

Making your Asset Management Plan *Dynamic*: Part 2



Great Jubilation! The project teams have completed their work, the plan has been printed, in colour and spiral bound. It has high-level endorsement.

BUT is it *already* out of date?

Have you built in a process by which the data, the assumptions, the models, AND the relevance of the issues addressed are continuously updated?

In this issue

We look at

- how you get into the 'innards' of your asset management plan to improve it.
- How you can avoid simply re-doing, but progress instead
- How you change a 'static' plan to a 'dynamic' one, that users will clamour to use—and that *top management will fund because they find it useful.*

The Virtual Asset Management Community

New Water Forum

www.amqi.com/forums

- Is condition a good indicator of performance?
- What do you know about the pros and cons of different numbering systems?
- Where can you find information on service levels?

Join our new water forum, contribute suggestions where you can, add new information. All postings to the Discussion Forums will enable you to rise in the ranks of the Virtual Community. See our Community Leader Program on the home page at www.amqi.com

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Transiting from Project to Program: What it means

Almost certainly when the first plan was constructed it was a project, often a high priority project. Other things made way for it. Team members may have been taken 'off line' in order to free up time to do 'the project'. There may have been extra assistance (team members from other divisions, consultancy assistance). High expectations from the Board generated a certain urgency and gave the task importance and resources. But mainly the adrenalin flowed! That is the nature of projects. You are working to a deadline, a completion date – to handover!

But now the honeymoon is over and you have to get down to work! The reality is that the second and subsequent plans **need to be part of the routine work of the organization**. Creating the initial AMP may have been a project, but keeping it dynamic is a program—part of your ongoing work load.

What makes this difficult is that no one may have planned for it to happen, so that, in effect, the task is one of 'retrofitting', and secondly, different skills and efforts are required from those that were successful in getting the first plan up and running. This is not always clearly recognised and so what may happen is that instead of a Second (and improved) plan we end up simply re-doing the First Plan (First Plan, Mark II, First Plan, Mark III, etc—the classic 'static plan' process). What are those different skills and efforts?

Different skills and efforts are required from those that were successful in getting the first plan up and running.

The **first plan** benefits primarily from the involvement of those who

- (a) know the assets and what is being done
 - because the task is to document
- (b) are good at designing frameworks and organising relationships
 - because the task is to codify existing knowledge

In other words, the *bulk* of the work for the first plan is well suited to technical people.

The **second and subsequent plans** benefit from the involvement of those who

- (a) know the service demands that the assets need to support
 - because the task now is one of continuous improvement
- (b) are good at critical inquiry, research, investigation
 - because the task now is to improve the quality and the relevance of existing knowledge

These are tasks that will require major inputs from client service managers and senior management. And critical inquiry is easier if you are coming from the outside (because you take less for granted!)

Are these the skills and efforts that would benefit from

- cross functional teams? (where differences of opinion are sought and valued)
- new recruits able (and encouraged) to ask the clarifying questions?
what else? [Read on.....](#)

Transiting from Project to Program: Understanding

Before you can improve your Asset Management Plan, you need to understand it—(otherwise all you can do is to change it, but those changes may not constitute improvement.)

Moreover, this understanding needs to be documented so that those who follow you will understand too. This is important for a dynamic planning process that will be continuously improved over time.

Chances are that you were not a key player, or indeed, any player, in the construction of the agency's first plan. It may have been constructed by a consultant or by an earlier in-house team. With ordinary staff movements nowadays, these people may no longer be around to explain things—and what is more, a dynamic plan needs to recognise this, and be independent of them.

How do you (and those who follow you) gain this independent understanding? Remember that a strong, dynamic, planning process is one that ensures confidence in

- data credibility,
- quality of assumptions,
- rigour of analysis,
- relevance of proposed actions in achieving objectives, and
- clarity and understanding of the objectives themselves,

Understanding and Confidence starts with an Audit Trail

Collect back up documentation

to start with, just collect it, ask questions to help you find the source of documentation but reserve judgement (This is hard, we all want to judge! But the criteria for that judgement is yet to be established, so at this stage of the game, it is important simply to determine the source of all information that underpins the plan. That is why this is a good exercise for a new recruit.)

