

A NEW TREND?



A new trend? Poacher turned game-keeper (or vice versa?) Asset Managers who become elected councillors and thus put themselves in the position to make the decisions rather than just advise on them. (pp. 3-4)

Strategic Asset Management Today

Why has Strategic Asset Management grown in size and significance over the last several decades?

And what role does it play today?

A propos of culling, collecting, revising and making the SAM Archives more easily available, I have been looking at the two questions above. You may or may not agree with my conclusions - but, whatever the situation, I would welcome your responses. (pp. 5-7)

And the winner of the "Win a Free Subscription to SAM" website competition for November. (p. 8)

Enjoy!
Penny

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View from the Coffee Shop

Stimulating Good Ideas

This is reputed to be the first coffee shop in England, opened in 1650. It is in Oxford. I am indebted to Steven Johnson (author of “Where Good Ideas Come From: the natural history of innovation”) for this information and, in particular, his presentation on TED talks. TED

stands for Technology, Entertainment and Design. If you haven't yet made the acquaintance of these first rate talks (between 12 to 18 minutes and absolutely brilliant) you can find them on iTunes as video casts, small size videos you can watch on your iPhone.

Stimulating the mind

The reason that this particular talk interested me enough to bring it to your attention is that, as you know, I have always believed that the thoughts you have in coffee shops are qualitatively different from those in other places. This is definitely so, argues Steven. Before 1650, and the spread of tea and coffee drinking across England (and Europe more generally) the standard drink was alcohol: beer with breakfast, wine with lunch, maybe gin in the afternoon, and another beer before bed. It was the healthy alternative - the water was undrinkable. So it was that the average person in England at that time was half drunk most of the day! Imagine, he says, how it would be if you went from constantly imbibing a depressant to taking a stimulant! How much your ideas would change!

Making connections

But he also argues that the architecture of the tea and coffee houses was a key factor in the growth and spread of ideas at this time - the age of the Enlightenment - for it encouraged conversation between people with disparate ideas.

Asset Management desperately needs these connections

More than any other area, *multi-disciplinary* asset management needs to generate connections between its various disciplines. If Engineers talk only to Engineers, and Accountants talk only to Accountants, if CEOs talk only to their own, and CFOs, and Councillors, Mayors, Minister and other decision makers likewise, then asset management is impoverished and so, too, the business.

How are you making the connections that asset management needs to flourish? Do you need to invite someone from another section over for coffee?

From Asset Manager to Councillor

Dr Guy Félio is one asset manager that is taking a major step in connecting with others. He has just been elected a councillor.

What makes this particularly interesting is the way that he did it.



When Guy Félio was a newly minted professional engineer he was engaged to make a presentation for his firm to a local council. He had a good product and he was confident in his approach but just a few minutes into his presentation he mentioned the words ‘decision making’ and was de-railed by one of the councillors. **“Dr Félio, decision making is our job. If you want to make decisions, get yourself elected”**

Now, after many years and with a very rich background in infrastructure and municipal asset management behind him, he has done just that.

Guy was for many years a Researcher with the National Research Council of Canada and Infrastructure Canada. He is an Adjunct Professor at the Carleton University in Ottawa where he teaches and researches in municipal engineering, Infrastructure and asset management and he has his own infrastructure and asset management consultancy business. He is also the past president of the National Press Club of Canada. So what would impel such an eminent and well regarded person on the national stage to seek election to his local council?

In a word - concern. Just over a year ago, Guy started to look at the asset management of his local council, Clarence-Rockland, a small dormitory suburb of Ottawa. He went to all the council meetings, he read the reports - and he asked questions. He questioned their replacement valuations which, with his background, he considered far too low. And he questioned their investment priorities, particularly the decision to extend and pave a carpark in one of their parks - without reference to the Park Committee and despite the fact that the car park was used, at best, about 3% of the year! He door knocked over 200 residents in the ward and asked them their opinion. Over 90% said they saw no need for the car park extension, and certainly not paving it, and would rather the money be spent on the major infrastructure problem in the area - drainage. He then made numerous suggestions to the council as to how they could manage their parking problems by alternate means, but was unable to influence them. So he published the results of his survey, and all of his questions to the council along with their answers on a website he constructed for the purpose - “Rockland Infrastructure” and decided to run for election in the next council elections.

