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Celebrating our 300th Issue!

*asking: **Is Asset Management a Profession? - and 'Do we want it to be?'***

About a year ago I started to ask myself whether asset management was a profession. My interest was sparked by a question asked by Clay Shirky in "Here Comes Everyone", about the impact of the internet in making possible to all what used to be only open to a few. The question was this: the right of journalists to 'protect their sources' has long been respected - but should this right extend today to the blogger? Was blogging part of the journalism 'profession'? To answer his question, Shirky considered 'blogging' against 5 characteristics of a profession.

Intrigued, I decided to see how these characteristics applied to Asset Management. And the more I thought about this, the more another question seemed to me to be even more relevant - ***do we want it to be a profession?***

"With a little bit of help from my friends"

And, because I believe that good, intriguing, questions should be shared, I engaged in long email debates with others that also enjoy stimulating questions. So, in this, the 300th Issue of "Strategic Asset Management" I bring you some of our joint explorations, so that you, too, can decide. For the one thing that we all agreed on, was that the decision is still to be made. **So read on** --- and then let me know whether you believe that asset management should pursue a role as a profession, .. or not.

My thanks to my friends,

whom you will recognise for their previous contributions to these pages, Ruth Wallsgrave, now in the UK, with a background in information use, Leo Gohier, Canada, an engineer, Chris Lloyd, UK, who is a sociologist (and editor of "Physical Asset Management") and Bob Ritchie, Australia, a philosopher (and former Secretary of the SA Public Accounts Committee responsible for the 1985-87 asset renewal reports to Parliament).

What future do you want for asset management?

Please deeply consider - and enjoy!

Penny

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ARE WE A PROFESSION - TAKE 1.

To start where I started, with Clay Shirky - he identified 5 qualities of a profession

1. A profession addresses important questions
2. A profession is an elite, the product of scarcity
3. A profession defines the way its members see their world
4. Within a profession, members are as much concerned with the approval of their peers as they are for the public service they provide.
5. A profession has certain 'rules' or 'standards' that are paramount for their members.

How does Asset Management stack up?

1. Does Asset Management **address important questions?** **Yes, clearly it does.**
2. **Are we an elite, the product of scarcity?** Is the supply of asset managers deliberately limited - c.f. Law and Medicine - by requiring highest grade point averages for admission, then long years of University study, followed by years of low pay and long hours in practice years? Do we get paid a premium? **No - so we are not an elite, the product of scarcity.**
3. **A profession defines the way its members see their world.**
Accountants value adherence to rules; engineers value detail and accuracy; economists are not fussed by rules and detail and accuracy are less importance than relevance, i.e. 'being in the right ballpark'. All these different views apply in asset management which is a multi-disciplinary field. **So no, AM doesn't define the way its members see the world.**
4. **Approval of peers?**
As an economist I will be influenced by the opinion of other economists, accountants by other accountants, engineers by other engineers. Again, **because AM is multi-disciplinary there is no one common set of peers whose approval we seek.**
5. **Rules and standards?**
Do we have anything to compare with the hippocratic oath for Medicine, or client confidentiality for lawyers? **No, we don't and I really can't imagine what it could be.**

AM only scores 1/5 - clearly we are not a profession, yet.

So do we want to be?



ARE WE A PROFESSION - TAKE 2



Chris Lloyd takes a different look at what characterises a profession - but he comes to the same conclusion

Opinions vary and a lot has been written on what characterises a profession. An article published by the Harvard Business School in 2005 identified four key criteria;

- A common body of knowledge resting on a well-developed, widely accepted theoretical base;
- A system for certifying that individuals possess such knowledge before being licensed or otherwise allowed to practice;
- A commitment to use specialised knowledge for public good, and a renunciation of the goal of profit maximisation, in return for professional autonomy and monopoly power;
- A code of ethics, with provisions for monitoring individual compliance with the code and a system of sanctions for enforcing it.

That asset management, a relatively new occupation, is some way off meeting these criteria is not in doubt.

COULD WE BE A PROFESSION? - WHAT WOULD WE NEED TO DO?

Body of knowledge - yes, we have a lot of knowledge, although it is hardly yet beyond dispute.

System for certifying - both academic and professional certification are available although not universal

Commitment to use for public good and renunciation of goal of profit maximisation - difficult even to know how this would be interpreted where most practitioners are wage and salary earners.

Code of ethics and sanctions for enforcement - We don't have this and it is hard to imagine what it would look like if we did.



IF A PROFESSION, WHAT KIND DO WE WANT?

In conversation with **Bob Ritchie**, the question arose: IF a profession, what KIND of profession would we like to be? He suggested that there were considerable differences between the way that different professions operated.

