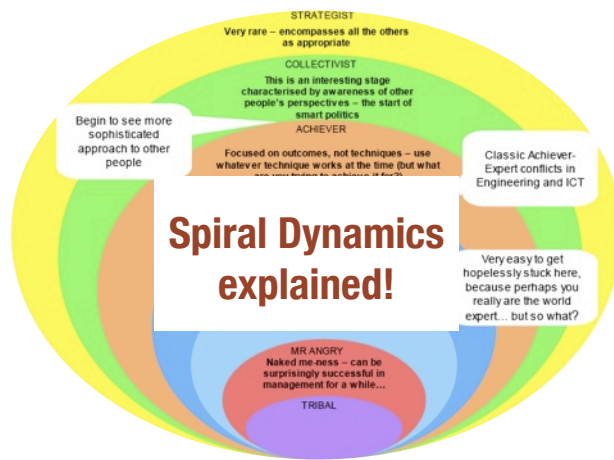


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Managing Urban Infrastructure



Guest Editorial Issue: **Ruth Wallsgrove on Asset Management**

Asset Managers -

Do you find yourself in a losing battle with colleagues?

Do you feel you are getting bashed?

Do you want to know why? And what you can do about it?

In this issue, Guest Editor Ruth Wallsgrove will explain, using a model called Spiral Dynamics, why just being 'an expert' is not enough.

Ruth has just taken up a position with United Rail in Sydney where she is Product Manager for Asset Management, but for the last two years she was General Manager, Strategic Asset Management at NSW RailCorp. Ruth has a long history of asset management in interesting places, such as working with London Underground, and with Yorkshire Water during its 1995 Drought. Her background is in asset information. Not IT - IT, she says, is just the container, and data the raw material in it. Information is the useful content.

Her work presented here was delivered to the IQPC Conference "Strategic Asset Management" in Sydney on April 1. 2008. Ruth also presents some other ideas stimulated by conference discussion.

Editor: Dr Penny Burns, AMQ International

PO Box 75 Salisbury South Australia 5108

Telephone 61 (0) 8 8281 5795

Email: amqi@amqi.com Website www.amqi.com



Up and down the spiral: are you *just* an expert?

Introduction: Getting bashed!

The organisation I worked for started getting interested in Asset Management in the late 1990s. In the UK at that time it was a new term, and so naturally there was some ground to cover to explain it (with the help of the high production values of the Infrastructure Management Manual), but we were confident that was just a matter of time and effort.

More worrying was that it felt sometimes like we were getting bashed. Although the ideas made perfect sense to us, my colleagues and I would find ourselves in strange conflicts with other groups. We, of course, were passionate and rational; they seemed, and I am sure sometimes were, unreasonable, inconsistent and even dishonest. (They'd lie to win an argument!) One particular kind of conflict was with IT departments over asset information, which didn't make sense to us since we thought were very IT friendly.

I got fed up with team mates crawling back to the office after yet another pummelling. I'd met someone who was both into Asset Management and also a trainer in psychological techniques, and asked him if there was anything he could do to help us understand these conflicts. He was amusingly hard-nosed about IT – "What do you mean, they don't put satisfied users first?" – but he agreed to try out a few things with us. He assumed it was likely to be some disconnect in values.

After testing us for various things, he spotted something.

Enter Spiral Dynamics

The model he ended up using with us is called Spiral Dynamics (or at least is called that by its originators). You've probably come across Maslow's Hierarchy of Needs, which says that when you have satisfied basic needs, you turn to higher ones (and the other way around – it's hard to think about self-fulfilment when you're starving). SD is more about stages of development: once you have been through a stage, and experienced both its benefits and its limitations, you move on to the next.

How this related to our conflicts with IT was that while we were being co-operative, they were somewhere else. It's true that they often did not share with us the idea that a happy user is the goal, but it was more than that. We learned the shattering lesson that there is usually more going on in a conversation than just a reasoned exchange of ideas and information....

The problem with useful psychological models... is that you have to remember to use them. I liked Spiral Dynamics and recommended it to friends and thought about how it related to politicians, but I did not even think to use it in a more recent not-getting-on. It was a Sydney psychology consultancy who spotted that, once again, I was getting bashed, as the friendly, co-operative person. And that being friendly was only going to get me more bashed.

So I brought them in to work through it with my Strategic Asset Management team. And they, too, found it explained a lot of conflicts, not only with other people but within themselves.

