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Evaluating your Asset Management Plan / Strategy



Asset Management Plans are somewhat like people: they can be thick or thin, informative or dull, forward looking or stuck in the past. I have seen 20 page AM Plans that do exactly what they need to do, and 300 page plans that sit on shelves and gather dust - and the converse!

I don't think that there is any 'one size fits all' template. And I no longer think that there is any point in exhorting people to use words like 'plan' and 'strategy' (or, for that matter, 'goals' and 'objectives') in a consistent manner: they won't. And it doesn't matter.

What does matter is that you know what your document (however you call it) needs to do, and for whom, and make sure that it does what it needs to do.

This means you need to evaluate your AM Plan or Strategy in an intelligent manner. Just updating figures from one year to the next is not that terribly intelligent.

In this issue,

- A matter of trust - do decision makers trust your AM?
- How to review your AM Plan/ Strategy - in 4 simple steps
- What I like about Joondalup's AM Plan

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A MATTER OF TRUST

If they trust the processes, they will trust the outcomes

Ruth Wallsgrove illustrated this point very well in “Trust me, I’m an Asset Manager” where a state owned utility had to make billions of dollars of investment in order to upgrade its assets in order to bring them into line with British and European requirements. It had poor asset data, no solid basis of AM, a fairly bad relationship with its political owners and just a few months to make their decisions before someone else made them for them. It is worth re-reading this issue (205, November 2006) to see how the proposal that focussed on developing a good process and then ensuring that the process was understood *and agreed* won the day!

**The corollary, however, is:
one poor outcome throws doubt on the whole process**

And this is as it should be! As a board member of several boards I learnt to be suspicious of a ‘one-off’ reason/excuse for failure. Especially if the same problem returned but was ‘explained away’ with a different ‘one-off’ answer. It was *always* worth drilling down for the root causes, always worth *examining the process*.

So use a poor outcome as an opportunity to improve your process.

You will find that the trust in you and your processes will increase if you do, as illustrated in the following two stories:

1. The Quality Control Manager of a large white goods industry tells how sales considerably increased when he took the trouble to explain to sales staff what problems had occurred in the past and what had been done to ensure that they would not happen again. The sales staff used these stories in their conversations with potential buyers who were impressed by the quality improvement processes involved. They bought into the process - and the product. But even more interesting, he told me that if customers had had an initial problem with a product but it was fixed promptly and courteously, they became more loyal customers than those who had not had a problem at all! The reason is that with their good experience of correction, *they now trust the process*.

2. This is a personal story: When I was working on the set of 8 reports on the Cost and Timing of Asset Renewal for the South Australian Parliament, we had come to the end of one report; it had been accepted and approved by the Committee and was due for tabling in the House the following day. We sat down to write the press release and it was at that time that I realised that there was a flaw in the modelling. Worse, I had no idea how to fix it! This presented somewhat of a problem as once the Committee commences an investigation, the rules are that it *must* publish its findings. Nobody had noticed, and perhaps nobody would, but I knew it was there. I could not let it go ahead and we had to advise the House that there would be a delay. In the event I was able, after much further and anxious work, to find the solution. But I was convinced that after this embarrassing hiccup the Committee would never trust my judgement again and I was prepared for a hard time when I presented the next report in the series. It never came. In fact, they were less critical and searching than they had been before. I was very puzzled. The Committee Secretary grinned: "Why should you be surprised? They now know that the process can be trusted, for when the going gets tough you will protect them from embarrassment at the cost of your own". It was true, that poor outcome had given me the chance to refine and demonstrate the strength of our checking procedures and trust levels went up!

HOW TO REVIEW YOUR ASSET MANAGEMENT PLAN

What are you doing to refine and sell your processes, and increase trust?

An asset management plan/strategy is your opportunity to lay out the process. It is your opportunity to increase the credibility of asset management in your organisation and with your decision makers.

And the first step is:

When you are working on the form and structure of your AM Plan/Strategy, ask yourself:

WHO is this report is being written for?

and

WHAT do I want *these readers* to do as a result of what I write?

