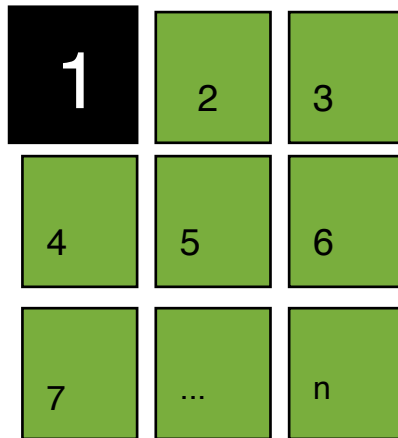


Issue 227 October 22 2007

For Practitioners, Policy Makers and Planners in Public Infrastructure



Your FIRST Plan is *Qualitatively Different*

Your first Asset Management is qualitatively different from all those that follow. Why? When you know, you will also know whether you are producing your second, third, etc. plan - or whether you are simply reproducing the first!

Also in this issue:

STAFF RETENTION

"If you want to retain your experienced, about-to-retire, baby boomers - treat them as you would your new 20 year olds!" This is the advice of Geoff Barrows, staff recruitment specialist. See page 5.

DOES COUNTRY AND CULTURE AFFECT ASSET MANAGEMENT?

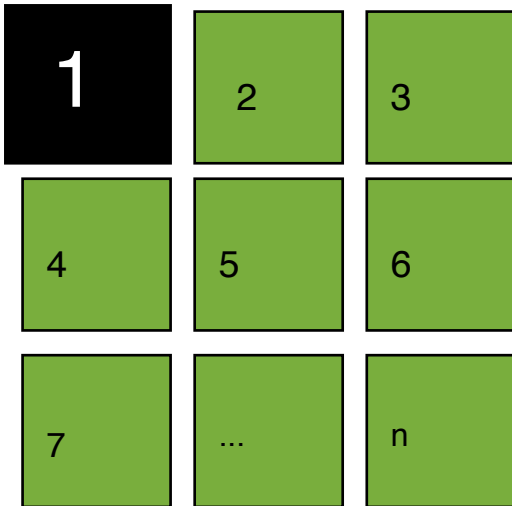
It's fun, but it has a serious point - why are Aussies good at asset management? What might hold us back? What characteristics of other nationalities are also good for asset management? What are not so good? Page 7

Editor: Dr Penny Burns, AMQ International

PO Box 75 Salisbury South Australia 5108

Telephone 61 (0) 8 8281 5795

Email: amqi@amqi.com



YOUR FIRST PLAN IS DIFFERENT

I recently had an inquiry from a new asset manager who had been given the task of constructing his agency's first asset management plan - in just a few months!

Both the task and the time frame was daunting.

Faced with this task, the natural inclination is to look at what might be considered as 'best practice' in the industry at the current time. *But this is the wrong way to go about it.*

Why? The second and subsequent plans look at changing the future but for that it is imperative to *know where you are starting from*. That is the role of the First Asset Management Plan: to *document where you are now!*

If you carry out the following prescription, you can - with effort - get your first Asset Management Plan in 3 months or less.

Document Where You Are Now.

This involves four (4) activities:

- Chunking
- Dimensioning
- Recording
- Stating

Chunking

You need to group your assets together in large 'chunks' to make it easy to get your head around the issues affecting them. This may lead to *asset groups* such as buildings, roads, drains, parks and gardens etc. These are broad groupings. Five to seven (5-7) asset groups is a good number (because studies have shown that this is the normal range that we can manage to keep in our heads at one time). If each section of council is preparing its own asset management plan, say one for roads, one for parks and gardens, then again, the same rule applies - 'chunk' these assets into no more than 5-7 groups.

Dimensioning

Here is where you put some starting numbers on the groups, e.g.

