

Reaching HIGHER

A QUARTERLY PUBLICATION BY SAMI

(Back) to the Future of Asset Management: Part 2

The Role of Asset Managers

If asset management has become an entrenched phrase in industry, so has the need for asset managers. Maintenance and Reliability professionals are being rebranded “asset managers” around the globe. The duties of the asset manager vs. the maintenance manager are not delineated, but the intention is to take systemic responsibility for the asset, its condition, its operation and its risk. This is a substantial change from the task orientation of the maintenance manager. This may be the single most important change we can support as professional societies and consultants—the role needs to be defined, skills defined and developed, and interfaces understood. It is a fundamental change from the functional silos that still dominate business.

Outsourcing

Most companies now understand that asset

condition and operation are sources of existential risk. asset integrity, asset strategies, asset care and asset risk are all part of the same situation. Many companies have outsourced the Logistics (planning, materials) and Intelligence (reliability, analysis) function of maintenance, as well as the Execution. They have lost control of the means to assure safety, and in fact have lost control of the cost as well.

In social welfare oriented societies outsourcing will continue, because the cost of owning employees is simply too egregious. Where employment flexibility exists, we see the Logistics and Intelligence functions brought in-house, and in many cases the execution as well, for core production equipment maintenance.

Global Standards

PAS-55 and ISO5500 are the emerging standards to determine if a company has minimum standards for asset management. They are

[\(click to continue on page 2\)](#)

Operations Strategic Planning

A Pre-requisite for Developing a Performance Culture

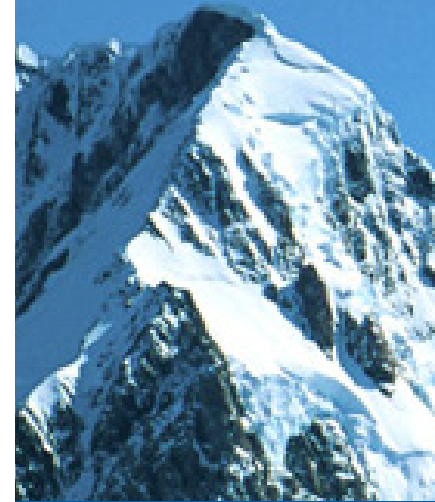
In many industries today, we see the need to rapidly develop a longer term plan. With capital funds becoming less available, organizational capacity and capability being limited, and the risks associated with running an operation, a real focus on what is important across the organization is required. With limited resources you have to focus on doing the right things and find a way to do them right the first time.

In the Oil and Gas industries, we see rapid development in unconventional areas such as shale gas and coal seam gas. The focus has been on rapidly developing a large number of wells to capitalize on the new technologies that have made these developments financially justified. Also, in other industries, there has been rapid change introduced from combining assets through merger and acquisitions in an effort to consolidate manufacturing and take advantage of economies of scale in the new enterprise.

The result in many cases has been the development of a reactive culture; a culture where the organization thrives in chaos and you reward the best “fire-fighters” or the staff that save the day. The goal is to grow no matter what it takes; resources in terms of funding are plentiful and the only rule is to achieve the goal at any cost. This is a very attractive environment for many individuals. Every day is a new challenge and the most visible staff feel appreciated through recognition, financial spot bonuses, and rapid promotions.

Lately, however, there has been recognition that there needs to be a shift to achieve predictable performance. The focus on developing new assets, rapid growth through capital spending, and integration of new assets and plants, requires companies to focus more on a long term view. Industries are now realizing they need to operate these assets for many years to come. They need

[\(click to continue on page 3\)](#)



inside

- **(Back) to the Future of Asset Management**
Brad Peterson
- **Operations Strategic Planning**
Roger Hedman
- **Upcoming Events**

(Back) to the Future of Asset Management Part 2



executed as a form of audit, less concerned with the effectiveness than the presence of the paperwork and practice. These are a positive step forward, but not oriented towards performance. Still, if this standard were a global practice, it would have a similar effect to ISO 9000; greater awareness of gaps in AM.

Initiative Overload

Our clients would like to improve. They launch initiative after initiative. They end up spinning their wheels—too many things to try to pay attention to. Things get started, make little progress, new things take their place, and they declare victory. Everyone knows they are pretending to be successful, whether it's 6 sigma, reliability, SAP, standard operating procedures, or whatever the need might be. There are too many things to do, too little focus, no longer term plan, and no clear idea of how all the pieces fit together. Good corporate citizens do what they need to do to keep their jobs, but there is no satisfaction in pretending success.