Data—sources? Quality of those sources (ie accuracy, scope and coverage, last time updated, what proportion was updated, what are the verification and updating processes? Relevance of the data source (i.e. was it set up for management purposes, financial reporting purposes, safety or risk management—what?)

Assumptions—sources? External references (eg for economic life); 'best guesses' (whose?);

Analysis—sources? Type of analysis or modelling? Was it reviewed? How?

Relevance—are the recommended activities clearly linked to corporate objectives? What are the expected outcomes of the activities? How do they contribute to the objectives?

Objectives—where did they come from? Are they consistent with objectives used in other places, e.g. the corporate plan. When were they last revised? What significant external or internal changes have occurred since that might impact on them?

At this stage, no actions are proposed; this is just a 'fact finding mission'. Almost inevitably, ideas for change will leap out. Restrain yourselves!. To see why, Read on.....

Transiting from Project to Program: Establishing Need

Where are the gaps?

Finding the gaps is important. Of more importance is finding the gaps that really count! Those are the gaps that address real and important needs within your organisation. But first things first.

In the search for documentation, what was missing? This is often hard to tell unless you have an idea of what should be there. One of the ways to do this is to answer the questions on the previous page and to take a critical 'prove it!' stance to all supposed evidence.

Examine the documentation that you have gathered. What is your gut feel? Do you believe it? Would an auditor or a regulator? Would the documentation stand up to rigorous scrutiny

- in the event of a public inquiry?
- in the event of public outcry at a new capital development (or failure to provide sufficiently for an existing development)?
- in the event of a major breakdown
- in the event of life taking or life threatening incidents (eg Longford Gas Explosion, Sydney water quality scare)

If possible, look at high quality dynamic asset management plans that been around and improved for some time. Or industry checklists. Or the "Tools and Templates" on the Virtual Asset Management Community Website at www.amqi.com (See refs for all of these on the back page)

A benchmarking study can also be indicative at this stage. Benchmarking studies usually measure performance against a common standard and may suggest actions to remedy the gaps that are found. (see refs) - but hold your fire—don't act just yet! Read on.....

Who uses the current information in the AMP—and who could use it?

(see diagram on opposite page)

The organisation

(and who within the organisation—Operations and Maintenance? Finance and Costing? Planning and Policy? Top Management?)

Customers

Community

Pressure Groups

Regulator

Are they using it? (And if not, why not?)

