



The Alignment Refinement:

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

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Introductions



Ross Homeniuk

*Director,
Global Infrastructure Advisory*

*National Service Leader,
Infrastructure Asset Management*

Background

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.

Aging Infrastructure

Shifting Priorities

Limited Resources

Changing Environments

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.



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.

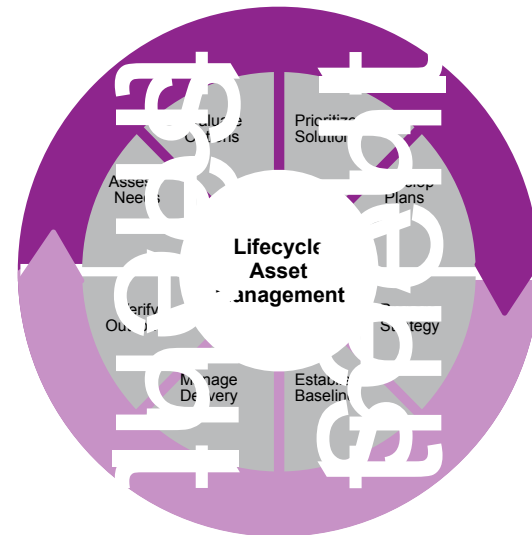
Strengthening the AM Function

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



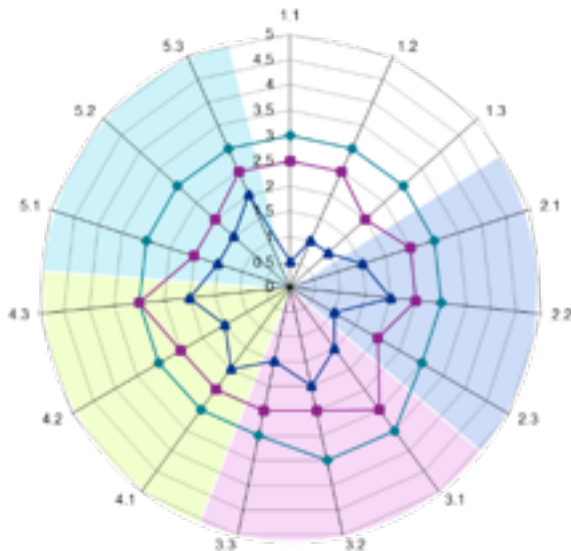
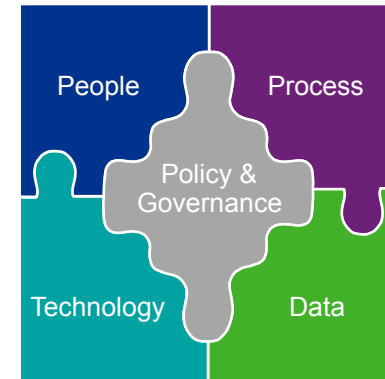
Enhancing the AM System

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.



Short-Term (1-2 Year) Strategy Mid-Term (3-5 Year) Strategy

Establishing a robust AM System

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



Discussion #2

How did your asset management program get started?

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

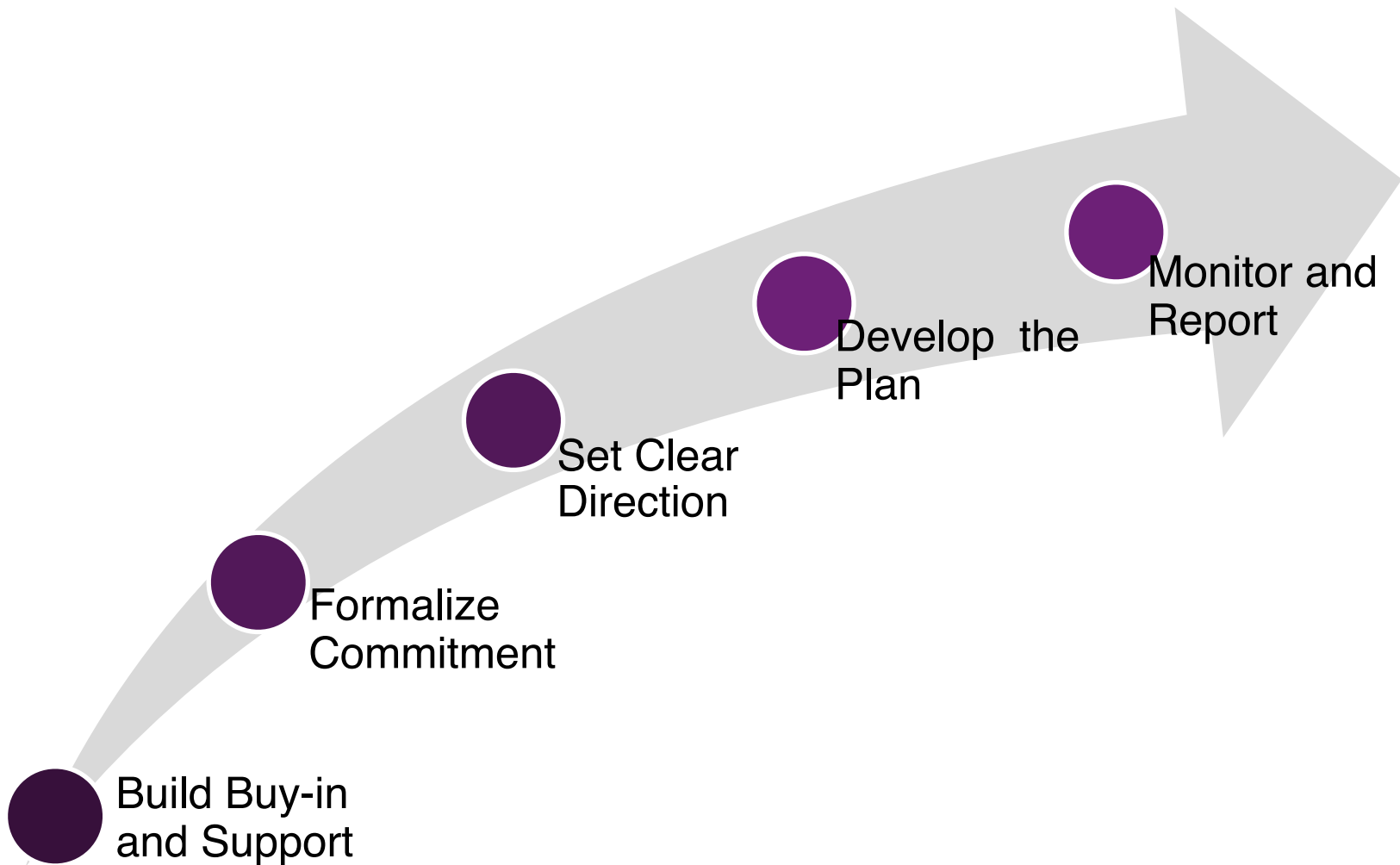
How far have you come? What do you see as your biggest accomplishments?