(I'm going to use my own interpretation here, but if you want a more expert explanation with slightly different terms, the best source I know of is *Harvard Business Review* April 1 2005, 'Seven Transformations of Leadership' by David Rooke and William R. Torbert.)

I'm guessing that most readers of SAM have had the experience of dealing with a stickler for procedure – and that most of us aren't that. I think many of us will also have found ourselves, at one time or another, as an expert. Perhaps we've even revelled in being an expert, or just found that that's the way others pigeonhole us. There are certainly some influential people in AM who are and want to be World Experts.

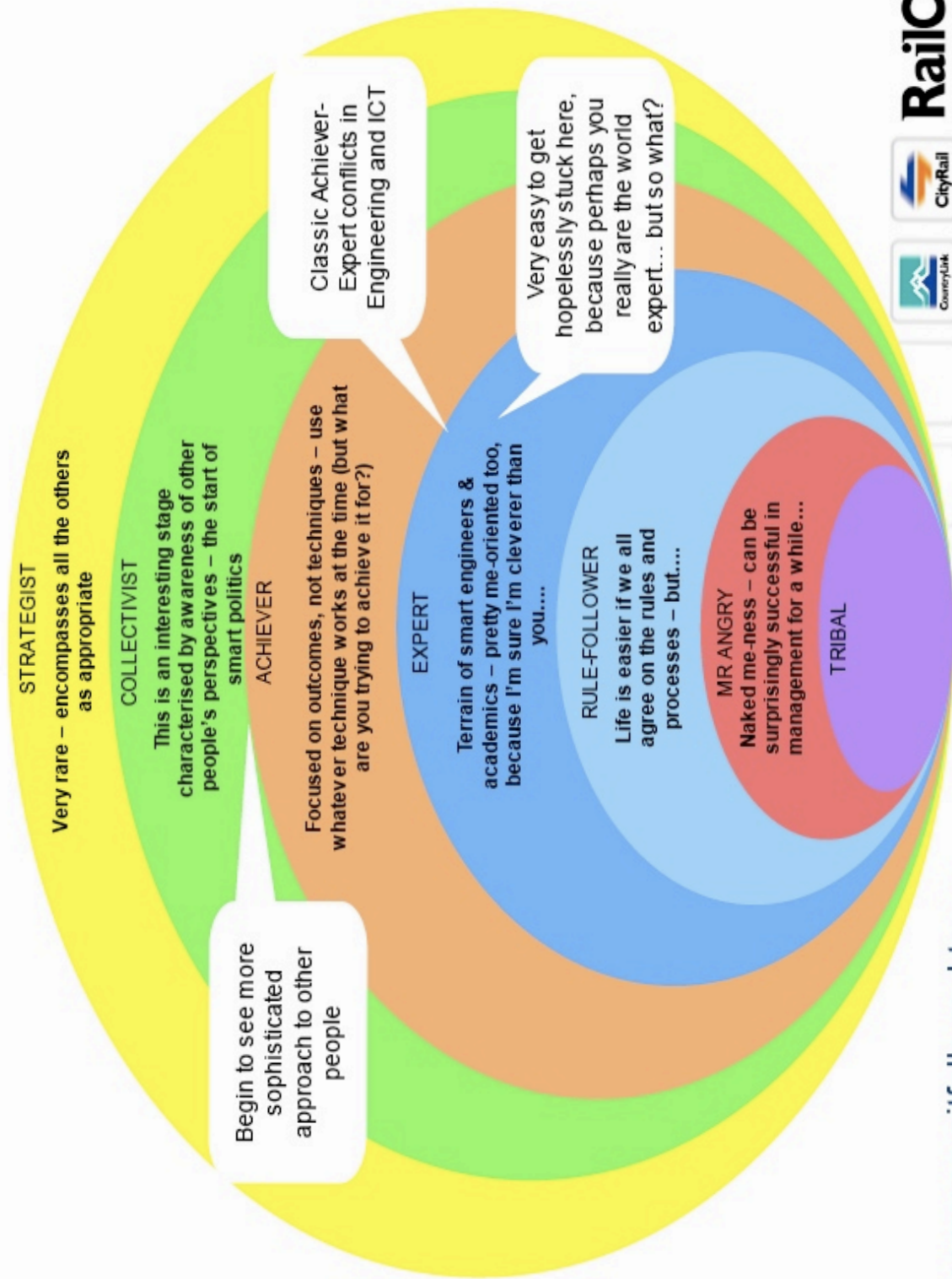
Experts and Achievers (see diagram on next page)

But the problem is, 'expert' is not the same thing as 'achiever'. Someone focused on achieving an outcome is happy to use anything, and maybe anyone, to hand. An expert is just one useful input. What's more, experts can actually get in the way of achievement, such as meeting customer service levels, when they get too stuck on their particular way of doing things. A high up State Treasury guy remarked to me this month that Treasury, and Infrastructure, are too full of technocrats who won't share, who are too tied up in their own expertise to actually do anything. Experts get bashed – they don't control the agenda – but they can also bite pretty hard. They can be peculiarly egotistic.

