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HOW TO ARGUE A BIGGER MAINTENANCE BUDGET

In this issue we look at marshalling the arguments to ensure that you get a bigger budget. We also look at a case-study of a trucking company that almost doubled the life of their truck tyres (a major expense) by focussing on maintenance. You don't have to be a trucking company to benefit from their experience.

But first things first, you want to put forward a good case for extra maintenance funding. How do you go about it?

First, what NOT to do

1. DON'T argue for a percentage of replacement value, or a percentage of anything – this puts maintenance in the same bracket as other overheads, and the one thing that everyone wants to do with overheads is to cut them!

2. FORGET about looking at what others are spending on their maintenance. I know everyone tries this, but if it worked there wouldn't be a maintenance budget problem, would there? So realise that maintenance spending is very much a 'horses for courses' activity and your agency gets the kind of asset quality and service delivery that it is prepared to pay for. Your job is to make them WANT to pay!

3. DON'T overwhelm with detail but make sure that the funding request is built up from, and supported by, the **detail of the spending**. (even if this has to be based on the probability of needs).

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The reason most maintenance units do not get the funding they request is because they cannot say, with any kind of confidence, what will happen if they don't get it!

So how do you proceed?

You ask yourself three things

(a) what is not being done?
(b) does it matter – and why? and
(c) how much would it cost to put it right?

The answers to these questions will enable you to put forward a winning cost-benefit case – that makes your agency WANT to fund you because they can see the benefits. Let us see how this works.

What is not being done?

The reasons for maintaining an asset vary with the asset – sometimes it will be for function, sometimes for appearance (image), sometimes for safety, sometimes for risk management. Most often there will be a bit of all of these. To start with, ***pick the dominant reason.***

Reasons for maintaining an asset include

- **Function**
- **Appearance**
- **Safety**
- **Risk Management**
- **Cost**

Pick ONE, the most DOMINANT

For example,

a. Parks maintenance is mostly for appearance but some will be for safety - unless you have some really urgent safety issues, appearance will dominate.
b. Maintenance of monuments is almost entirely for appearance
c. Building maintenance will generally divide between appearance and functionality – pick the dominant one for each of the buildings that you maintain
d. Dam maintenance will have appearance and safety aspects
e. Road maintenance will address both function and safety
f. Etc. etc.

Resist choosing MORE than ONE— your arguments will be cleaner and more persuasive if they have a strong focus.

Note 1: Avoid choosing safety unless it really is a safety issue. "Crying wolf" leads to rejection of your budget bids now and loss of credibility for the future.

Note 2: "Appearance" is a valid objective. It is not trivial to be concerned about the appearance of key tourist areas or areas with heritage significance, for example. Public image is important, it may just be hard to quantify so we will look at that aspect in a moment.

Identify the problems

Having determined your dominant objective for each of your asset groups (and sub groups) ask yourself what is not happening for this objective. Is the appearance of key assets decidedly scruffy? Are assets presenting safety issues? Risk management issues? Is the function of the asset being affected? For example, are operations costs higher than they need to be because of the quality of the asset that could be corrected with proper maintenance?

Document the service delivery benefits—WORK at this, it is critical!

How do you document this?

Where maintenance is for safety reasons, you may be able to find supporting data, statistics etc from the appropriate asset group – Austroads, say for roads, or the National Dam Safety Association for dams.

Appearance, or Public Image, is best documented with pictures. Take pictures of those assets that you consider to be good, fair, and poor (or even more gradations if you can identify them). Estimate what maintenance work needs to be done, and how regularly, to achieve each appearance level and cost it. Now you have a cost for a good standard, a cost for a fair standard and a cost for a poor standard. (The poor standard might have zero cost but this won't always be the case.)

Functional problems. This will show up in one of two ways (or both) – either reduced service or increased cost. You don't have to put a price on the reduced service but you should attempt to quantify it.

And the key question is— "Does it matter to the funding body?"

Does it matter - and why?

Having identified the issues and documented them as far as you can, the next question is 'does this matter'. It may matter to us as suppliers or asset managers but the critical question here is "does it matter to the funding body?" In other words are the desired outcomes or service delivery being affected? E.g. A road may not have been re-metalled and may have passed the date where this was scheduled to have happened – but so what? The 'so what' question is the critical one. If there is very little traffic on the road, the answer may be that it doesn't really matter, in terms of service delivery. This must be your focus in funding requests. A boiler may not be working in a building but if the occupiers do not experience any lack of amenity then it doesn't matter.

