the problem'.*

Suitability concerns were regarded as being on top of the hierarchy while capacity and condition were seen as related sub-sets (because they can have a bearing on suitability). Hence functionality and safety became the main concerns. However, functionality could only be assessed subjectively while safety was well covered by technical standards and risk management frameworks spelt out, in detail, under the OHS&W Act. In terms of functionality, the only benchmarks available related to design briefs for new buildings. *Attention therefore focused on the impact of poor fit between twenty-five year old buildings and grounds and modern and future pedagogy.* When you think about it, the theory behind local school management (Partnerships 21) meant that the service delivery 'experts' were on site and their knowledge was up to date. It was just that they were inexperienced at expressing need in a way that helped juggle competing priorities against budget constraints – and internal 'politics' occasionally played too big a part.

Capacity concerns were based on: the departmental student per square meter formula; the undeniable concept that poor utilization was an issue in certain areas; and a demand assessment derived from existing enrolment projections, ABS Community Profiles and local knowledge about 'the customers' (i.e. resident parents). *This had the effect of shining the spotlight on duplication, effectiveness and efficiency of spaces.*

**Condition** concerns were comparatively easy, due to the existence of life cycle failure prediction data for building elements and maintenance expenditure data, both available from government information systems known as BLAMS and FAMIS.

Deriving deferral consequences and service impacts was hindered by a lack (worldwide) of 'scientific' ways to measure the 'success' of schools. Nevertheless, for the purpose of the exercise it was possible to 'speculate', *to what extent, an issue might impact on teaching capabilities, IT optimization, optimum learning group sizes, and preferred image (all relative to core business and educational priorities)*.

All of this was then distilled down into a simple matrix that then served as a problem definition for both sites combined.

### Consideration 3 – Strategy Options

Sir Humphrey's mentor explained in one episode of Yes Prime Minister. "You have a problem. You must do *something*. This is *something*. Therefore this is what you *must* do." It's surprising how this approach has captured a lot of asset management and encouraged the tendency to focus on the detail of the individual 'trees' rather than the 'forests'.

For this exercise it was best to focus on the options for developing a set of big-picture strategies governing Maintenance and Operating, Capital Investment, and Capital Funding. (And the latter allowed the introduction of a debate on surplus land disposal). A tick in a column indicated the preferred option, and as a result, immediately indicated the asset management vision and mission. *These in turn set the scene for more detailed asset management propositions, in the form of major programs and projects.*

### Consideration 4 – Propositions

The final step made the leap from analysis

and concept to an integrated set of program and project propositions, across both sites (using a simple spreadsheet covering only the next five years). This made it possible to then zero in on the parts that appealed to the various stakeholders at various times, while allowing them to see at glance, how what they were concerned with fitted into the bigger picture and against competing priorities. This also meant that the schools now had a framework for evaluating and prioritizing new proposals.

It was recognized that programs and projects were what most stakeholders would focus on so it was essential to paint a clear picture of activities and notional budgets (not to be too confused with the associated 'predicted liabilities'). These activities were categorized in accordance with funding sources. Probably the single most important factor was developing a manageable set of integrated project or program definitions. That meant giving 'names' to 'big-picture' projects that had a paragraph attached to clarify scope. That in turn, meant the first project was going to be some form of investigation aimed at becoming better informed and spending 'budgets' wisely.

In an ideal world this would then drive the establishment of more detailed schedules of sub-set jobs. In the real world, the draft 'Asset Management Plan' prepared by head office (for signatures by the Principal and GC Chair) had arrived, and thanks to twelve months of prior preparation, could be negotiated and slotted into the appropriate spot without too much angst.

### Potential

The documented version of the Asset Strategic Plan was put together with a PowerPoint 'explanation' and released to a joint sitting of both Governing Councils. The explanation was supported by digital images of the basic site layout drawings indicating areas needing disposal, rationalization, replacement, alteration or addition. (It's amazing what the enlargement

button on a photocopier, some highlight pens and a scanner can produce.) This was further supported with digital photos.

This kept 'alive' the possibility of using the proposed school web page as a vehicle for 'publishing' the ASP.

Furthermore, if and when a whole of government *strategic asset management information system* comes along, the Asset Strategic Plan will provide the type of data, in a suitable format, that could be entered and used for aggregation

### Conclusions

If it can be said that in the evolution of Strategic Asset Management there are three stages.:

1. **Awareness.** Where the focus is on policies and asset registers.
2. **Commitment.** Where the focus is on plan frameworks and IT systems.
3. **Integration.** Where asset planning is a normal extension of business planning throughout organizations.

then we are presently at Stage 2.

Over time the level of ownership and sophistication will grow, but the real test is whether the asset strategic planning process can clearly demonstrate, that the benefits of holistic and lateral thinking, can actually be seen, in terms of teaching and learning outcomes. If school management stakeholders keep monitoring and reviewing the Asset Strategic Plan over several years then it could be said that two of Adelaide's six hundred schools will have reached Stage 3.

### Key to our success to date?

- The corporate form of SAM is dependent upon front line data and cooperation.
- The term 'strategic' applies not so much to where you stand, as how you think. Therefore it is relevant to the front line.
- Getting front line cooperation means using KISS and WIIFM\* factors.
- The true indicator of successful organizational change is when front line managers actually adopt and own new ways.

*In other words, if we want SAM to evolve, we must understand our audience and tailor our approach. ■*

*\*WIIFM What's in it for me?*

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