The WHO may be

councillors, as in the example on page 6,

and the purpose here could be to ensure that they have a clear understanding of the general direction and thrust of your asset management improvement actions - *so that they will support them.*

senior management

and the purpose here could be to increase the understanding of other sections of your organisation on the role of asset management - *and what it can achieve for them. Again, the goal or purpose is to secure the support of the organisation.*

asset management staff

and the purpose here could be to provide guidance to staff, to let them know what the key priorities are so that when changes need to be made, as they inevitably will throughout the year, whether to spend less or to spend more, to defer some projects or fast forward some others, they will know how to choose. *In this case the purpose is clear understanding and guidance that can and will be used (and not stuck away on a shelf).*

How big does it need to be?

An asset management plan for staff will be more detailed than that for senior management which will be much briefer and that for councillors will be the briefest of all.

Note: these are not the only audiences, nor the only purposes. But each plan should have a target audience in mind and respond to that audience.

If you don't know who you are writing your plan for; if you are just 'doing a plan' because a plan is expected, you may fail to achieve any of the above goals, or indeed any goals at all.

Step 2: Google "asset management plans"

Select half a dozen plans from organisations that you will find there and then

See if you can determine who the audience was intended to be (or if there was an intended audience)

See if you can discover the purpose. There could be a 'purpose statement' but ask yourself who this is directed to and what the writer wants the audience to do as a result of reading the plan.

Now ask yourself how successful the plan would have been for the audience and the purpose.

Step 3: Review your own Plan

Now, with this experience behind you, have another look at your own plan. Ask yourself

Who are you writing for?

What do you want them to do?

Are they likely to do it, given what you have told them?

Different audiences required to be addressed in different ways. Trying to address those who need lots of detail and those who don't want to be bothered with detail and to do this is the one report or plan is to court certain failure. The chances are you will meet the needs of neither group. So be very clear who your target audience is. It is quite OK to have several plans - you might want to call your high level plan a 'strategy', and your very detailed plans 'activity plans' to differentiate them. But the words you use are not as important as the fact that you are segregating and dealing separately with different needs.

Step 4: And the last set of questions

How much information do you need to provide to do the job you want to do?

When does information cease to be 'informative' and become 'overkill'?

Just because you have spent a lot of time preparing dozens of coloured overheads or pie charts does not mean you have to use them all! Think back to the time when one sent telegraphs and each word cost money. Now apply this thinking to your plan. Can you justify the (time and attention) cost of each of your diagrams, tables, figures, charts, photos. If you were rationed to only 3 of each, which would you choose? (The thinking behind this exercise is very valuable even if you have unlimited scope.)

Look back at the asset management plans you found on the web, particularly those for organisations unlike yours. Did you understand the information? Was it clear? Was it enough? Was it too much?

With these questions in mind, let us look at the asset management plan from Joondalup in Western Australia. This can be accessed from Joondalup's website.

Joondalup: What I like about this Plan

1. It is short, well focused, and easy to read.

At just 14 pages this plan makes a big impact.

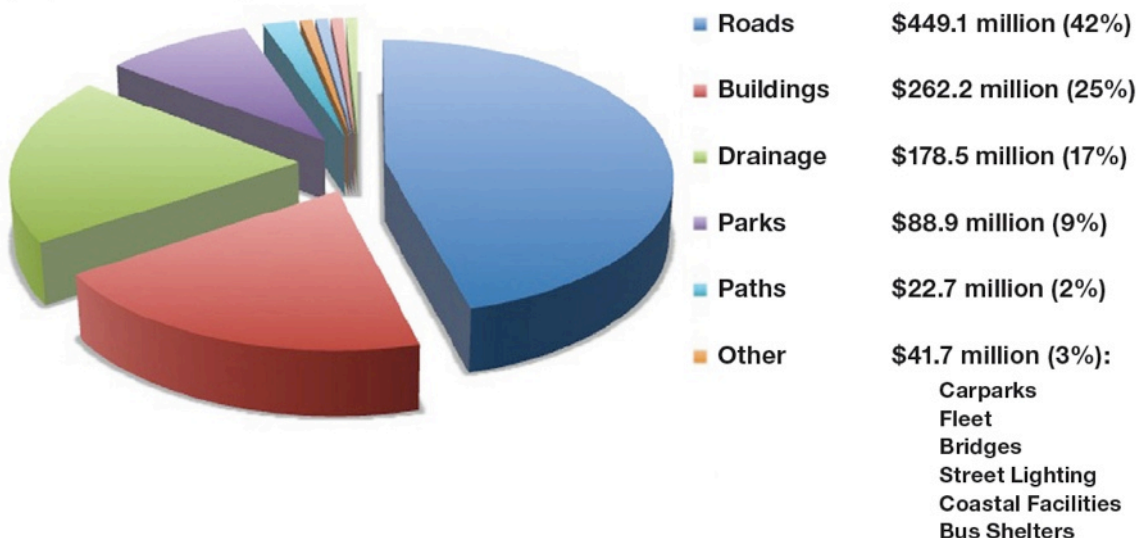
I guess it is 'more of a strategy than a plan' says asset manager, Paul Kellick. We wanted our councillors to understand and have confidence in our asset management processes, so that they would support us. The stated aims are to 'provide direction to the city's commitment to asset management' and 'identify when formal asset management plans for major asset classes will be produced.'