Those of us who've been experts and now find ourselves thinking more about getting the job done – about achieving outcomes - have to wrestle with our own fears. What if we lose our edge if we tackle something wider, and more general? Two of my old team are dealing with that in their own careers at the moment. Another is happy to stay as expert, but could start to see that this might be at the cost of doing other things.

All our AM discussion in SAM and elsewhere about the need to focus on outcomes sound very much like us trying to get our organisations, or even ourselves, into achiever space – on beyond expert. Sound familiar?

So is 'achiever', or 'orange', the ultimate stage? Certainly not. Someone very focused on achieving some end can be pretty successful – but then wake up one day wondering why that end? Is there more to life? They are fairly strategic, but in a limited way.



Beyond Achiever

I was what I was taught as 'collective', or 'green' – I am easy with expertise (been there) and happy to focus to achieve good aims, but I am also intrigued by other people's perspectives, and convinced that quality of interaction with other people is important. So I am also a bit... unconventional, a bit anarchic. 'Ignores rules she regards as irrelevant', it says here. 'Irritates bosses by ignoring key organisational processes and people.' I think I have a very good eye for who gets things done in an organisation – and not always a lot of time for those I think don't....

But in the literature it is classic that 'green' gets bashed by 'red'. Red, or opportunist, or 'might is right' is low in development, even below that stickler for procedure, but can be powerful. I think of red as Mr Angry – or at least I did, until I met a repressed one. They don't have to shout to be red.

Collective is still not fully strategic, not in the radical changing our organisations and our world way. A 'strategist', or 'yellow', is someone who can make full use of everything else – opportunism, procedures, expertise, achievement, collectivism – to pull together and implement a vision. Yellow is flexible, even chameleon (Experts will think you're an expert; sticklers will think you're a stickler. Everyone will think you're one of them). I don't know that I have met many strategists in this sense, though the ex CEO of RailCorp seemed to be able to aim his messages at everyone in an uncanny manner.

Two issues for Asset Management in the world, as I see them, are dealing with experts – and getting to strategist. There is a reason why one SAM mate of mine, a Director of a large Water company, recommends outsourcing Engineering as the first step in implementing AM. He also uses the ideas above to look at what is missing in any discussion in his team – more procedure, more achiever, more Mr Angry energy even.

- Are you stuck at Expert yourself? If you can see the limits of expertise, you're already moving on.
- Are you just seen as a techie, limited by others assumptions about Asset Management or from your past?
- If we focus on outcomes, how do we use Experts, and indeed those sticklers, to achieve them?
- If you're already pretty effective, have you woken up one day and wondered... is this it? What more can I do with my knowledge? (If so, ACORN is for you).

I was wandering around for a few years in green space, but having rediscovered my own Ms Angry – it was always there! – I am now wondering exactly what happens next.

Ruth Wallsgrove
ruthwallsgrove@optusnet.com.au

Short Notes

Build on Culture

Qantas is justifiably proud of its world-leading reputation on safety. Naturally, it's not just passenger safety, but also safety at work, and it is also proud of its very low LTIFR (lost time injury frequency rate). Modern safety practice is considered an issue of culture and awareness, together with reliability and disciplined processes. Qantas has invested heavily in another area of reliable processes, Lean Six Sigma.

This provides the discipline needed to do asset management well. In improving how they maintain aircraft, manage inventory and deal with suppliers, it really helps to be able to rely on a sense of discipline. They know that their new and improved processes will actually be followed by everyone.

What is your organisation really proud of? Its customer service? On-time delivery? Efficiency? Whatever, it is, you can take advantage of it by linking your asset management processes to existing culture.

Disciplined Engineering

Like Qantas, the chemical company, Dupont, is building on its existing culture. It is explicitly promoting an approach to asset management that is modelled on their well known approach to OH&S. They, too, are in an inherently dangerous industry, so it is natural that they would build on safety and quality. But there is more to it than this.