Creating Alignment Within Your Program

Mapping the Asset Management Journey...



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.

Stakeholder	Key Issues	Business Goals	Area of Influence	Expected benefit from asset management
Finance (Example)	<ul style="list-style-type: none"> ■ PS-3150 reporting requirements ■ Financial stability 	<ul style="list-style-type: none"> ■ Maintain compliance ■ Fair valuation of assets ■ Understand cash-flow requirements ■ Stable financial plan 	<ul style="list-style-type: none"> ■ Historic financial information ■ Financial accounts ■ Financial plan 	<ul style="list-style-type: none"> ■ Stable long term financial plan ■ Cost savings ■ More readily available information
Council				
Leadership				
Engineering				
Operations				
Etc...				

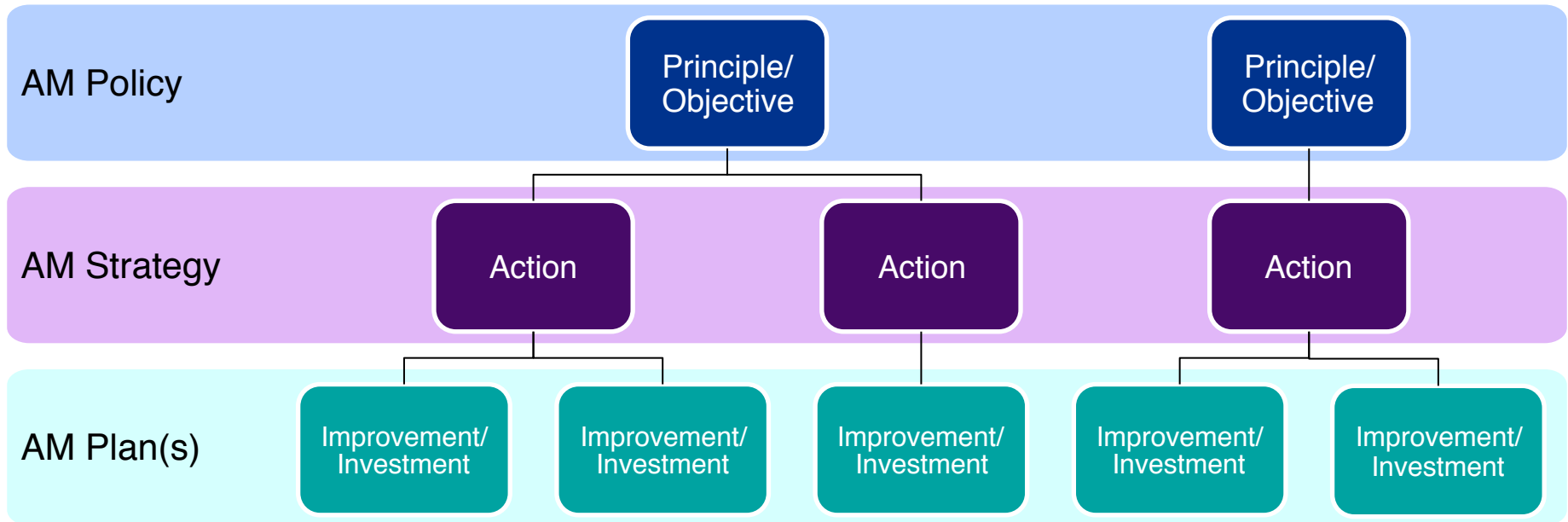
Formalizing Commitment

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



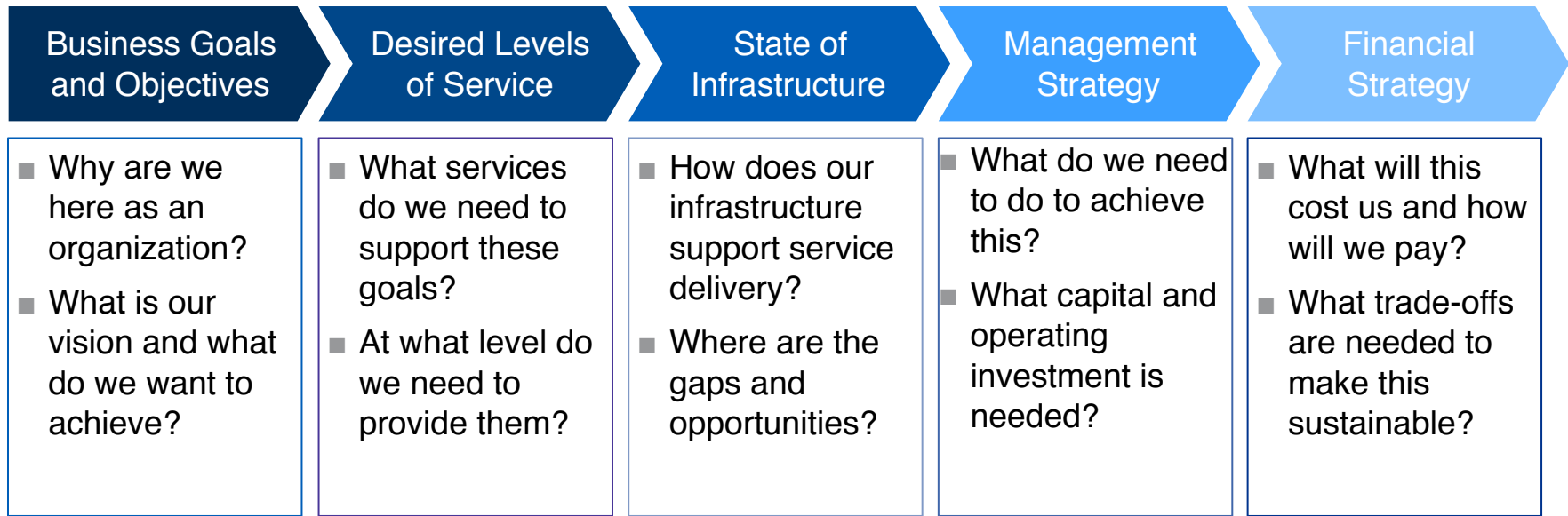
Setting Clear Direction

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.



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.

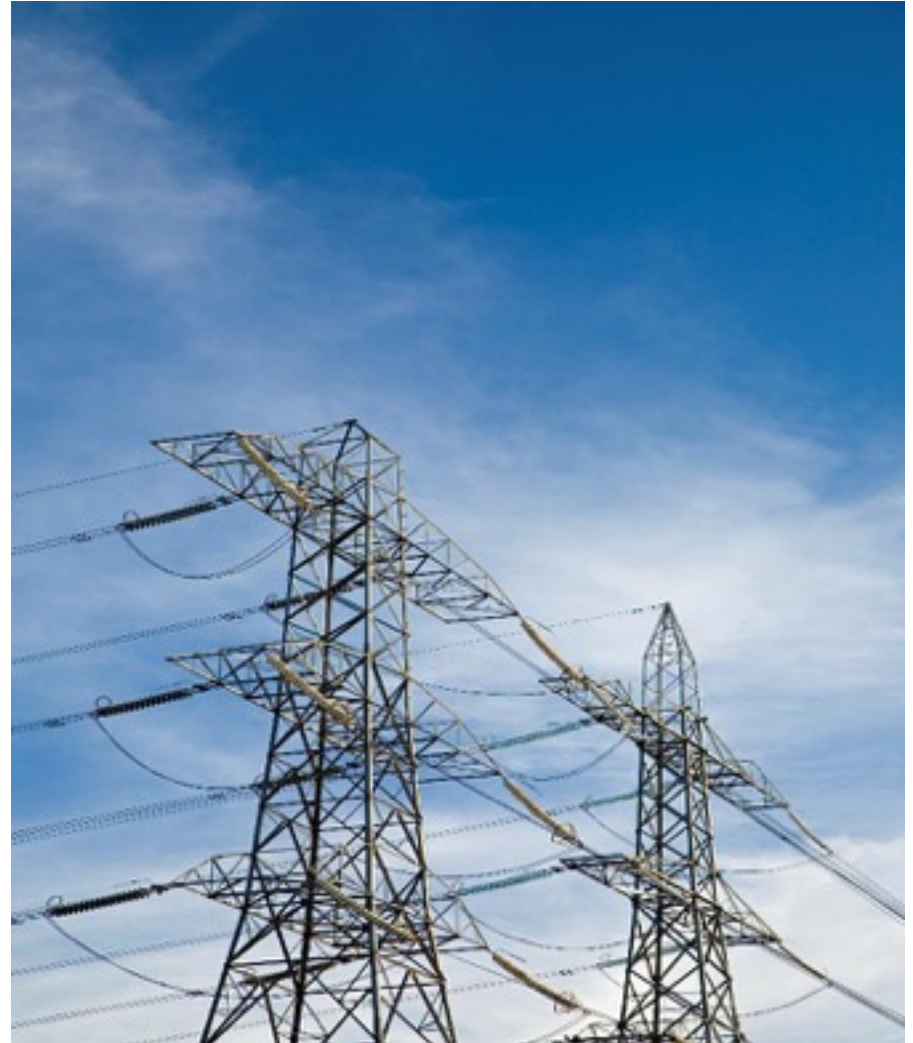
FINANCE		CUSTOMER	
Projected debt vs ceiling	Lag	Citizen survey outcome on affordable taxes	Lag
Annual % base funding gap	Lag	Customer LOS measures	Lag
Value of capital deferred beyond preferred timing	Lead	Number road cuts within 5 years of new/rebuild	Lag
% of business cases based on whole life costs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

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?