Many intending councillors run campaign websites - but how many design their website as an educational tool for local residents in how to manage their infrastructure assets? That’s what Guy did. He kept his website regularly updated - and since this is Canada, he had to do it twice, once in English and once in French - and he wrote blogs

about infrastructure and asset management, as well as the chronicle of his dealings with council.

A few week ago, Guy was elected councillor of Ward 5 in Clarence-Rockland and his website is now 'under construction'. I asked him what he intended to do with it now that he had been elected and was thus 'on the other side'. He told me

"In terms of the website in my new role, I plan to use it as one of the communication tools to provide information to my constituents and to get input and feedback. I am exploring various tools at the moment, including blogs, quick surveys, and the use of live chats "meet your councillor" evening where I can be sitting at my computer with a live cam and have people drop in, talk or type questions or concerns. Having said that, I cannot exclusively rely on web-based tools since I would guess nearly 25% of my constituents do not have access to internet (either by choice or because they are too remote) - so I will continue to use face-to-face (meetings in community centres, attendance to local activities and events, etc.) and written material - newsletters, info flyers, etc."

In Clarence-Rockland, council meetings are televised on the community channel and this meant that Guy's campaign for better infrastructure asset management was noted not only by his own ward but by many others. Media reporters started quizzing other candidates on their reaction to what he was saying. And so interest in asset management spread. Of the 8 councillors, 5 of those elected were new, first time up councillors - with a general interest in greater accountability and transparency, the very things that Guy's persistent questioning had shown to be lacking in the previous administration. The council now looks to have a very professional team of Mayor and Councillors and I will be interested to see how they progress. Infrastructure spending is about 60% of the budget.

You, too, can follow Guy on his website, <http://www.rocklandinfrastructure.ca/index.html> The new council will be sworn in on December 1 and Guy tells me his new and revamped website will be up and operational on December 2.

Accountability and Transparency

On a more general note, Guy notes that seldom was sufficient information provided to enable the community to adequately follow or assess the council's actions. He suggested that a good place to put the information would be the council's website. However, that suggestion was not taken up and his requests for information were frequently met by the comment - "apply through a Freedom of Information request (fee \$5)" But such requests only had to met within 30 days and council meeting agendas were posted only 7 days before the event, and sometimes not even that. When these responses were published on his website, it gave every appearance of a council that had something to hide. It is therefore not surprising that the new council (5 new members out of 8) has come in on a platform of accountability and transparency.

Quick check: How does your council fare in terms of information provision to generate informed debate in your community?

Thoughts on

THE SCOPE OF STRATEGIC ASSET MANAGEMENT TODAY

ORGANISING KNOWLEDGE

The **SAM archives** now consist of almost 2,500 pages and I have been thinking about how I can cull, revise **and organise** this material to bring it up to date and **make it more easily accessible to you**. This has meant considering the whole scope of strategic asset management today and the information we have on it.

The topics we have covered appear to fall into **four broad functional areas**, namely

- Strategy (in line with business objectives)
- Collecting and managing asset information
- Using that information to inform decisions, and to make and discuss plans, and
- Implementing the agreed upon decisions and plans

And each of these four areas can again be usefully broken down into four sections, enabling the very wide - and increasing - range of information in the field of strategic asset management to be organised for easy access.

This is represented in the following diagram.