- Size of group (number, value of buildings)
- Cost (maintenance, operations)
- Revenues
- Age profiles (but only if you already have them*)
- Condition statements (but only if you already have them*)

NB. The first plan is needed for guidance

The “first plan” documents where you are now and what information you have now, to identify what needs to be done next. *This is not the time to do detailed studies.* Even if you choose to get some consultants to gather the detailed information you are lacking, you should still do the ‘first plan’ yourselves - *before* calling in the consultants! In this case the first plan may be done only months before the second and subsequent plans, but will provide the guide for further development.

Recording

A non-judgemental statement of *current policy and practice*. Just record it, don’t analyse it, modify it, or develop it. If you don’t have a policy, this is not the time to invent one, just record what’s what. If policy and practice conflict, write that down.

Stating

This is the place to state the issues, from problems with funding, conflict of objectives, lack of knowing what direction to move in, whatever the issue is, write it down! Issues are basically an absence of workable policy so recording policy and practices and stating issues go together. First write them down and then sort them into some order. In other words, ‘chunk’ the issues. This can be done in several ways - according to asset, or according to the nature of the issue.

Avoid chunking according to ‘whose responsibility it is to find a solution’ - not only does it lead to unproductive blame laying, it ignores the possibility of an ‘engineering’ problem having a ‘finance’ solution - and vice versa. So state the issues but don’t pre-empt the solutions. The first plan is not the place to *find* solutions. It’s job is to document the status quo.

THE MISTAKES WE MAKE

1. Trying to establish a plan for the future without knowing where we are now!
2. Trying to make it ‘look good’ rather than be an accurate statement of the status quo (in this way we end up fooling ourselves and establishing false expectations in others)
3. Getting caught up in what we don’t know, rather than putting down what we *do* know.
4. Getting someone else to do it for us! This could be the biggest mistake of all, since if we call in a consultant we will get a prescription for the future (‘a plan’) but it won’t be grounded in reality - ‘where we are now’. This has to be an in-house job. No-one else will know what we have and what we currently do.

NEW ZEALAND

New Zealand set up asset management plans for all of its councils, over a decade ago. Warwick Busch was the leading asset manager in the country at that time. He died far too young. But his words live on:

“The most important thing with a First Plan is to document the status quo. Don’t try to change it until you know what you are doing. Don’t worry about the words, first of all put down the costs, what you are spending now on capital, on maintenance, on operations. What are the issues? Discussion of costs and issues will make the words easy. The best thing that New Zealanders have got from the asset management plans is confidence! They now understand what it is that they are doing, they feel they have more control and that they can do something, whereas before they felt that they were being done to and had no say. Decisions were ad hoc. Nobody from management to maintenance supervisor understood the connections. Now they understand the linkages from financial planning to asset management planning.”

After the FIRST PLAN

You may choose to make your FIRST Asset Management Plan public, or you may use it for in-house advice only. But now you know why the current plans of the leading practitioners will not help you with this first plan - they have already gone beyond it!

Moving On

Once you have documented the status quo in this first plan, and only then, are you ready to move on. Above we looked at 4 mistakes - **the 5th mistake is failing to move on, but rather simply repeating the first plan year after year.**

You will know whether this is happening if you treat the AM Plan as a template that can simply be populated; if the so-called plans are just lists of intended capital projects; if the plans are pure technical reports with very little long term analysis other than what has historically been done.

The Second and Subsequent Plans - what should they look like?

A good Plan has four critical aspects. Ashay Prabhu, ACEAM, suggests asking yourself:

1. Levels of service defined at all 4 tiers:

1. If I acquire new assets, what standard would I build them to and where would they be located?
2. Once they are built, at what service standard would I consider them due to replacement? (when level of service drops below unacceptable), i.e. Capital LoS.
3. Whilst they are at an acceptable level of service, how would I maintain them, so they will last longer? (maintenance LoS).
4. At what point of functionality, adequacy, obsolescence or other would I dispose them.