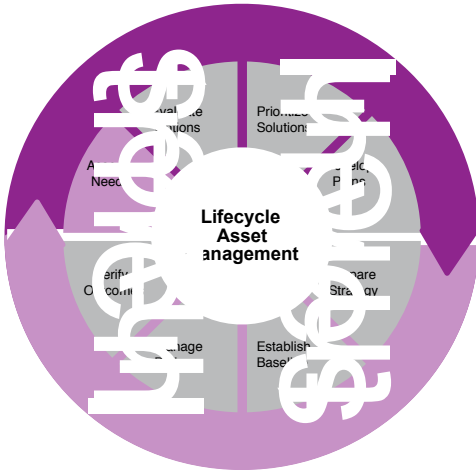
Building Alignment into Your AM System

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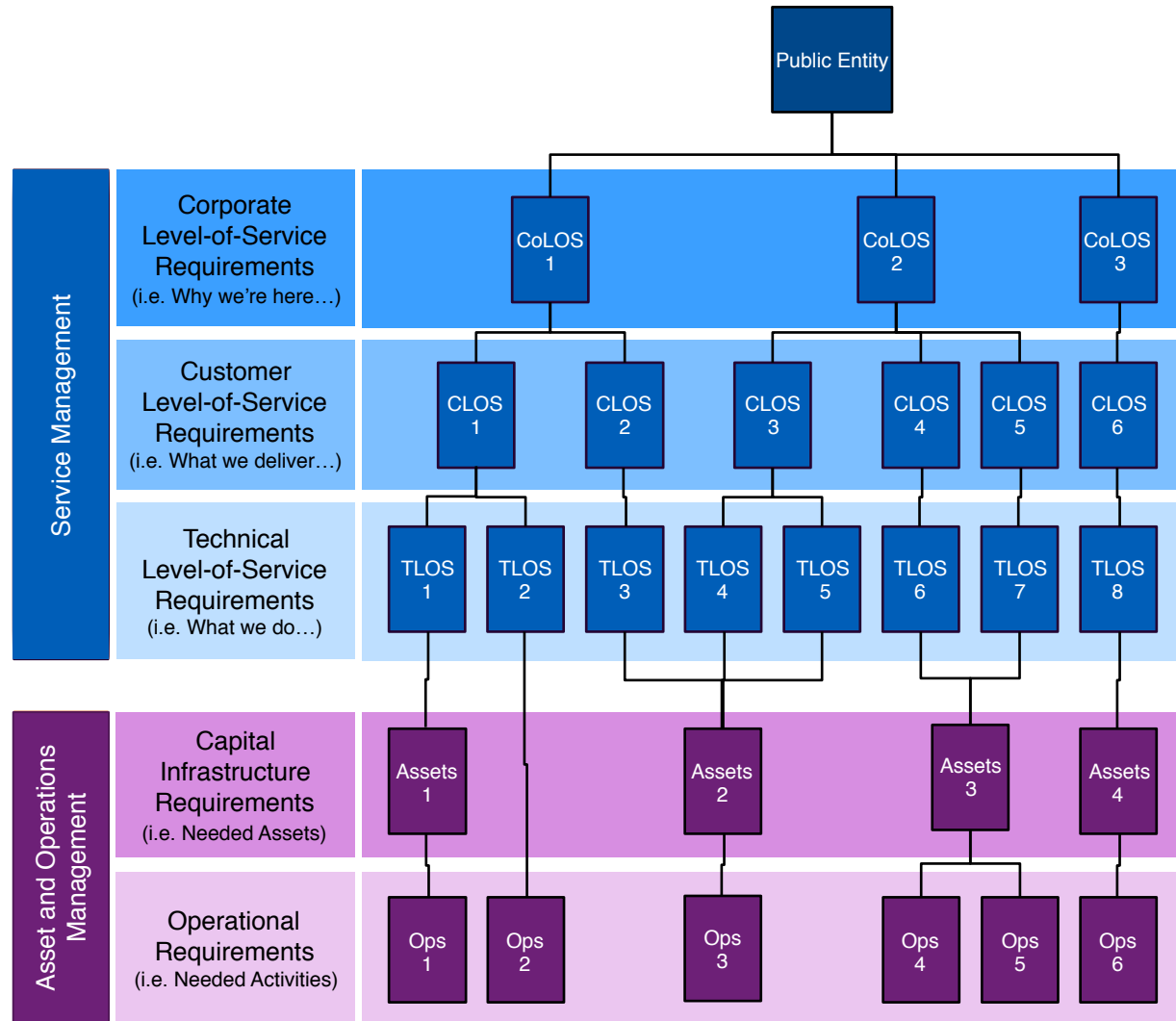
An organization's asset management system drives the collection, analysis and use of information in investment planning and delivery.



