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AMQ
International's

STRATEGIC ASSET MANAGEMENT



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**Become the
“Steve Jobs”
of Asset
Management**

This year, don't just resolve to 'get better' - decide to be outstanding!

Hone your skills, set yourselves outrageous targets, and be the leading contributor in your field. Be the most valuable asset manager that there ever was.

If you are not yet ready to be outstanding, nevertheless you may wish to do one, or all, of the following:

Take stock, see p.3

Hone your skills, see p.4

Contribute, see p. 5

One of the best ways to do all three at once is to practice the art of the **Two Page Case Study**, see pp 6-9

However, if you are ready to be outstanding - for you I have a special offer - see p.2

Also in this issue, **Great Graphics 2**.

All the best for the New Year!

Enjoy,

Penny

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EDITORIAL: The Power of a Mentor

I doubt that I would have succeeded with my ambitious PhD project - examining market behaviour using experiments, at a time when most of the profession believed it impossible - if it had not been for my supervisors. That I not only finished the

project but won high praise from my examiners - one of whom was later to win the Nobel Prize for Economics for his own work in this area - is in large part due to the two prime roles that my supervisors played so well: encouragement and technical support.

Since then, I have tried to emulate them in my own work as a thesis supervisor and I am happy to report that not only have all my students succeeded, but their marriages and lives have remained intact despite their devotion to their studies.

Now, as my last student prepares to submit her thesis in the next month, for which I have every confidence, I believe it is time to move beyond academia.

SO

If you have the commitment and tenacity - and importantly the desire - to achieve something remarkable in Asset Management, no matter what it is; something that you believe will add great value to your team, your organisation, or the field of asset management itself, I would like to offer you my support and encouragement as a mentor. It doesn't matter where you are; we can meet up in person when we are in the same location but equally we can correspond by phone, skype or email, whichever works.

Interested? Ring me on 08 8359 0559 and tell me what you have in mind, or, if you prefer, send me an email to penny@amqi.com.

IF YOU ARE SERIOUS, SO AM I.

TAKE STOCK



One of the most interesting parts of applying for a new job is recognising how much our skills and experience have increased since the last time we did it. For many of us, this is the only time that we take stock of our skills, abilities, and knowledge. This is a pity since it can be most encouraging to see how much we have improved.

CERTIFICATION

But you don't have to keep this knowledge to yourself.

The **Asset Management Council** now offers you the opportunity to become a certified practitioner in asset management by recognising the skills, abilities and knowledge you possess. In Issue 278 of SAM (November 2, 2009) Peter Kohler describes the benefits and what you need to do. You can be certified at 4 different levels, so you can start where you are and work your way up.

The certification approach is particularly useful for demonstrating skills and experience in asset management technologies required of engineers in utilities, mining, manufacturing and transport. Go to www.amcouncil.com.au/certification

RECOGNISE YOUR STRENGTHS

However, you should not neglect the so-called 'softer' skills: the ability to communicate with those who use the services of your assets, understanding their needs and being able to suggest options in a way that makes it clear you have their interests in mind. Then there are the valuable qualities of being able to stick with a task or a problem until it is done and not give up, the ability (and willingness) to ask questions and to seek help when needed, the willingness to help others, etc. etc.

Play to your strengths. We all have a tendency to focus on what we lack, rather than what we have. Turn it around! If you are seeking to learn more this year (see next item), consider learning in the areas of your strengths. This will take you closer to the level of being an 'expert' rather than a 'jack of all trades' - and you will be more likely to enjoy it and stick with it.

LEARN



FORMAL EDUCATION

The IPWEA now produce a special course for council asset managers “The Graduate Certificate in Infrastructure Asset Management” Go to www.ipwea.org.au/GradCertIAM

There are now many courses available for those who wish to undertake further study. I have a number of them listed on my website. Go to www.amqi.com/ However some of the courses may have changed and new ones may have been added. If you know of any changes that we should make to the website please let me know.