2. A future demand plan that articulates:

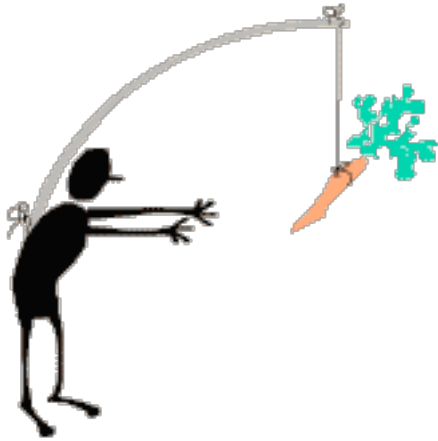
1. Why and where future stocks are needed.
2. What will our future asset standard look like (particularly when dealing with buildings, parks and facilities where useage standards are shifting – ergonomic, DDA compliance, national codes etc).

3. A future FINANCIAL plan that articulates:

1. How will we fund the above LoS?
2. Do we have enough and if not what is our plan to plug the gap (remember more money is not the answer all the time, think of the game).
3. How will be equitably distribute our dollar, so the LoS is achievable.

4. A Performance measurement model:

1. What did we achieve for what we spent last year (critical, as most of us just write a plan and then do what we have always done and never measure performance. If we can't measure it, we can't manage it).
2. LoS performance at all 4 tiers.



STAFF RETENTION
More carrot, less stick?

Geoff Barrow

In the current climate it may be easier to retain the staff you already have than to seek new staff.

Do Generational Differences really make a difference?

Geoff Barrow, ETM Placements, whose role includes career development and recruiting for local government and other engineering clients, says that

‘in many ways we may be better off treating our about-to-retire baby boomers in the same way as we need to treat ‘Generation Y’, those relatively new to the workforce’.

Geoff suggests that **the key features that Generation Y look for in a fulfilling role include**

- Professional Growth and Development
- Social Interaction
- Responsibility and input

BUT, so do our about-to-retire Baby Boomers!

Research undertaken in 2003 by the USA Center for Creative Leadership concluded that

Area	Baby boomers Born 1946 - 1964	Generation X Born 1965 - 1979	Generation Y Born 1980 - 1994
Training focus	Technical; Data evidence	Practical; Case studies	Emotional; Stories/participative
Learning format	Formal Structured	Relaxed interactive	Spontaneous; Multi sensory
Learning environment	Classroom style; Quiet atmosphere	Round table style; Relaxed ambiance	Café style; Music and multi modal
Sales and marketing	Mass/traditional media; Above the line	Direct/targeted media; Below the line	Viral/electronic media; Through friends
Purchase influencers	Brand loyal; Authorities	Brand switchers; Experts	No brand loyalty; Friends
Ideal leaders	Command and control; Thinkers	Coordination and Cooperation; Doers	Consensus and collaborative; Feelers

“despite what is seen on television, heard on radio and written in the newspapers, magazines and books, the difference between generations is not as stark as we have been lead to believe”

Employment practices for the retention of staff

“In a competitive market for engineers, organisations need in the first instance to ensure that they have the policies and practices to retain the good staff they already have. Progressive policies and practices for retaining staff will also be the policies and practices that will help attract new staff include:

Work/life Balance

How flexible is your workplace in regard to

- Reduced hours to cater for the need of working mothers?
- Reduced days to cater for the needs of older workers who want to move into phased retirement?
- Additional leave/time off for generation Y who wants to travel overseas and would otherwise resign?

Professional Growth and Development

- Have you committed to formal professional development programs?
- Have you worked with your staff in developing individual career plans?
- Do you provide mentoring for generation X and generation Y staff?
- Do you use your senior staff as mentors as a way of recognising their experience?

Variety of Experiences

- Do you provide variation/rotation of work experience to develop younger staff?
- To what extent are you prepared to provide tasks beyond their experience and set stretch goals?
- Do you take a project approach to give staff variety in the people they work with and opportunities for tasks and challenges outside the routine job?

Social interaction

- Is your workplace fun?
- Are there opportunities to work across department boundaries?
- Is there a team approach and opportunities to work collaboratively?