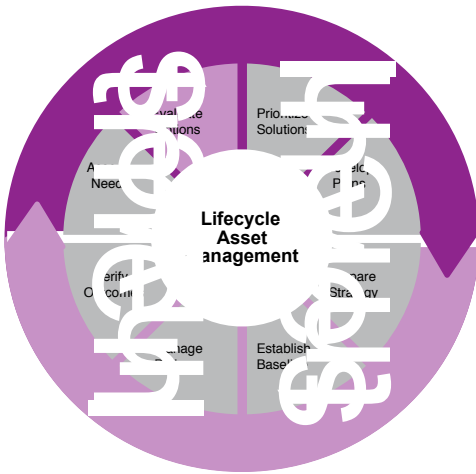
Building Alignment into Your AM System



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



Lifecycle Business Casing Framework

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

Business Needs & Desired Outcomes

Establishes the case for change and clearly defines the need for the investment.

Preliminary Options Screening

Identification, analysis, and screening of a comprehensive list of options to demonstrate due diligence in the selection of choices.

Viable Options Analysis

Full comparison of each viable option against the evaluation criteria identified in the preliminary analysis

Justification & Recommendation

Recommendation of a preferred option based on the net advantages of the viable option over all others.

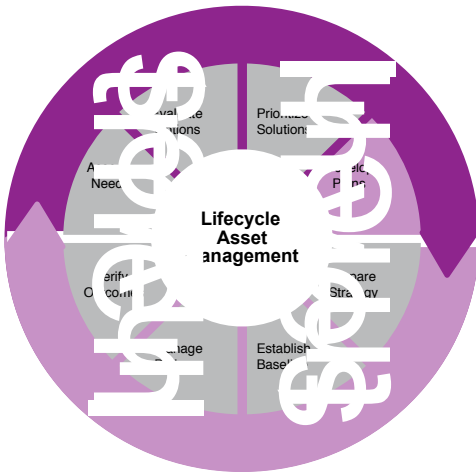
Managing the Investment

Strategic considerations for how the investment will be managed and supported.

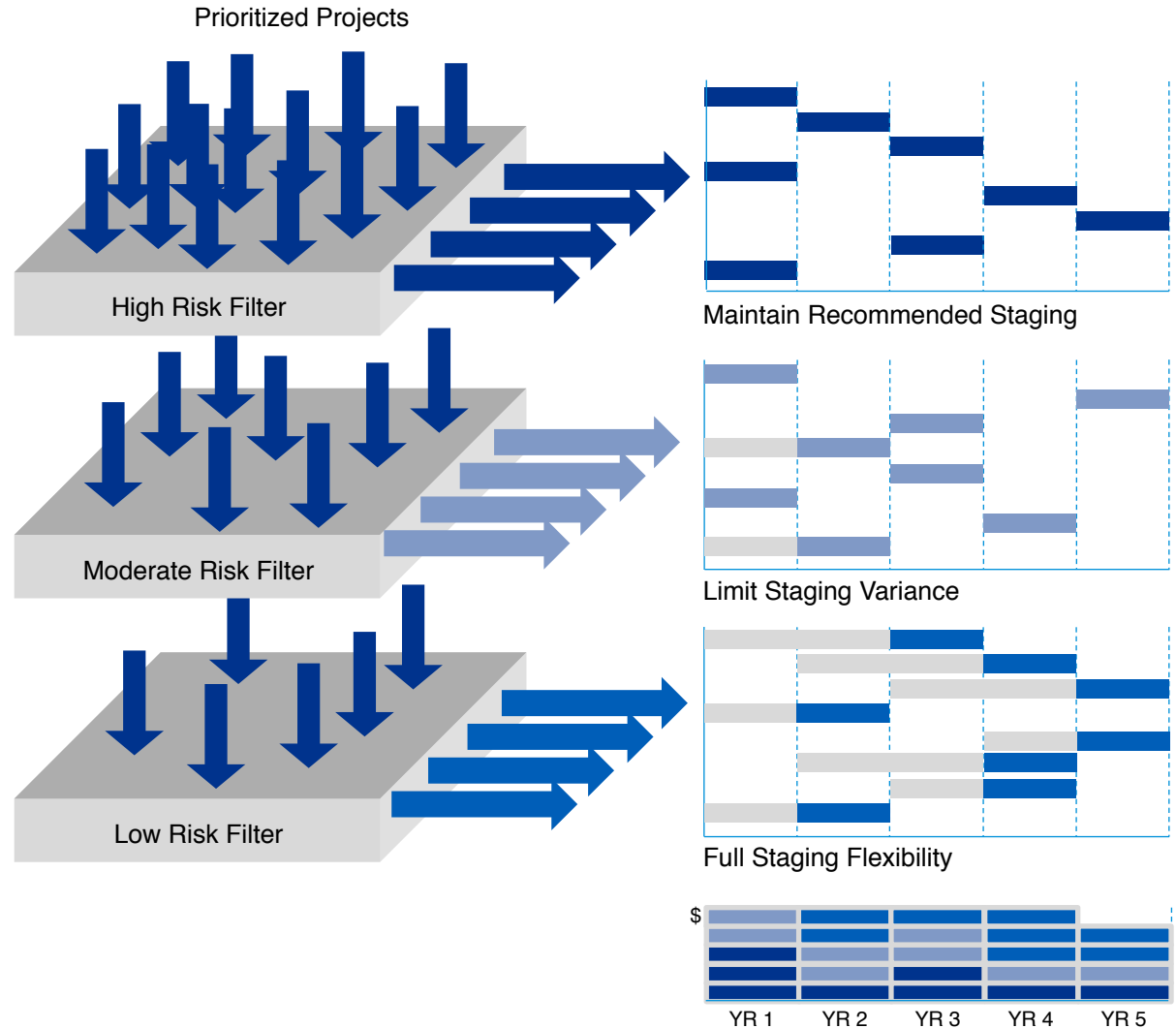
Lifecycle Summary

Lifecycle summary of benefits and costs associated with implementing the recommended investment.