Our response is to develop a strategic plan for asset management, in which there is a clear set of operating practices as an outcome, and a single implementation plan to achieve the result.

Managing Culture to Drive Performance

Is it possible to have asset management, low risk, high performance and results, and a satisfying job at the same time? Most of our clients wake up each morning wanting to make a difference—do a better job, get things done, not have fights with other silos. But as managers and leaders we haven't enabled them to be successful. And so the parade of emergent work, failures, safety lapses, and frustration continue.

The opposite of the reactive culture is the *Performance Culture*. How do we get everyone working towards a few goals that don't ever change? SAMI focuses on measuring results and KPI's like other consulting firms. We bring

world class practices and processes. That isn't unique. What's unique is that we measure behaviors. Work behaviors, safety behaviors, managing behaviors, leadership behaviors. We have a database of over 500 behaviors, and we can measure when someone has achieved a state of sustainability in a new process. Measuring behaviors actually accelerates the rate of embedment of new systems and processes, because people know exactly what they are responsible for individually and as a team.

To measure the *Performance Culture* we have identified four critical domains:

- Performance
- People
- Purpose and
- Predictability

Each domain has three elements that define it. This is illustrated in Figure 1.

By addressing all the elements of the *Performance Culture* as a whole, we find significant and sustained financial, functional, and safety benefits.

Physical asset management is surely part of the necessary culture: it will never manifest unless the entire organisation is aligned to achieve the results.

Summary

The business factors affecting asset management have changed in the past decade.

Understanding of the barriers to good asset management, the potential for business success, and the potential satisfaction available to the workforce remain the biggest challenge.

Brad Peterson
Chief Executive Officer
bpeterson@samicorp.com

[\(click to return to page 1\)](#)

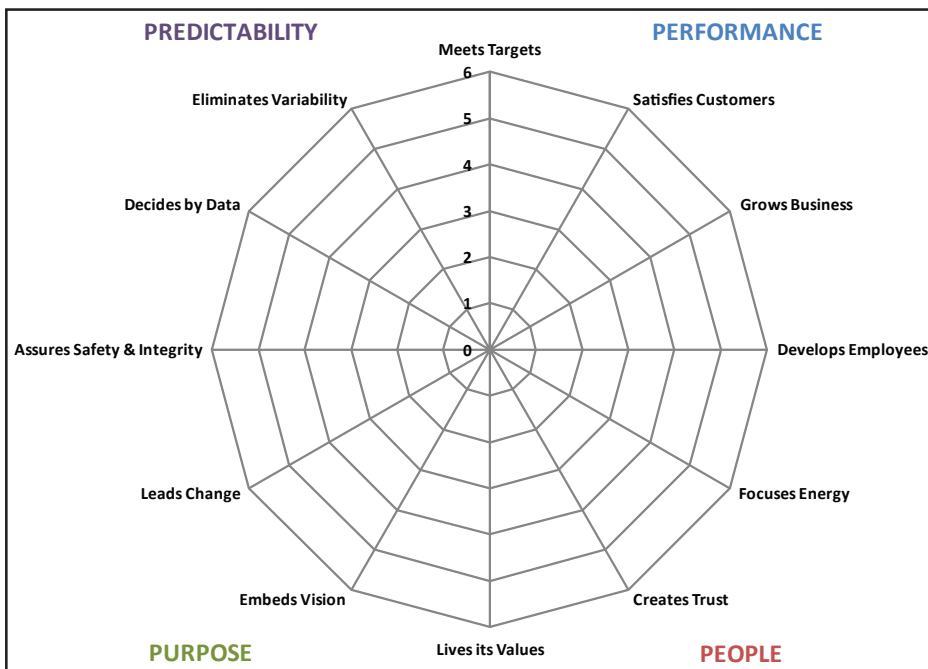


Figure 1



Operations Strategic Planning

A Pre-requisite for developing a Performance Culture

to operate in a safe environment with well-developed operating procedures and a thorough training program for new employees to minimize risk and utilize the assets in an optimal way.