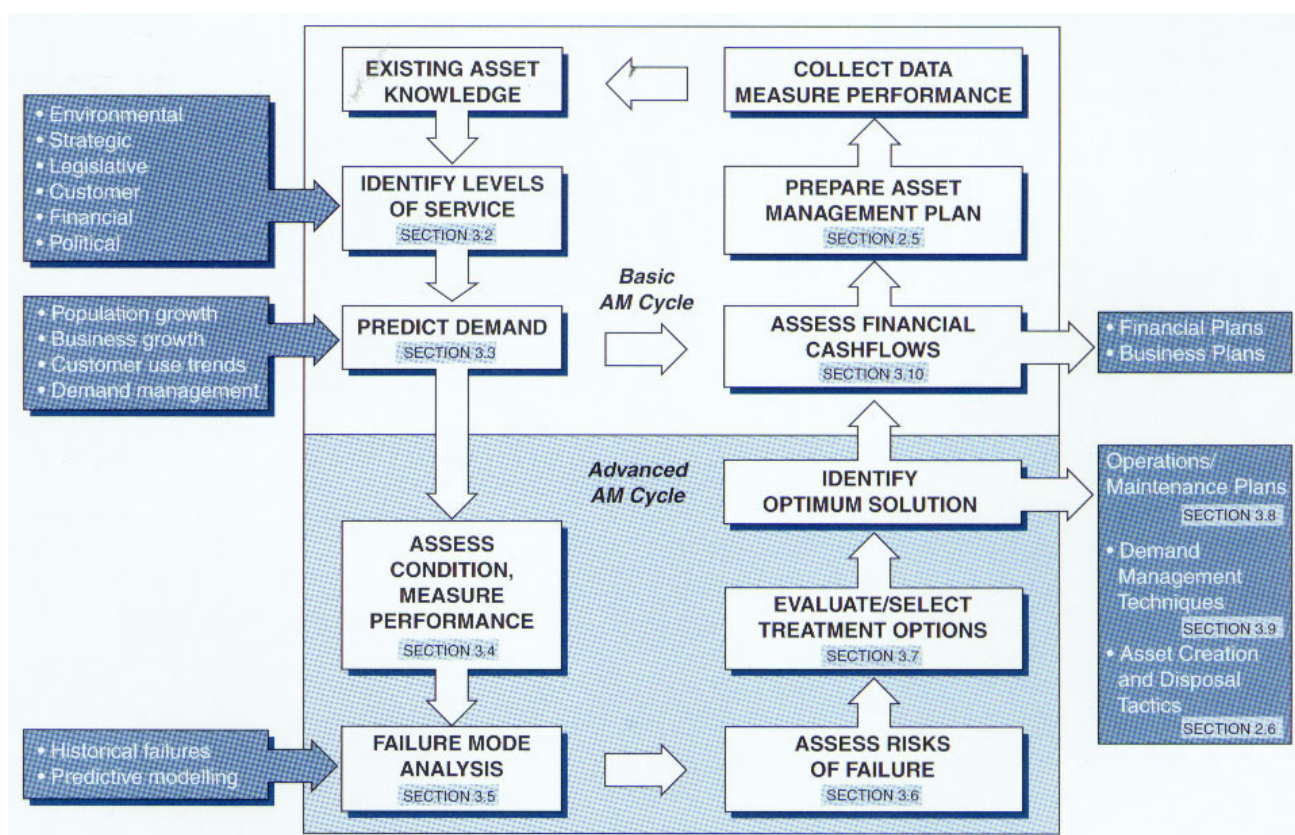
Not in the appropriate form (eg too detailed, too broad)?

Not timely? Not reliable?

Not relevant, etc (priorities, focus – eg. Internal or external)?

Appropriate language, (technical, managerial, layman)?

Asset Management Information—Who Needs What?



Source: Warwick Busch, Meritek

Not all needs are equal

Having identified your information gaps which ones do you work on closing? Not all will justify action. And of those that do, you will need to prioritise.

The critical question is: **If they are not using information that is, or could be, in your Asset Management Plan, what are they using instead?**

What are the costs to the organisation, and/or to the community, of not having the information that your AMP could provide?

insignificant, other sources are available which are just as good

moderate, other sources exist but do not provide a good a guide to decision making, however, the costs of possibly worse decisions is not high

significant, other sources of information give misleading results/ other sources of information do not exist (and the issues are important for decision making)

critical, the absence of this information could potentially lead to costly or dangerous decisions (*investigation and analysis would, in turn, be needed to verify all of these conclusions*)

Transiting from Project to Program: Recognising & Building in Change

A Dynamic Planning Process Requires Routines

A static, one-off, plan can be an ad hoc affair, and sometimes is. But a dynamic planning process needs to be fitted into a tight schedule of other work and the only way this is going to happen is if you build in routines to make it happen.

Your routines need to cover processes, people and time lines

Processes:

Review of data quality, assumptions,
Scenario modelling
Setting service target levels
Costing service level change
Consulting with the Community
Monitoring outcomes
Management feedback
Updating objectives

People:

- (a) Someone to make sure it all comes together. Ideally, the Asset Manager.
- (b) Cross functional representatives (e.g. client services managers, policy and planning, finance, environmental officers, community liaison, etc) - and for each of these people, time has to be factored into *their* daily routines to enable them to (1) make time for the team meetings, and (2) research their contributions to the team. Failure to do the first is one of the major reasons why cross functional teams fall apart. Failure to do the second is the major reason for cross functional teams being less effective than they could be—and need to be. *Planning is a whole-of-agency responsibility*
- (c) Investigators (people who can take a critical look at existing data and assumptions)
- (d) Analysts (people who can model the outcomes of actions—or inactions)
- (e) Specialists (financial, environmental, planning, legal etc) to supplement the skills of the technical asset management team
- (f) Community communication manager
- (g) A monitor! Someone to report on the progress, or snags, in the planning process, and the outcomes
- (h) Top management input to respond to reports and update objectives
- (i) ?