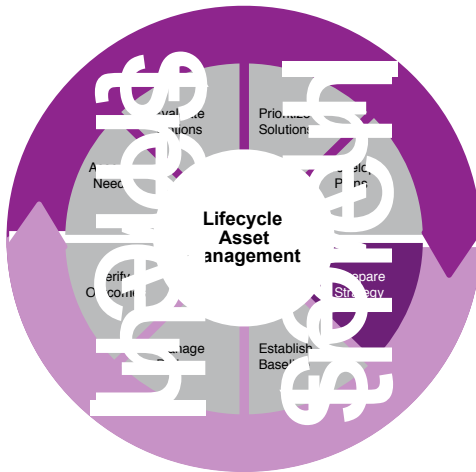
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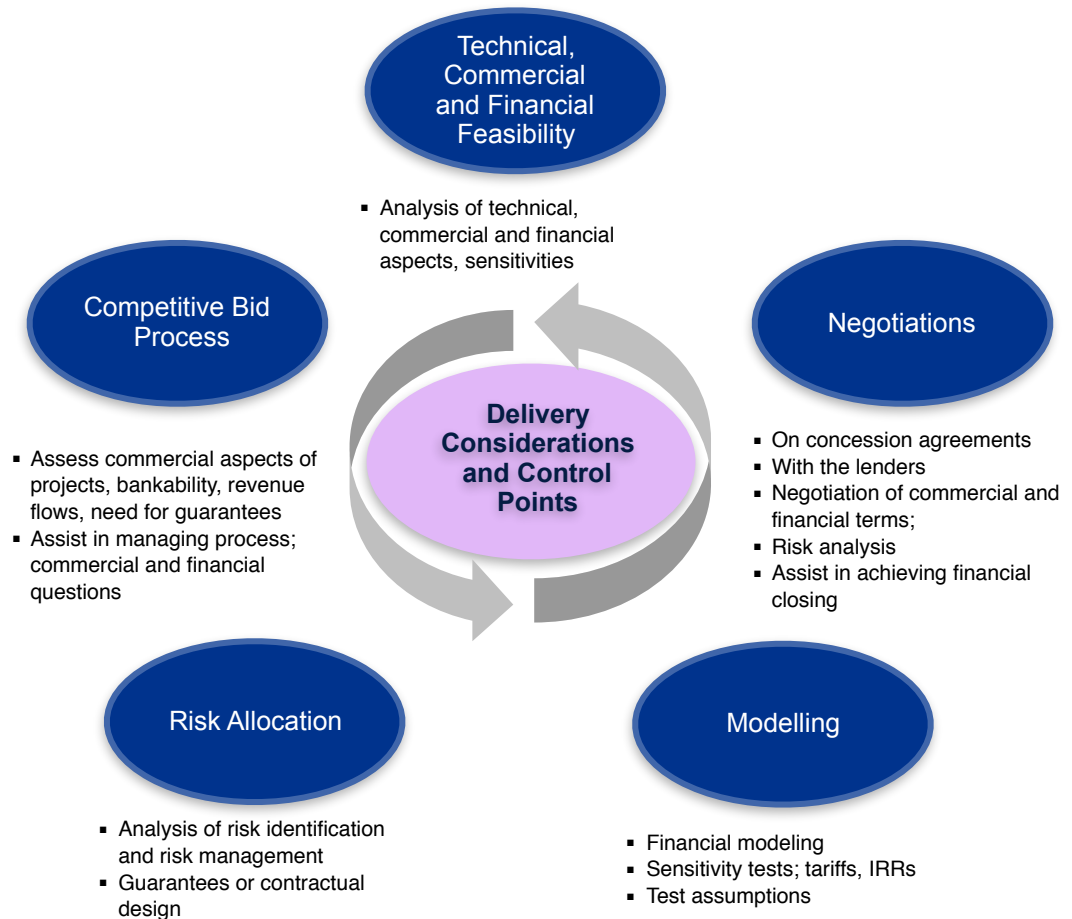
Capital investment plans (CIP) are developed using risk and scenario analysis to evaluate and stage prioritized projects based on funding, resource and deliverability constraints.



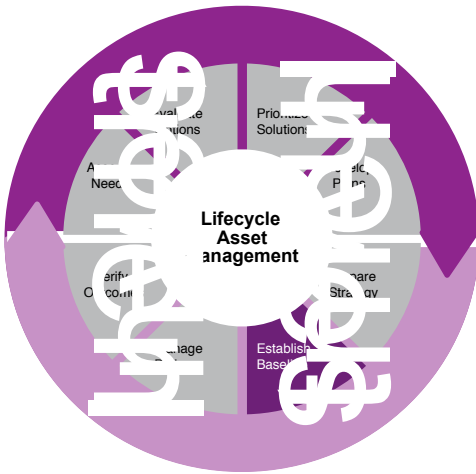
Building Alignment into Your AM System



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.