INFORMAL EDUCATION

- Take part in the ‘Asset Mates’ discussions
- Set up real or virtual forums with your counterparts in other states or other councils
- Attend the conferences, take notes and really listen! There are a number of interesting conferences coming up this year - the ICOMS will be held in Melbourne in June; the IPWEA conference is being held in Darwin in August, and the IWA’s LESAM (Leading Edge Strategic Asset Management Conference) which is held at locations all over the world, is this September being held in Sydney.
- Talk not only to other asset managers but to those with whom you work in your organisation - the client services people, the auditors, the finance team, strategic planning and development.
- Read the journals and, of course, “*Strategic Asset Management*”
- *Choosing and designing your own self-study course can be great fun and most rewarding, and with the internet and soft copy texts now so easily available it is easier than ever. I started by teaching myself matriculation Geology at age 15 and enjoyed it so much that it is now my preferred means of study.*

LEARNING should not be confined to AM techniques or technologies

Also of value are

- Learning to get more productivity out of your iPhone, iPad and other mobile gadgets.
- Learning self discipline, avoiding procrastination and managing your time.



CONTRIBUTE TO ASSET MANAGEMENT

The field of asset management is the sum total of our knowledge and experience - **WRITTEN DOWN!**

Like the minutes of a meeting, if it is not written down - *it never happened.*

Yet how many of us rush from one interesting development to the next without a thought for what we and others might learn from it?

I realised last month that I am just as guilty. I was asked to present to the Infrastructure Department of Alberta on issues of relevance to asset management. Previous speakers had addressed asset management from a local government perspective so I thought to look at the unique things that a central agency like the Infrastructure Department could do - the collection of high quality, high level, asset data and the development of province wide asset management policy. I considered that they might be interested in a large scale asset condition, capacity and renewal model developed by the Victorian Treasury between 2000 and 2007 - and now about to undergo updates to certain sections. However, so absorbed had I been in 'doing the doing' that I had never written up a definitive account. I have since decided to do this but it is so much harder now than it would have been at the time.

The Malaysian Government was far more foresighted than I was. A few years ago it developed a major and complex water management policy. Realising that it would take many years to complete and that it was likely that the key people who now knew the reasons behind the various elements of the policy could have moved on or beyond, the Government chose to write down the rationale for the policy. If only our Governments were as far sighted. If only we were ourselves!

In 1996, concerned that if we did not record our successes, we could later be looked on as a fad - with the funding then provided being diverted to other causes - I introduced the International Asset Management Competitions. They ran for 4 years and contributed almost 150 documented studies. They also got the authors to think about what had happened.

Next time you are involved in a project, keep a record, not only of what the aim and outcomes were but also of the numerous (mostly unanticipated) problems you had to settle along the way and document your assumptions. Talk about your experiences with others in your team, in your organisation and in your professional groups. Present to the conferences (and even if the 'official' version has to conform to the press office's whitewash, be sure to tell it as it was in your presentation), Take part in the debates in Asset Mates. Join the numerous AM debates on Linked In.

And, of course - write for SAM!

In keeping records, there is probably nothing quite so valuable as the '2 page case study'

HOW TO STRUCTURE A 2 PAGE CASE STUDY

This is Illustrated with one of the 6 case studies presented in the last issue of SAM "The Best of the Troubleshooter"

1. The Situation

Before we can understand the challenge we need to know the context. *Just a few sentences, E.G.*

The Situation A wine producing company: At the time when we were putting our champagne bottles into cartons we had many problems, two are pertinent here:

1. Labels were scuffing in transport - giving a tawdry appearance on the shelf
2. Costs of carton were increasing regularly

2. The Challenge

This is the problem to be overcome or the opportunity to be taken advantage of. There may be more than one objective and constraints need to be mentioned here. *(A sentence or two.) E.G.*

The Challenge To improve the appearance of our premium product (and calm the Directors as well) as well as pull back the rate of cost increase of cartons.

3. The Action/s

What was done. It would hardly be worth a case study if what was done was stock standard practice, so you may need to explain both how and why your actions differed from the norm. *(This is a major part of the case study but it should not go over one page, keep it clean.) E.G.*

The Action 1. Analysis revealed:

- The bottling chief was trying in vain to solve the scuffing problem

- A review of history showed that about every two years the carton vendor was changed followed by a brief honeymoon of lower prices and much attention followed by regular price increases and little attention.
- Carton manufacturers had a common source of raw material and were all generally equipped with state of the art machinery.

2. Steps taken:

We called in a number of potential vendors and advised them that we were looking for two potentially equal suppliers and that their interest in our problems would be reflected in our interest in them as a vendor.

At the same time we advised all vendors that no one would get greater than 80% of our business, and that if one got down to 20%, he would have a reason to be nervous.

We set, and advised, the criteria for selection as:

Quality of Product.
 Reliability of Supply
 Technical Support
 Pricein this order.