Replicable, reliable processes are not all there is to asset management. But they are critical to its success. McKinseys did a survey of companies back in 1999 that strongly suggested that the easiest route to asset management was not through clever thinking on assets, but through what they called 'disciplined engineering'.

Most of us know from experience that getting people to accept a new asset process can be hard. But in an organisational culture where people are all used to following the procedures, because they trust it matters, where the culture prides itself on this rather than, for instance, everybody working out ways to do things themselves, adoption of new AM processes is easier to do.

Implementing discipline in an organisation, of course, is an interesting challenge in its own right! It takes a major effort in an organisation to get everyone to agree its worth doing things by the book even for OH&S - though you would think that we would be motivated enough by our own personal welfare to care about what is really effective. **But it is easier to build on an aspect of culture that an organisation is proud of, than to start something entirely new - and that is the lesson for asset management.**

Run your AMP as a well managed project

Here are some ideas derived from a presentation by Danielle Roche, Manager, Asset Performance for City West Water in Victoria.

- Use a single measurement system - your organisational KPIs to plan towards. It's your framework for success.
- Now derive all your asset projects from these KPIs! (If the project is not going to improve one or more of your organisational KPIs, why are you doing it?)
- Next step is to look right across the set of projects and compare them with each other - the use of the common organisational KPIs makes this possible.
- Make intelligent use of what information you have (and note where you are making assumptions and what they are) - and for the future, aim to have the best information (such as condition monitoring) for the highest risk assets. This now becomes part of your AM improvement plan.
- Recognise that it will take you some years of following these rigorous processes to get a good AMP in place - but each one will always be better than the one before!

Contrast this approach with the more common method of having individuals and individual sections dream up good projects which make their life easier or improve their service delivery, but without necessarily considering the impact on the organisation as a whole, and then setting KPIs for individual asset projects which have no bearing on the organisational KPIs. ***Hand on heart - can you say which method you are following?***

Whose Responsibility?

With company mergers, sales of public infrastructure assets, and outsourcing of maintenance, stakeholders and therefore stakeholder concerns can be pretty much a moving feast.

The experience of Millmerran in SE Queensland with an open cut coal mine, a 100Km water pipeline, 260K hectares of land as well as a power station to manage, is illustrative of the difficulties of stakeholder management.

It has a diverse set of owners across countries. Stakeholder concerns vary by culture, and there are surprisingly big differences between even two such countries as Australia and the USA which might be expected, otherwise, to be pretty similar. Management and Investors also have their different perspectives.

At Millmerran, the highest risk ratings are given to events that would hit the international press leading to one or more shareholder dis-investing.

What is your highest risk? How does this impact your asset management? Is it clear to all stakeholders, what you are doing about it? If not, it should be.

It is not the task of the risk specialist, or the asset management specialist, it is the task of senior management to ensure that all Stakeholders' major concerns are covered. But it is the task of the asset manager to communicate his bit in the overall plan.

..... **And even shorter notes**

What keeps your Manager, CEO, or Board Members awake at night?

If you can determine this and then talk about your asset management processes in terms of how they are addressing these key issues - you have an audience!

People

Asset Management is something people do. It follows that the most important techniques we may need are psychological.

A Challenge to Star Ratings

Paul Samaratunge writes “If Star ratings are a reflection of the service levels, and service levels are different for the each of the 4 functional classification of local roads, (eg Link, Collector, Access and Limited Access), then Road Star Ratings are comparable only within each road classification , not across the whole road network of council . Eg Star rating of a link road would by definition come out higher than that of a Limited access road.

How would the community benefit from a star rating for roads in contrast to say star ratings of motels where the customer is given the choice to purchase the level of service indicated by the numbers of stars . Unlike motels local roads are not funded by a user pay system, and the level of service provided will be determined by how much the community is able to afford to pay through its rates.

The stars would be useful only to an asset manager who has to monitor and manage the service levels of roads within a given road classification.

If star ratings of roads are for the benefit of the general public then there will be an unfair comparison of roads in different municipalities, as the service levels of roads(and hence the star ratings) in each municipality will be a reflection of how much the community can afford to pay for its roads.”

This is a good criticism. What’s the answer? To join the debate and add your comments, write to me at penny@amqi.com and I will **add your name to our Special Interest Group for Star Ratings.**