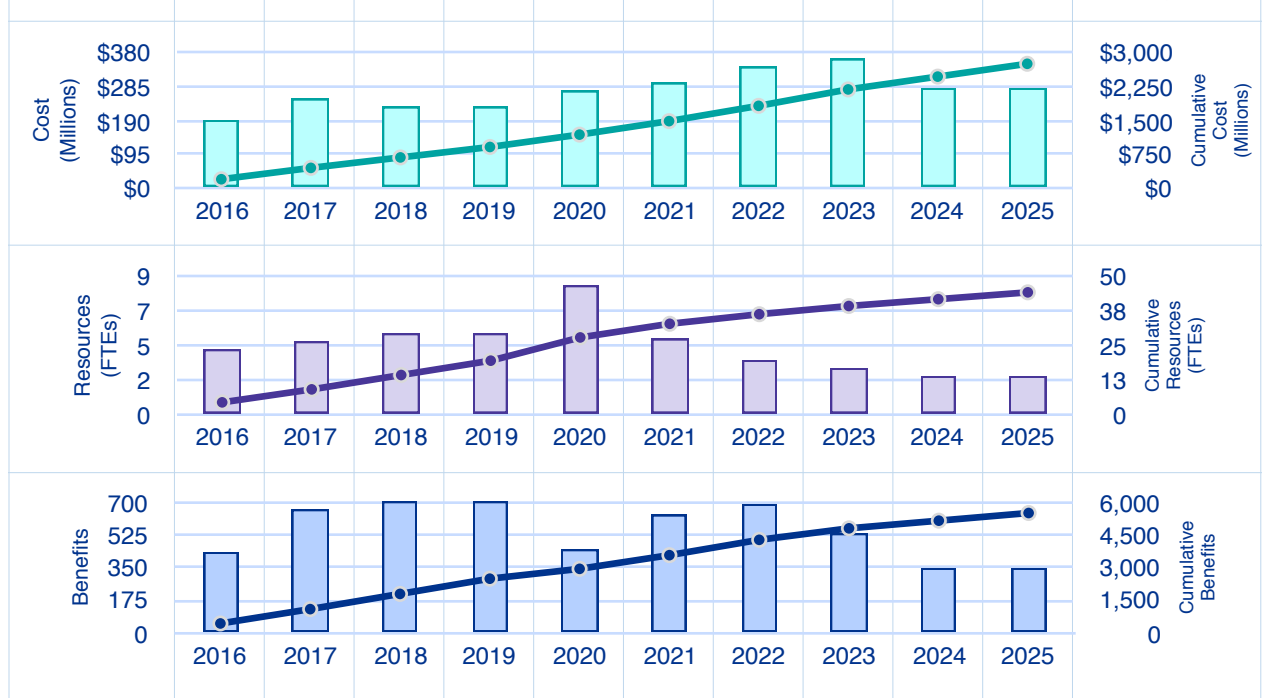


Building Alignment into Your AM System

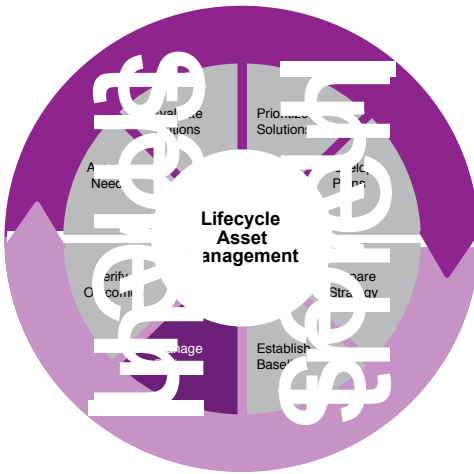


Effective procurement management is based on an equitable transfer of risk, in a fair, transparent and competitive manner, with adequate incentives for success, is an essential step in setting projects up for successful delivery.