Each correctable problem you identify has to matter to current or future service delivery. If it is affecting current service delivery your evidence should be to hand. If you are arguing a risk to future service delivery, then you will need to mount a stronger case. You will need to demonstrate that there is a strong probability of future failure AND that this probability can be reduced cost effectively by appropriate maintenance action.

What will it cost to correct?

Some of this costing work you will already have done in your exploratory work. If it hasn't been done, now is the time to do it. When costed, compare the cost to correct with the benefit to be achieved (ie reduction in risk, improvement in appearance, function, service delivery, etc) Not all of your benefits – in fact, maybe, very few of them – will be in dollar terms. That is not important. What IS important is that you be able to quantify the costs and service delivery benefits in some way to present to the decision makers.

How long will this take to do?

Enlist the support of stakeholders—don't forget the most important stakeholders of all, the service recipients and the decision makers.

Not as long as you may think, providing you engage all the relevant maintenance personnel and other stakeholders. If there is a genuine case to be made for more maintenance funding, then your maintenance personnel should be readily able to document what's going wrong because of the under-funding. Facilitated workshops speed up the information gathering process.

It is basically a matter of having a systematic process.

- Define your assets and asset groups (and sub groups if applicable)
- Decide on the dominant outcome required from each
- Analyse the situation to determine whether there is a shortfall in the dominant outcome (or a shortfall could arise in the near future)
- Look at the demand situation to see if this shortfall is serious or not
- If it is, cost the correction

Now you can tell the funding body

- How much you need and
- What they are going to get in return

Even if the outcome improvements are non quantifiable in dollar terms, you still have the basis for a good cost-benefit proposal, one that will be credible.

What if your arguments do not win the day?

If you have correctly understood the decision-makers' business priorities and aligned your request to these priorities, you will get your funding.

If you don't, by all means let off steam by ranting and railing about the injustices in the world, but then consider this – if the decision makers failed to see the rightness of your case, then review your process to see where you may have misunderstood their priorities, or failed to make a credible bid. **Ultimately success is up to you.**

Maintenance Success—A Quantum Leap or Continuous Improvement?

Maintenance Success—A lot of little things, done a little at a time

When asked what enabled Howard Trucking to almost double the life of its truck tyres, Eugene Howard, Director of Maintenance replied "A lot of little things, done a little at a time—We'd do just one thing and we kept at it until it became part of our routine. Once we got that mastered, we'd move on to the next thing."

Howard Trucking of Newport, Arkansas,a flatbed hauler specializing in building materials and serving 48 states, began taking small, careful steps to create a comprehensive tire maintenance program. The result? Howard Trucking has nearly doubled the life of its tires. You can find a link to the full interview on the **www.amqi.com** website—look for 'maintenance' in the library collection..

"Air pressure maintenance. We check the inflation in every tire at least once a month, sometimes as often as once a week or more. We use double-seal, flow-through valve stem caps, because you don't have to remove them to check inflation or add air, and they keep dirt and water out of valve stems.

"When we mount tires, we check the valve stem washer, and the torque on the valve stem mounting nut. Those washers can go bad, and if the nut isn't properly torqued, you can end up with leaks."

Do drivers check inflation pressure?

"Many of them do, and some of them do it twice a week. If they'll use them, we're always happy to give drivers pressure gauges to carry in the cab."

You mentioned mounting. Do you do anything special there?

"Whenever we get a new piece of equipment, one of the first things we do is demount, inspect, lubricate and remount every tire. That way we can make sure the wheels are properly lubricated, so that the beads seat and seal properly. We also check to make sure every mount is concentric. Then we balance every tire before re-installing it on the tractor or trailer." You balance every tire?

IS YOUR MAINTENANCE THIS CONSISTENT?

- if not, how could you change your procedures to get similar consistency benefits?

Even trailer tires?

"Even trailer tires. Even retreads. We bought ourselves a dynamic balancing machine, and we balance everything. We're convinced that it reduces vibration and tire wear.

"We also try to re-balance tires when they're about half-worn. Things change over time, including tire and wheel balance. It doesn't take that long to balance a tire, but it seems to really improve the way they wear."

We understand you also align your own equipment.

"That's right. We built an alignment shop, and are fully equipped to align the whole vehicle, steers, drives and trailer axles."

Is that really necessary?
"We think so.

"Hauling construction materials on flat beds is hard on equipment. And, we often have to drive onto and around job sites. That's very hard on all the tires and axles, not just the steer axles. Our experience is that if you're going to align a truck, you've got to align the whole truck.

"Whenever a new truck or trailer comes in, after we remount all the tires, we check the alignment. It gives us an extra feeling of confidence when we put new gear into service."