In the industries where these issues exist, companies have tried different techniques to gain control of their future. The most common theme we observe today is that companies develop initiatives that are designed to improve the business. Every time the organization has an upset such as a major production loss, a safety incident, or an environmental release, the managers are challenged to develop solutions that are designed to remedy the issue. After some time, the companies embarking on this journey face initiative overload and it is not uncommon to have well over twenty key initiatives going on in an organization at the same time. We have seen this leading to many short term gains, but in many cases the development stalls and the short term gains are not sustainable.

There are many reasons why the initiatives fail to be sustainable. When we do assessments for companies we always ask a number of questions across the organization. What are the high level objectives for the implementation of an objective? What do we want to achieve? What are the expected benefits? Do we have a well-defined path forward with milestones? Are we resourced to deliver this on time? Do we have established change management processes and the right governance in place to ensure a successful implementation of the improvement initiatives? In addition, we look for which new practices and behaviors are expected as a result of successfully completing an initiative.

In every assessment, we find many gaps that need to be closed. At SAMI, we have developed an approach that supports our clients with developing strategies to close the gaps and take the organization from being reactive to a planned state. We call it “Strategic Performance Planning (SPP)”.

The development of an SPP starts with a current state assessment (CSA). The assessment focuses on the effectiveness and efficiencies of the existing practices and behaviors to develop a baseline for operational performance. We review Asset Healthcare, Production, Supply Chain, Capital, and Engineering Projects as well as the Organization and Managing System practices and behaviors across the organization. The SAMI Pyramid is a great representation of the building blocks an organization needs to have in place to become a “*Performance Culture*”.

We then support our clients by developing vision statements. We work with the leadership team to develop and refine the vision for Operations. We then work with the functions to define what the “Perfect Day” would look like. These are powerful visions of what the future could look like and begin to set the stage for which different practices and behaviors are desired. It helps the organization to paint a mental picture of what their day could be and how different that is from today’s reactive environment.

Next, we identify gaps against the CSA and the “Perfect Day” vision statements. A gap is defined as a performance, procedure, process, system, or knowledge deficiency between the current state and the future vision. At the same time, all of the current initiatives in the organization are also reviewed with the objective to identify which gaps those are already addressing. With the gaps identified, we then form gap closure strategies; identifying ways we can work to close the gaps.

The final step is to combine the gap closure strategies into manageable strategic programs and initiatives, and identify the benefits. This process typically cuts down the number of initiatives in an organization to a few that are well planned, resourced right, and fit into a governance structure that removes barriers and holds people accountable for results. They are also developed by phases so that you prioritize

the different programs based on the benefits delivered, as well as the organizational capacity and capability to run change programs. The strategic journey to create a *Performance Culture* typically spans several years.

The SPP process has many advantages. It creates a vehicle that unites management into a cohesive and aligned leadership team with a common vision and a strong commitment to deliver the plan. It excites the organization, because staff at all levels can see a road map that will change the organization from being reactive, to planned, and eventually proactive. Further, with a strong communication process in place, the organization can start to make progress visible and celebrate accomplishments. One of our clients had everyone working very hard, overtime and weekend call-ins were the rule rather than the exception. We asked what was different after the completion of phase one of the program?

“The initial program delivered great financial benefits, but the main thing the organization gained was how different we now run our business. We got our life back, I now plan my work but I am also in a position that I can plan my life outside of work. I can now with confidence tell my family that I can be at the soccer game or ballet recital, and my wife can count on me supporting these family events.”

It is testimonials like these that ultimately give our organization satisfaction. Delivering great financial benefits is a start, but engraining new behaviors and starting the development of a *Performance Culture* is truly satisfying.

Roger Hedman
SVP Business Analysis
rhedman@samicorp.com

[\(click to return to page 1\)](#)

News & Events



World
Maintenance
Forum

SAMI will be presenting "The *Performance Culture*" at the World Maintenance Forum in Lugano Switzerland September 4th-6th 2013



SAMI will be presenting "The *Performance Culture*" at the Rio Pipeline Conference September 24th-26th 2013



SAMI will be presenting "Measuring Behaviors The Key to Performance Excellence" at the SMRP Conference in Indianapolis Indiana October 14th-16th 2013



SAMI will be presenting at the Asset Management Expo and Conference in Stockholm Sweden October 16th-17th 2013



SAMI has been accepted to present "Measuring Behaviors The Key to Performance Excellence" at ADIPEC in Abu Dhabi UAE November 10th-13th 2013