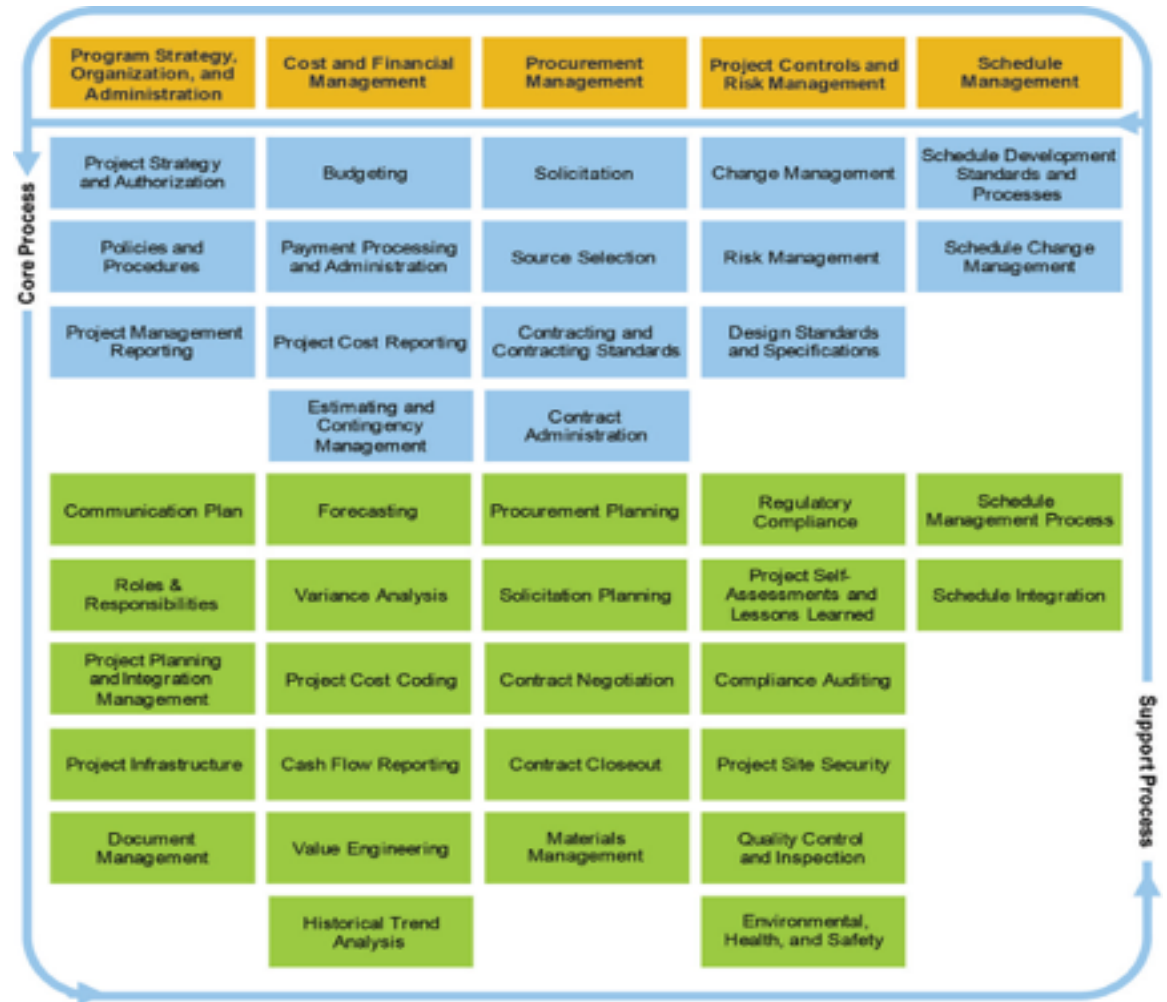
Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Priority	Rank
Project 1			█								H	4
Project 2						█					M	7
Project 3					█						M	5
Project 4					█						M	6
Project 5							█				L	8
Project 6							█				L	9
Project 7	█										H	1
Project 8	█										H	2
Project 9		█									H	3
Project 10								█			L	10



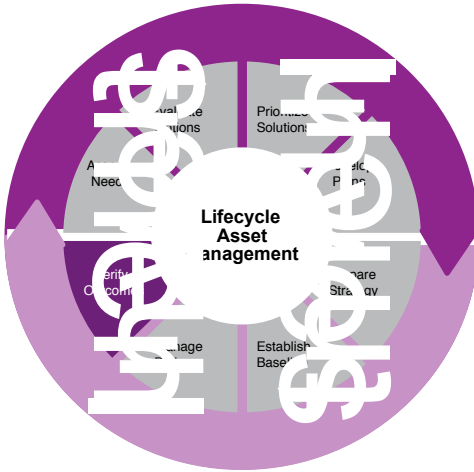
Building Alignment into Your AM System



A robust project management framework creates a solid environment for success, and supports informed decision making by the executive.



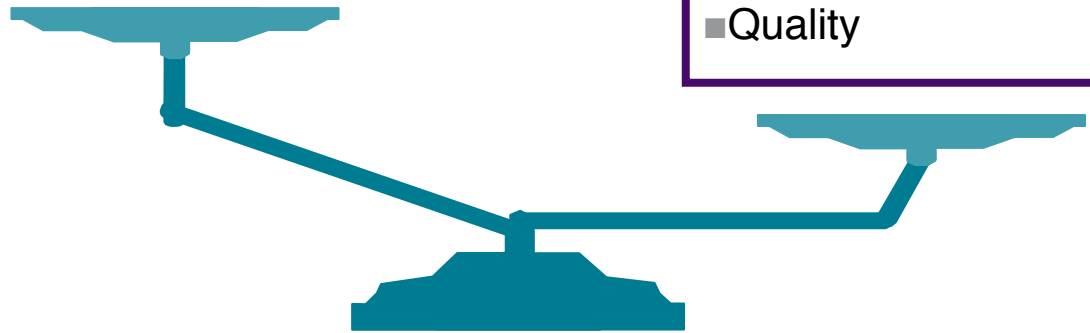
Building Alignment into Your AM System



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.

- Actual Outcomes**
- Service Impact
 - Business Impact
 - Cost
 - Schedule
 - Quality

- Planned Outcomes**
- Service Impact
 - Business Impact
 - Cost
 - Schedule
 - Quality



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?





Moving Forward

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



Ross Homeniuk

*Director, Advisory
National Lead, Asset Management
Global Infrastructure Advisory*

Mobile : +1.204.891.7569

Email : rhomeniuk@kpmg.ca

Web: www.kpmg.ca/infrastructure

LinkedIn: www.linkedin.com/in/rosshomeniuk

Twitter: [@ross_homeniuk](https://twitter.com/@ross_homeniuk)



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