The Alignment Refinement:

Using Strategy and Holistic Thinking to get the “Biggest Bang” from your Asset Management Program

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Introductions

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Public infrastructure is a growing concern. As cities, utilities, and public institutions and agencies, we are challenged to balance current and future requirements, while living within our means.
Background

Many of us are revisiting our approach to infrastructure asset management to better understand, plan for, and address these challenges and opportunities.

Target limited resources
- Link assets and investments to the services they support
- Quantify and evaluate LOS, risk and value-for-money
- Plan-for and prioritize needs and opportunities

Adapt to changing realities
- Accommodate growth without compromising existing assets
- Incorporate social considerations into plans and decisions
- Improve resiliency and adaptability to internal and external change

Enhance transparency and defensibility
- Communicate the business case behind spending decisions
- Justify new or increased investment based on ROI
- Demonstrate responsibility, stewardship and due diligence
Drivers - Canada

The push for better asset management is being supported at many levels

— Federal
— Provincial
— Industry
— Grass Roots
Discussion #1

What’s driving asset management within your jurisdiction?

What are the primary sources of guidance and support?

What improvements would provide the greatest value?
Advancing Asset Management Within Your Organization
Asset Management

Asset management involves balancing infrastructure system costs, opportunities and risks against the desired performance of assets, to achieve business goals and objectives.

Infrastructure value is created and sustained by managing the trade-offs between service, risk and cost over an asset’s lifecycle. Understanding these factors, and their contributors, help us to...

- Align assets and service outcomes with current and future objectives
- Manage the risks associated with meeting these requirements
- Optimize lifecycle investment and minimize total cost of ownership
Asset Management

Important to recognize that effective asset management requires movement beyond minimum financial reporting requirements and consideration for how these relate to long-term needs.

TCA Reporting
Planning and Forecasting
Advancing AM in Public Sector Organizations

Effective AM programs strengthen the asset management function, and enhance the asset management system needed to drive planning and decision making.

Strengthening the AM Function

Strengthening the organizational enablers needed to support and sustain investment planning and delivery over the long-term.

Enhancing the AM System

Enhancing the activities, practices and tools guiding robust, effective infrastructure investment planning and delivery.
Strengthening the AM Function

Functional alignment is critical to program implementation, sustainment, and its overall success. An objective assessment of current organizational capacity and operating environments provides an understanding of key gaps and opportunities for improvement.
Establishing a robust AM System

An organization’s asset management system drives the collection, analysis and use of information in investment planning and delivery.

Make better decisions

Deliver better value
Discussion #2

How did your asset management program get started?

What is your primary focus? What are some of your biggest priorities?

How far have you come? What do you see as your biggest accomplishments?
Creating Alignment Within Your Program
Mapping the Asset Management Journey…

1. Build Buy-in and Support
2. Formalize Commitment
3. Set Clear Direction
4. Develop the Plan
5. Monitor and Report
Building Buy-In and Support

Establishing a common understanding of stakeholder viewpoints is crucial in building common vision and alignment in asset management needs and priorities.

<table>
<thead>
<tr>
<th>Stakeholder</th>
<th>Key Issues</th>
<th>Business Goals</th>
<th>Area of Influence</th>
<th>Expected benefit from asset management</th>
</tr>
</thead>
<tbody>
<tr>
<td>Finance (Example)</td>
<td>■ PS-3150 reporting requirements &lt;br&gt; ■ Financial stability</td>
<td>■ Maintain compliance &lt;br&gt; ■ Fair valuation of assets &lt;br&gt; ■ Understand cash-flow requirements &lt;br&gt; ■ Stable financial plan</td>
<td>■ Historic financial information &lt;br&gt; ■ Financial accounts &lt;br&gt; ■ Financial plan</td>
<td>■ Stable long term financial plan &lt;br&gt; ■ Cost savings &lt;br&gt; ■ More readily available information</td>
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<td>Council</td>
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<td>Leadership</td>
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<td>Engineering</td>
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<td>Operations</td>
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<td>Etc…</td>
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Formalizing Commitment

An Asset Management Policy formalizes an organization’s commitment to and provides a clear understanding of goals and objectives, roles and responsibilities.
Setting Clear Direction

An Asset Management Strategy sets clear direction by defining the actions through which the vision will be achieved. The actions are expressed in the form of business improvements which are staged based on urgency and return on investment.
Developing the Plan

An Asset Management Plan (AMP) serves as the business plan, documenting an organization’s approach and strategy for meeting defined business and service objectives through ongoing investment in operations, infrastructure and business change.

- Why are we here as an organization?
- What is our vision and what do we want to achieve?
- What services do we need to support these goals?
- At what level do we need to provide them?
- How does our infrastructure support service delivery?
- Where are the gaps and opportunities?
- What do we need to do to achieve this?
- What capital and operating investment is needed?
- What will this cost us and how will we pay?
- What trade-offs are needed to make this sustainable?
Monitoring and Reporting

AM improvement is a long-term commitment, with many benefits taking time to materialize. An effective means of measuring outcomes and communicating benefit realization is critical to maintaining momentum, and program buy-in and support.