Responsibility and Input

- For generation Y to feel valued in an organisation they need to be given clear responsibilities and an opportunity to input into the decision making process. Older workers also need to know that their experience is valued through opportunity to input. *Is there real empowerment?*

Reward and Recognition

All staff need to be adequately recognised and rewarded.

- Are your salaries regularly reviewed and are they at market rates? [Offering a salary increase only when an employee has been made a job offer elsewhere is usually too late and reflects badly on the organisation]

Some organisations offer rewards for long service and renewal of employment contracts whilst others believe that as long as the salary is competitive with the market and the job is challenging employees will not be attracted away by marginal benefits. **Recognise the importance of self-esteem.** Good management will have formal and informal recognition programs in place.

OPPORTUNITIES AND RESPONSIBILITIES

Study of the above list will tell you that this is not simply about changing your hiring and training practices - you may well need to change your entire management approach and structure. This will not be easy. But the alternative route is even harder!

Studies show that retirees are willing to return - but under a different structure. And younger engineers look at the world a different way. Whichever way you turn - change is critical - and the sooner embraced, the easier the route will be.

Geoff Barrow can be reached at g.barrow@etm.com.au



What has culture to do with asset management?

Do some national characteristics, some human characteristics, lend themselves to asset management better than others?

In the light of increasingly multi-cultural asset management teams, this may be worth thinking about. Here to start the thinking is my attempt. Try your own!

Asset Management and Culture

:Or why Aussies may have an aptitude for Asset Management

Around the world Australia has a good reputation for asset management. Why? My personal judgement is it is because of the larrikin in us. But that is not all. We have a number of other things going for us, too - and being aware of them is probably our best protection against losing them.

Australians are not great ones for tradition

We don't feel we need to do something the same way it has always been done; in fact, quite the opposite, we are too apt to change something simply because it has stayed the same for a few years. I recall Paul Keating, when he was PM of Australia, accusing us of being a nation of 'change junkies'. He could well be right. The downside is that we may well change things that are working well and we may well lose many of the good changes that we establish.

Australians are not great ones for deference to authority!

There is a famous survey that asked co-pilots what they would do if the pilot made a wrong decision that threatened to wreck the plane. The Australian co-pilots said, without hesitation, that they would tell the pilot about the mistake. 'And if he didn't listen?' 'Well, I would knock him out, take the controls and explain it later!' Not all nationalities responded this way. Some would prefer to go down with the plane rather than contradict a superior! But Australians are not afflicted this way. We have no qualms about questioning what we are told. As long as it is done constructively, this questioning is good for asset management. Downside is we probably go to the other extreme: questioning simply because we *are* told!

Australia is a big country but it has a small population.

Our bureaucracies cannot support layers and layers of decision makers so there tends not to be a lot of distance between anyone and the boss. This supports the 'Jack is as good as his master' philosophy that Australians seem to hold and goes along with our tendency to buck tradition and authority (just because we can). We tend not to have a great deal of respect for position. In general, we are bemused by the respect that Americans give their President, always referring to him politely as "Mr President". We could never imagine doing such a thing for our Prime Minister.

But Australians do have respect for men of action.

That may account for why the national religion is football! It may also account for why we pride ourselves on what we 'do' rather than what we 'are'. I like the following story which encompasses all of the above.

A group of UK Treasury representatives were being shown the policies and practices in place in the Victorian Treasury. 'But how did you manage to implement so many high powered and innovative changes?' The puzzled Victorians replied "Well, we just did it!" The UK Team sighed and said 'When we want to implement a change, it has to be shepherded through a dozen different committees and in the end someone is bound to say 'This is not the traditional way' and then that is the end of it'.

Different cultures, different possibilities.

What other aspects of Australian culture help or hinder asset management? I welcome your thoughts on this matter.

Non-Australians - If you would like to try your hand at looking at your country's cultural and national traits, I would be delighted to see them!