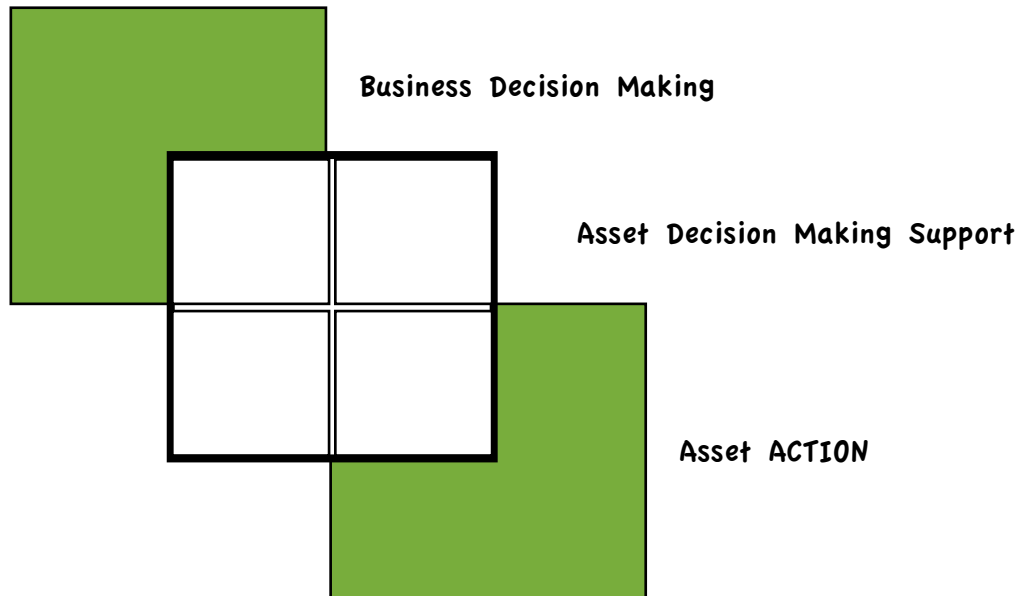
WHAT HAS BEEN MISSED?

What broad functional areas should be added - and in which quadrant?

<p>STRATEGY</p> <ul style="list-style-type: none">•Setting directions (in line with business objectives)•Structure, Processes & Communication•Risks and Continuity Management•Business Cases and Investment Decisions	<p>DATA AND INFORMATION</p> <ul style="list-style-type: none">•Valuation and Depreciation•Asset Registers and Asset Accounting•Data (review, collection, data management, data modelling)•Information (systems review, knowledge management, information,
<p>USING INFORMATION, PLANNING</p> <ul style="list-style-type: none">•Costing and Pricing•Renewal Forecasting, condition assessment, economic lives•Funding Models•Planning (AM Plans, developing, reviewing: Portfolio and Master Plans)	<p>IMPLEMENTATION</p> <ul style="list-style-type: none">•Outsourcing & Procurement•Performance Measurement & Improvement (inclg AM Improvement Plans)•Regulation and Policies•Training, Staffing, Recruitment

Strategic Asset Management Today

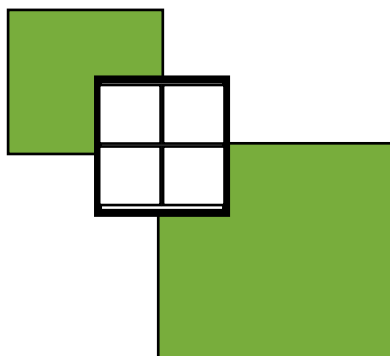
Looking at Strategic Asset Management Knowledge in terms of its functions can also help place SAM in its organisational context as the **LINK** between business decision making and asset actions, with STRATEGY overlapping business decision making and IMPLEMENTATION overlapping Asset ACTION.



Are these three equal in significance?

I doubt it. If we look back over the past several decades to

- the time of the construction boom of the 1960s and early 1970s, a time when it was customary in public infrastructure to meet increased demand automatically with increased supply;
- a time when maintenance and renewal was quite often carried out by rote, doing things 'the way they had always been done';
- a time when little attention was paid to service levels, environmental challenges, global warming, peak oil or even social responsibility on the larger scale.



At this time - 1960s and 1970s and really throughout the 1980s, too - Asset ACTION would have predominated, (that is acquisition, operations and maintenance) and strategic asset management would have been relatively small.

But that has changed.

THE IMPORTANCE OF THE KNOWLEDGE SOCIETY

But over the years, several things have happened, the most important of which have been

1. The rise of the Knowledge Society.

More effort nowadays is put into the DECISION so that we can reduce the amount of effort that we have to put into ACTION. This has been happening on all fronts, not only assets. It is what is meant by the knowledge society.