What else do you do to extend tire life?

"A few years back, we took an old mud flap, cut it to the shape of a fifth wheel, and experimented with using that instead of grease. I guess we should have patented the idea, because now we're buying Teflon® plates that do the same thing.

"Ordinary fifth wheel lube gets wiped off or washed off, and eventually, the king pin can't turn freely. That puts stress on the tires, almost as if the axles were out of alignment. And that accelerates tire wear."

"You have to build your maintenance program gradually.

If you try to start doing everything tomorrow morning, you'll give up by tomorrow afternoon because there aren't enough hours in the day. "

How do you know all this is working?

"**We keep records** on every tire, from the time we first receive it until we scrap it. We brand every tire with a unique number, and my brother Danny has developed a computer program we use to keep track of all our tires."

Danny Howard, CEO: "We used to get 75,000 to 85,000 miles from our steer tires. Today, using exactly the same tires, we can count on anything from 130,000 to 200,000 miles from them. We had one steer tire that went almost 242,000 miles, and our drive tires average nearly 400,000 miles.

"Overall, our records show that we've had about a 60 to 80 percent improvement in tire life as a result of maintenance improvements, and we can count on about 2 or 3 retreads from our Bridgestone casings."

You can't do just one thing!

Eugene Howard: "You can't do just one thing, like balance or alignment. You have to do everything. And, you have to build your maintenance program gradually. If you try to start doing everything tomorrow morning, you'll give up by tomorrow afternoon because there aren't enough hours in the day.

- **master one thing,**
- **make it routine**,
- **then move on to the next.**

Then, keep doing what you've been doing. It's a team effort. There are no unimportant jobs, and there are no unimportant team members. Good maintenance will pay off, if everybody does their part."

You can tell that ASSET MANAGEMENT IS MAKING ITS MARK When...

Top Job Is Won On The Basis Of ASSET MANAGEMENT Experience

Recent news item

'The Government has finally moved to fill a crucial position at the top of the NSW commuter rail network, appointing a new chief executive officer at State Rail more than a year after its permanent head was sacked.

The $350,000-a-year position has been given to the head of Brisbane Water, Howard Lacy.

"You don't necessarily have to have had particular experience in the organisation you're heading," Mr Scully said***. "What I was looking for was the principles of experience in asset management, managing a capital works program, managing customer relations.'"***

ASSET MANAGEMENT Wins International Global Innovator's Award

Brisbane City Council's Total Asset Management (TAM) Framework has been awarded the prestigious International Development Research Council's (IDRC) Global Innovator's Award for 2001. This is the first time an Australian nomination has won the award.

Pictured accepting the award in Texas are (from left to right) Frank Riley, Manager, City Assets BCC, Mr John Igoe, Vice-President Real Estate and Site Services, Palm Inc. (Award Presenter as Executive Director IDRC) and Councillor Kim Flesser BCC

Over 50 international submissions were received and Brisbane City Council was up against such high profile companies as Cisco Systems, General Motors – Worldwide Facilities Group, Jones Lang LaSalle, CIGNA Corporate Real Estate, Georgia Power, Ford Motor Land Services Corporation and Gazeley Properties from the UK.

The Brisbane City Council's Total Asset Management Framework won the award because of its innovative and integrated approach to asset planning across a large, diverse and geographically dispersed portfolio. The TAM Framework is a unique software tool that helps asset managers and planners develop strategic and operational asset plans in support of their organisations' objectives and strategic direction. It is a generic asset management tool that can be easily adapted to any Public or Private Sector Company's asset needs.

P.S. Both Brisbane Water and Brisbane City Council's City Assets are subscribers to SAM. Congratulations!

Expose yourself!

And don't forget!

If you would like to comment on any item in this issue, email me at **penny@amqi.com**

Get your good work in print. I am looking for the following:

- Examples of how you have set your **asset service levels** focussing on what the user is interested in
- Examples of **demand management** - how you have successfully tailored your community's demand to what is available (either decreasing *or increasing* demand to match supply, showing how it has been done (and preferably, with what results)

Q&A

Q: Not sure whether what you have done is an exemplar for others to follow?
A: If it worked for you, tell me.

Q: Done something good but doesn't fit into the above descriptions?
A: Take a punt, and try me anyway.

Do yourself a favour – and do other asset managers a favour, too.

Get yourself in print!

P.S. If you have an idea, or example, but are not sure how to write it up, email me on penny@amqi.com give me your telephone number and I will ring you to discuss it. (or ring me on 08 8281 5795)