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<thead>
<tr>
<th>FINANCE</th>
<th>CUSTOMER</th>
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<tbody>
<tr>
<td>Projected debt vs ceiling</td>
<td>Citizen survey outcome on affordable taxes</td>
</tr>
<tr>
<td>Annual % base funding gap</td>
<td>Customer LOS measures</td>
</tr>
<tr>
<td>Value of capital deferred beyond preferred timing</td>
<td>Number road cuts within 5 years of new/rebuild</td>
</tr>
<tr>
<td>% of business cases based on whole life costs</td>
<td>% of LOS measures with baseline data</td>
</tr>
<tr>
<td>Value of capital $ savings achieved</td>
<td>% of LOS measures with customer expectation set</td>
</tr>
<tr>
<td>Value of opex $ reductions achieved</td>
<td>Citizen survey outcome about engaged customers</td>
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<tr>
<th>INTERNAL BUSINESS PROCESS</th>
<th>LEARNING &amp; GROWTH</th>
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<tr>
<td>% of opex budget subject to review</td>
<td>% of target employees going through AM training</td>
</tr>
<tr>
<td>Number of activities reviewed for ASD potential</td>
<td>% of job roles with AM competency assessment</td>
</tr>
<tr>
<td>% of operating functions with SOPs</td>
<td>Staff feedback on training 6 mo post completion</td>
</tr>
<tr>
<td>% of BCs including review of impact on other depts</td>
<td>% of PDEs with AM-related outcomes</td>
</tr>
<tr>
<td>% of projects in CIP with robust business cases</td>
<td>% of PDEs with AM-related outcomes achieved</td>
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<td>% of asset base with up-to-date risk assessments</td>
<td>% of AM roles with succession plan</td>
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Discussion #3

Who is leading AM within your organization? Which groups are engaged? Do you understand stakeholder priorities?

Are an AM Policy and Strategy in place? What is their role in guiding program efforts?

How are AM Program progress and benefits being evaluated and tracked? Who is the audience for reporting?
Building Alignment into Your AM System
Building Alignment into Your AM System

An organization’s asset management system drives the collection, analysis and use of information in investment planning and delivery.

Make better decisions

Deliver better value
An integrated service framework identifies linkages between physical infrastructure and the services it supports. Risk analysis is used to identify and evaluate service gaps and enhancement opportunities.
Building Alignment into Your AM System

A structured business casing framework provides an effective platform for evaluating project options and defining scope, budget, schedule and lifecycle management requirements.

**Lifecycle Business Casing Framework**

1. **Business Needs & Desired Outcomes**
   - Establishes the case for change and clearly defines the need for the investment.

2. **Preliminary Options Screening**
   - Identification, analysis, and screening of a comprehensive list of options to demonstrate due diligence in the selection of choices.

3. **Viable Options Analysis**
   - Full comparison of each viable option against the evaluation criteria identified in the preliminary analysis.

4. **Justification & Recommendation**
   - Recommendation of a preferred option based on the net advantages of the viable option over all others.

5. **Managing the Investment**
   - Strategic considerations for how the investment will be managed and supported.

6. **Lifecycle Summary**
   - Lifecycle summary of benefits and costs associated with implementing the recommended investment.
A multi-criteria prioritization (MCP) model evaluates projects based on business objectives and service impacts, and prioritizes investment on a value-for-money basis.
Building Alignment into Your AM System

Capital investment plans (CIP) are developed using risk and scenario analysis to evaluate and stage prioritized projects based on funding, resource and deliverability constraints.
An effective delivery strategy confirming how individual projects are defined, how and when they are procured, and which contract strategies are employed, is the basis of successful program delivery.
Effective procurement management is based on an equitable transfer of risk, in a fair, transparent and competitive manner, with adequate incentivizes for success, is an essential step in setting projects up for successful delivery.
Building Alignment into Your AM System

A robust project management framework creates a solid environment for success, and supports informed decision making by the executive.
The validation of investment outcomes against business case goals and objectives demonstrates value for money and ensures the ongoing transparency and defensibility of the planning process.
Discussion #4

What's the relationship between investment planning and delivery within your organization?

Has line-of-sight been created between investments and service objectives? How can this be enhanced?

What's driving investment priorities? Is process transparent and defensible?
Effective plans and investment decisions

A robust approach to asset management supports effective infrastructure investment planning and management.

- Guides us in targeting limited resources by weighing the trade-offs between front-line outcomes, costs and risk to service.
- Supports us in adapting to changing realities by considering needs and investment requirements over the entire asset lifecycle.
- Enhances transparency and defensibility by introducing rigour and consistency into how needs and priorities are established, communicated and addressed.
Transparency throughout the investment-cycle

A broad-based asset management program provides objectivity and creates transparency throughout the full investment cycle.

- Clear definition and tracking of needs, business outcomes, and expected benefits
- Formal assessment of alternative solutions and delivery options
- Prioritization and staging based on risk and return on investment
- Clear baselines against which progress and benefit realization can be tracked
- Objective review of project performance and value-for-money at close-out
Long term sustainment

Asset Management Plans guide long-term investment and provide an ongoing platform for monitoring, benchmarking and improvement.

- AMPs are meant to be living documents and evolve over time as needs, practices and priorities change.
- AM system components are used to demonstrate alignment between spending and strategic goals and priorities.
- Initial plans will be basic, reporting current practice and spending priorities, and establish a plan for AM system improvement.
- Mature plans will demonstrate progress in meeting service objectives, inform budgeting and guide long-term investment strategy.
Discussion #5

What is your advice to other organizations who are just starting their AM journey?

What do you see as 'quick wins'? What's critical to long-term success?

What's on the horizon for your organization? Where are you planning to go from here?
Thank You

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