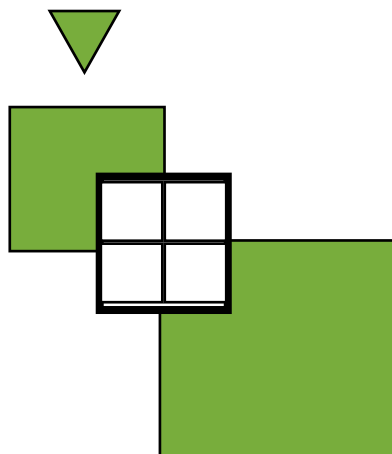
2. A great increase in Social and Environmental Awareness

When we started to move, about 30 years ago, from simply 'stewardship' towards 'management' in the public sector, we had to think about what we were managing for. Asset management became more than simply preserving asset quality. It changed into what we accept today as 'managing for service levels'.

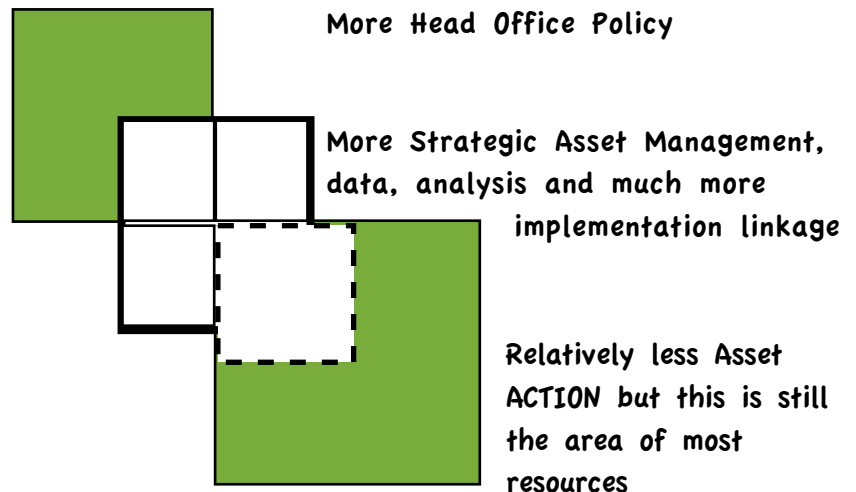
And as the world has become more aware of global dangers of environmental damage, pollution, global warming, peak oil, etc, we have seen more attention paid to these things *at the business level*. *Of necessity, this has required these issues to also be considered at the level of strategic asset management in order to be translated into the appropriate asset actions.*

The result has been a strengthening of both Business Strategy and Strategic Asset Management relative to Asset Actions.

So that this



Has become this



Strategic Asset Management has grown, not simply because we now know more - but because other changes in society and the economy have meant we have needed to know more. But it has not only grown in size, it has changed in its nature and now encompasses far more than it did 20, even 10 years ago.

To be continued

The “Win a Free Subscription to SAM” Challenge

Our November Challenge:

Suffolk Council in the UK is to reduce its £1.1bn budget by 30% by outsourcing almost all its services. Under the New Strategic Direction almost all council services will be provided by social enterprises or companies over the next few years. It is seen as a possible model for other councils strapped for funds and has attracted a great deal of criticism from unions, but

What might be the strategic asset management advantages of this action?

Answers (400 words max.)

Thanks for all the entries. Honourable mentions go to: **Janaka Seneviratne at Bankstown in NSW** who compared asset and non-asset solutions, pointing out the difficulty of getting rid of assets if wrong decisions were made. And he put stress on regularly testing the market to ensure the price was right. Also to **Stewart Parkinson, WA** who argued that those who operate in the ‘hard money’ world are more likely to be responsive to budgets and compliance. He laid stress on the necessity, when outsourcing, to focus on clear definition of service delivery requirements, community consultation and contractual arrangements.

The responses were thoughtful and well argued, but in the end, the winner is:

WINNER: Chaminda Dassanayake, Roads & Traffic Authority, NSW

for this answer

It is assumed that the reduction of annual budget by 30% is long term.

Advantages

1. Reduction of 30% annual budget will eventually be transferred to customers and will get the same Level of Service at a reduce cost to customers (or rate payers)
2. Risk of delivering the Level of Service could be transferred to the service provider through a successful delivery mechanism e.g. performance based contracts
3. Savings could be utilised to provide additional services or to improve existing Level of Service through community consultation
4. Excellent opportunity for the Council to demonstrate its responsible Asset Management through through cost effective management and delivering the required service to the community.
5. Long term sustainability of the service delivery
6. Increased customer satisfaction due to all above

December Challenge to be posted on the website soon. Watch for it!