Medicine: Essentially two tiers: specialists and general practitioners, with considerable co-operation within each tier. Thus a major operation - such as the separation of co-joint twins - can involve a great number of specialists and the lead will be taken by the one who has most chance of getting the job done successfully. Specialists will 'refer on' anybody who does not fall within their speciality. Where a problem involves two specialities - say someone with a failing kidney and a heart problem - the specialists can work together. Within the general practitioner tier, it is possible to ask a colleague to take over a patient simply because the practitioner is unable to develop a relationship with him or her. Contrast this with...

Education: Where a teacher, faced with the situation where two students 'rubbed each other up the wrong way' and he asks for one of them to be moved, would most likely be told "Can't you manage it yourself?" Where practitioners and administrators are in continual conflict.

Education encourages its members to be 'a one man band', medicine encourages 'team work' - what do we want for asset management? How integrated do we wish practitioners, policy maker, administrators and decision makers to be?

Law: There is a strong hierarchy from Queen's Council to Head of Chambers, Partners, and down to the latest 'associates'. Promotion is based as much on 'who you know' as 'what you know' especially at the very top.

The Military: Also a strong hierarchy. Lower ranks are not encouraged to challenge the decisions made by higher ranks. Obedience is considered critical.

Do we want a hierarchy in Asset Management? If so, what kind?
How important is it to asset management that it be possible to challenge accepted ways of doing things?



Ruth Wallsgrove:

WHY WOULD WE WANT AM TO BE A PROFESSION? NO, REALLY. WHY?

**So that we can call ourselves 'professional'?
Then what do we understand by 'being professional'?**

1. Professional v amateur

In other words, paid rather than unpaid. Ok so far, but this is true of anyone who is paid, no matter what their skill - or what we think of what they actually do (cf 'professional gambler').

2. Professional v incompetent

Ok. Incompetent is not good. But this also can apply to almost anything, such as 'she made a professional job of polishing the table'

3. Profession rather than trade

I assume this is more like it, and in the context of AM this could make sense - IF we are most anxious to differentiate 'us' from blue collar technicians, such as the people who actually do maintenance. The LinkedIn Reliability Success Network is actually trying at the moment to do the opposite - attract in technicians to the community of AM, and I think this is very positive. AM is certainly not just about thinking about things - it has to have a very active relationship with the doing, too, or we're just armchair theorists. Yorkshire Water aimed to make 'everyone an asset manager' - in other words, get the guys on the front line thinking about the decisions they make day to day in the context of service and maximising performance against long term costs.

Now, making the distinction between profession and trade smacks of - well, snobbery, frankly. If you are a white collar worker, everybody can see it - there's no real danger of you being mistaken for a working class yahoo. Trade itself isn't always a positive term, but then neither is profession (what's usually described as the oldest profession, for example?)

However, in the British context 'engineer' does have history with this particular distinction - envying, for example, the German system where only a degree educated person can call themselves an Engineer. In the UK many trades have the word engineer attached to them ('central heating engineer'), and I certainly know degree educated engineers who object to this.

4. Anything you'd like to call it as long as only people who have the right piece of paper are allowed by law to do it.



Professions and trades can share one vital quality - that you can only do something if you are qualified to do it. And then restrict the qualifications to create a scarcity to push up rates. The professions have tended to be even more ruthless about this than the trades, by making the qualifications much harder, and controlling who can even start on the ladder of qualifications (eg entry into medical school). The ideal is to have a long historical collusion between the profession's organising body and government so that only people the organising body approve are allowed by law to do something - like prescribe drugs or carry out key legal functions. Law and medicine are really the models for this, although many other skill sets try (eg chartering engineers).

Again, the history of this kind of distinction is not happy. The medical profession, for example, claimed this right before they actually learnt how to heal people - while they were still using techniques which must have had visibly poor results (eg bleeding) and when you were far safer having a baby or even war wound and keeping away from doctors and hospitals.

We might in certain circumstances want a particular skill to be regulated or even highly regulated. Personally, I do go to qualified doctors when I am sick (and have had a pretty good outcome from this so far). I would like the person who wires up my house to have a piece of paper proving they've been trained and tested. But trade restrictions like this are not always made for the benefit of people outside, and almost always the people inside the group are the main driver for the rule. Not everybody loves lawyers.

5. Something else

Some things are really only professions in the sense that a particular somebody has hired you - eg military employed by the government, where artificial scarcity isn't the issue, but sharing cultural norms certainly is. Clergy are another profession assumed to have more in common than they sometimes do, and essentially defined by who employs them (a church or equivalent). I am assuming this is not what we aspire to.