Time lines

For routines to work, tasks need to be assigned to individuals with time lines attached. Most gear up the AMP to support the budget bids; this has at least two negative impacts: (1) it forces a short term rather than a long term focus and (2) it competes with financial and planning resources. An AMP is best designed for inputs from others during their 'off' periods.

Asset Management Planning is a 'year round' activity.

Transiting from Project to Program: Scenario Modelling

In addition to technical modelling, the Asset Management Plan may be asked to deal with many ongoing as well as urgent issues facing your organisation. The following scenarios will strike a chord with many of you. The last one actually happened to me in my first year as an economist with the South Australian water authority.

- An emergency requires urgent capital (a half or more of your annual capital budget). Can your AMP tell you what projects can be safely deferred without serious flow on impacts? For the others can it tell you where the impacts will be felt and how to address them?
- A federal government program is underspent. Grants up to \$1m are available, but only if the money is spent within the next 4 months. Your board is keen to take up this 'free money' offer. Can your AMP tell you what projects would need to be put on hold while staff resources are deployed on the new project? Does it provide the information your analysts will need to calculate the life cycle costs of the new project (only the front up capital is free)?
- Reliable test results have been released on a new product that greatly extends the life of tiled rooves. The product is cheap but the capital set up costs are extensive. Is it worthwhile to your organisation? The test results show that to be effective, the product should be not be applied until the tiles have 'weathered' for at least ten years, but it loses its effectiveness if applied on rooves that have weathered for more than 25 years.
- The State Planning Department has decided that all development South of the City is to be discouraged whilst that to the North is to be encouraged. Your Board wishes to know how this will impact utilisation projections of its existing southern assets. Can you tell?
- Increasing salinisation is causing structural damage to buildings and infrastructure along a ten kilometre belt by major water courses. Your Board wishes to know how this is being taken into account in your AMP.
- Irate customers, objecting to a price rise, have massed on the steps of Parliament House, refusing to allow the Minister to exit. He rings the Departmental Head, and he contacts you. "What do we tell them?" he asks. Can the AMP and the documentation supporting it, give you any support in this situation and save the day?

Like to do more to make your AMP a dynamic process? Like some further references and more help? Then **Read On.....**

Further reading and references:

(All issues of SAM for the past 12 months can be found at SAM online. All subscribers of SAM are entitled to access SAM Online. If you don't yet have a password, contact editor@amqi.com.)

Self Review Checklist

SAM 86 (April 19 2002) A self review of asset management plans prepared by a group of experienced New Zealand councils.

Community Consultation

SAM 90 (June 14, 2002) a case study in creating an informed community from Boroondara Council

Life Cycle Costing

SAM 96 (September 6, 2002) "A week of discoveries" (the importance of life cycle costing to elected members, policy & planning, and technical people

SAM 89 (May 31 2002) The Ant's view of the lifecycle

Benchmarking

SAM 80 (Jan 25 2002) So you've benchmarked, now what do you do?

Being Prepared for Emergencies

SAM 94 (August 9, 2002) "Prevent Emergencies from De-railing Your Asset Management Strategy

Users and Using the AMP

SAM Sam issue on "using your AMP"

Leveraging your AMP

SAM 102 (Nov 29, 2002) "Private Public Partnerships & Integrating Asset Management with the Wider World" (a good example from British Waterways of using asset management planning to leverage good business opportunities)

Answering Questions

SAM 100 (Nov 1, 2002) "Investment Proposals – ten key questions to ask"
Yarra's use of asset information for providing another service to suppliers and customers

Indicators

SAM 108 (Feb 21, 2003) "An ICOMS Special" (Brian Sharp on "The Prime Purpose of Indicators is to Change Behaviours")

In addition,
the **International Infrastructure Management Manual** produced jointly by the IPWEA (Australia) and Ingenium (New Zealand) contains much valuable technical as well as strategic information.

And a good example of dynamic plans that have progressed through many iterations—
Watercare, New Zealand, Water Supply Asset Management Plan 2002, Wastewater Asset Management Plan 2002. Downloadable as pdfs from <http://www.watercare.co.nz/default,54.sm>