Paul said that their previous Director of Governance and Strategy - now promoted to CEO of another council - put a lot of time and effort into making sure that the message was as clear and as clean as possible, without excess words, charts, or data. His effort shows. The report is very easy to read.

2. Avoids data overkill

A simple coloured pie chart presents the relative values of the 6 major asset groupings (roads, buildings, drainage, parks, paths and other (with a description of the main items included in 'other')).

City of Joondalup Infrastructure Assets
(Replacement Value)



There is just one page for each asset class giving a brief summary, the data confidence level (see below) and intended action. Objectives are restricted to 4 per asset class, each with a strategy for achieving it and a date for completion.



5.1 Roads (Data Confidence Level A)

Roads data is held in the Roman software package which is used by the majority of Local Governments in Western Australia. The inventory includes materials, dimensions and quantity and construction dates for the entire network. Condition and inventory data was last updated in 2006 and occurs on a 5-year cycle. The City currently owns and maintains 958km of road infrastructure.

| Objective | Strategy | By When |
|---|--|----------|
| To develop a Road Asset Management Plan (RAMP) | Complete and review RAMP | Complete |
| To develop appropriate risk management processes to assist the City in its approach to managing a large road network. | Utilise AS 4360 to develop a road risk register for inclusion in the RAMP | Complete |
| To ensure the City's roads are condition assessed every 5 years. | Undertake a condition assessment of the road network every 5 years and report on this assessment. Incorporate into the RAMP and use to develop and review road capital works programs and maintenance plans annually. | 2011 |
| To document the current level of service provision. | Develop levels of service for the City's road infrastructure for inclusion in the RAMP. | Complete |

3. Clearly states relationship between this plan and others

A simple half page tone-on-tone chart shows the relationship between the asset management plan and the city's other plans. And a diagram makes clear the relationship of this plan within the AM framework, consisting of the Policy, this Plan, Infrastructure AM Plans providing detailed direction for all major asset classes and AM Operations systems and procedures.

4. Separates the asset management issues (information and processes) from asset activities

All of the objectives and strategies are related to asset management issues (planning, risk management, condition assessment, documenting service levels and planning for future provision) - and not to asset actions themselves. (It is a common mistake to mix up asset improvement actions with asset management improvement actions) Asset actions are recorded in the detail plans and in the systems and procedures.

5. I particularly like the use of clearly described data confidence levels.

Joondalup has taken up the work carried out for Water Assets in New Zealand to describe the level of confidence that they had in their data. They have assessed their confidence levels for each of their 6 asset classes and they acknowledge that in their Gap Analysis, the gaps identified were primarily data related. Accordingly, a number of the objectives and strategies have the effect of increasing data confidence.

| Confidence Grade | General Meaning |
|------------------|---|
| A | Highly reliable. Data based on sound records, procedures, investigations and analysis, documented properly and recognised as the best method of assessment. |
| B | Reliable. Data based on sound records, procedures, investigations and analysis, documented properly but has minor shortcomings, for example the data is old, some documentation is missing and reliance is placed on unconfirmed reports or some extrapolation. |
| C | Uncertain. Data based on sound records, procedures investigations and analysis which is incomplete or unsupported or extrapolated from a limited sample for which grade A or B data is available. |
| D | Very uncertain. Data based on unconfirmed verbal reports and/or cursory inspection and analysis. |

(Source: NZ Infrastructure grading guidelines. Water Assets, 1999)

What do you like in the AM Plans produced by others? In the next issue, I would like to bring you features appreciated by others. So please, if you like something, say so, send me a picture, or description, of what it is you like and why you like it.

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