4. The Results

Was the challenge met? Maybe it was. Or maybe something else worthwhile was achieved. Maybe it was partially met. In which case, either the remaining elements are to be achieved later, or the remaining elements, for some reason which you will explain, are not able to be met, or not until circumstances change. *(Two to three paragraphs) E.G.*

The Results

We eliminated those who simply quoted on the high volume business and showed no sign of technical support (this eliminated most!)

Though it took months of effort, company "B" produced a wax lined carton that worked a treat. Company "A" then followed suit.

True to our word, company "B" gained 60% of the business. I took the local rep for Company "A" to lunch with his boss to stress that he had not lost 60% but rather retained 40% - it went well.

Our carton cost overall jumped by about 1/2% - dismay in Head Office.

However, when the vendors' raw material cost rose they would ring and ask to go to lunch to discuss a price rise. Wow! Prior to this we'd just see a new unit cost on the invoice without so much as a letter.

We generally conceded on the low volume cartons but demanded a sharp pencil price on high volume stuff. Within 6 months we'd caught up with the original hike and dropped the rate of increase from about 8% p.a. to about 2% overall.

5. The Lessons

What will you do differently in your next project as a result of what you have learned from this study? (*This will often be the most important information that you can give others, so don't skimp it.*) E.G.

Lessons Learnt

A bit of competition is still a useful tool.

Use your suppliers, many have excellent tech support that's not used.

Where volume can justify it, and there are two equal or potentially equal suppliers, it can be rewarding to use dual supply.

I've used this philosophy successfully many times but of recent times have struck resistance. Be careful - many of today's computerised scheduling / purchasing systems assume just one vendor and one price. I've struck Logistics / Purchasing Departments defending the single vendor philosophy only to trace it back to their software system.

It is worthwhile overcoming the computer glitch - if you have it - because the multi-company purchasing philosophy, through managed competition, results not only in lower prices but in major design benefits.

... but I am getting ahead of myself. Stay tuned to this channel.

***Note** that as one challenge/ opportunity is met, another may suggest itself. To keep the case studies clean, break the study into two reports as Ron as done here.*

Advantages of this framework

Ideas instantly understood In half a page (context plus challenge) readers can see whether this is relevant to their needs and whether they should read on, or mentally mark it for future reference.

Engages the reader / listener We cannot resist a challenge, so having read the context, the challenge (and the constraints) our minds are automatically tuned in to trying to find a solution. We engage with the writer. Or with the speaker if this is the basis of a spoken presentation.

Sparks new ideas Once engaged in the challenge, other ideas may arise - 'why didn't you try...?' 'could you have also done?' etc

It isn't boring! Many so called case studies, however, are just a long winded description of what was done, written up to make the organisation look good. Search as you might, it is frequently not possible to determine what the exact challenge (and constraints) were, or even what the outcome was. Very often the conclusion does not say what was learned from the process.

Uses for a 2 page case study.

- A short presentation to the board or council that will help establish what the AM team is doing to help the business.
- A framework for a presentation to a conference so that others can learn from your experience.
- An executive summary for a larger study, where merited, one that perhaps goes into detail about the techniques used, the costs and the benefits and how they were measured, for use either in a professional publication or as in-house training or both.

The case study presentation format is not suitable for everything.

If what you want to do is to discuss a concept that you think has application to the field but which has previously not attracted much attention, or if you wish to talk about a new technique or methodology, or indeed anything that does not revolve around tackling a specific challenge, then you will need to choose another format.

Examples

The last issue of SAM (no 356 “The Best of the Troubleshooter”) presents six examples of the case study approach. They are written in common language with no attempt to sound ‘erudite’ and they are written with a slight touch of humour. As a result, they are easily understood, the message from each comes through clearly and they are engaging.

You don’t need to know anything more about the technicalities of the processes involved (producing motors for small and large appliances, or converting the wine crop into seasonal champagne production) than what is presented to understand the point being made.

This latter point is important because it enables the ‘general idea’ to be presented in a way that allows its application to other areas and thus makes the case study more valuable.

Finally, each of these case studies takes less than two pages to tell the story.

GREAT GRAPHICS 2

Some graphics have clearly had much thought put into them. They are clean and expressive - and are worth far more consideration than is possible in the few seconds that they are shown up on the screen during presentation, such as this graphic that was presented by C. Snaterse in the presentation "Strategic asset management of wastewater systems in (EU) standardisation at the last LESAM conference, September 2011.

Incidentally, the next LESAM (Leading Edge Strategic Asset Management) conference of the International Water Association will be held in Sydney in September.