However, the military might even be a sort of model - people with all kinds of skills, blue collar as well as white collar, working together for a common purpose.

Of course, it can be irritating for someone to call themselves (or more to the point be hired to be) an 'asset manager' if they appear to have no knowledge of asset management. At the moment, this is most likely to be someone who does know about something to do with assets - a technician or engineer - who's been promoted or taken an interest in a kind of decision-making desk job, which I agree can look appealing if your young adulthood has been spent out on site. It is frustrating when an organisation hires or promotes someone we feel doesn't know what they are doing, especially if we have to work closely with them. But in this area AM is a very, very small proportion of the total problem. I'd rather people weren't allowed to be CEOs till they take a psych test that they're not borderline psychopath, although unfortunately it may take a revolution to implement that.

So, AM a profession?

The real problem is that it isn't 'a' skill set at all, but many. Our organisations defining competences, and supporting & even running good training in those capabilities is a very good idea, but I'd rather more rather than less people acquired these skills, wherever they sit in a company and whatever their 'professional' alignment.

And I have a nagging feeling that some may really be thinking more about professional wages - or even defining 'us' as distinct from blue collar skills, neither of which seem very important in practice (AM Directors, for example, get paid well already). Or particularly admirable.



Many Skill Sets!

Ruth is right! There are many skill sets, relating to different disciplines in our multi-disciplinary Asset Management world.

An **ENGINEER** can tell you **how something can be done.**

A **QUANTITY SURVEYOR** or Cost Estimator can tell you **how much it will cost.**

An **ACCOUNTANT** can tell you whether the organisation **can afford it.**

A **FINANCIAL ANALYST** can tell you **how the finance can be raised.**

A **VALUE MANAGER** can tell you how to **finetune the project to maximise benefits and minimise costs.**

An **URBAN PLANNER** will tell you how the asset **may impact society.**

An **ENVIRONMENTAL SCIENTIST** will tell you how it may **impact the environment**

An **ARCHITECT** will tell you how you **can blend functionality with aesthetics.**

An **ECONOMIST** will tell you **whether the total benefits exceed the total costs.**

And there are other aspects that will be dealt with by a risk specialist, a safety specialist, etc, etc.

At the moment, the **ASSET MANAGER**, is best suited to telling you **WHAT THE ONGOING COMMITMENT IS OVER TIME.**

A POLITICIAN'S/DECISION-MAKER'S task is to weigh all these things in the balance and come up with a decision. He is not helped by the fact that there are no established criteria by which each piece of information, each perspective, can be analysed as to quality and relevance. **I would like to think that this is a role that An Asset Strategist (a more accurate term than strategic asset manager) might aspire to.**

THE NEED TODAY, SURELY, IS TO BRING THESE DISCIPLINES TOGETHER - NOT TO DRIVE FURTHER WEDGES BETWEEN THEM.

So I would like to conclude with some of **Leo Gohier's** thoughtful comments during my long discussions with him on this matter. These were not written for publication, rather to provoke discussion between us - and now to provoke discussion with you as well!

On Professions - and Walls

Professions are regulated by law, and often that regulatory body lies within their own profession for licensing and disciplinary purposes; just a touch incestuous, wouldn't you say? This, in and of itself, creates a public mystique and a "wall" around them. This wall unfortunately tends to keep us in and prevents us from wandering around to see what other professions are doing or are thinking. In fact, other professions may not even let us into their silo or wall, since there is quite a bit of competition among us - professional and (masculine) pride and all of that stuff: "of course WE have the answer, we are professional engineers, or architects, or whatever". If that is the case, then why don't all professionals have the same answers when it comes to AM, especially within the same silo/profession???

Asset Strategist

When I suggested to him the title 'Asset Strategist' he responded as follows

An asset strategist is the person who would ensure that all aspects of an asset are considered in its management (from strategist to operational). It is a bit like the role of an orchestra leader that may not be able to play any of the instruments as well as the players and yet knows how to bring it all together, or like a person doing a puzzle who cannot draw or take pictures or has never visited the country where the picture for the puzzle was taken. An asset strategist would then bring the management of the asset in line with the service to be provided, and take into account the four pillars of sustainability: financial, environmental, social and cultural.

And with a final thought from me on Qualifications

Qualifications are good, certification is good, on-the-job learning and peer to peer exchange is good - but only insofar as they increase our ability to do a good job.

I open up the conversation to all of you.

What do you want - a professional silo, or an ever expanding awareness and engagement of everybody from decision-maker to field worker?

(OK, it is - as the lawyers say - a leading question, so feel free to voice an objection!)

