ASSET MANAGEMENT COUNCIL

HUMAN RESOURCE ISSUES OF ASSET MANAGEMENT – IRAN 2009

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Persepolis ruins (45ºc) - 5 August 2009

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Imagine:

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The system doesn't really work,

- it can't be fixed,
- no-one understands it,
- no-one is in charge of it,
- it can't be lived without, and
- it gets worse every year.

Clock of the Long Now
Stewart Brand

- **Asset management is the solution!**

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What human resource issues?

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This Masterclass is **not about** numbers of staff numbers and technical skills.

It is about our capacity to manage asset related risk by learning and changing.

The principles and selected texts of this Masterclass are:

1. Effective Asset Management requires sound leadership and a learning culture.
   - Text 1 – **What Leaders Really Do** *by Kotter*
   - Text 2 – **Leading change** *by Kotter*
   - Text 3 – **The 5th Discipline** *by Senge* (art and practice of the learning organisation)

2. Effective Asset Plan delivery requires management of human error
   - Text 4 – **Managing the Risk of Organisational Accidents** *by James T Reason*

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Three Sessions to Iran Masterclass

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- **Session 1: What is Asset Management?**
  - Defines the evolving field of Asset Management as practiced in Australia.
- **Session 2: Human Resource Aspects**
  - Explores the role of human behaviours in good asset management and the developing approaches to leadership and culture.
- **Session 3: Case Studies**
  - Presents three case studies that demonstrate the:
    - impact of human error,
    - the value of leadership and
    - how to develop a supportive culture using the AM Council Models.

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Peak Body Definitions of Asset Management

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"The life cycle management of physical assets to achieve the stated outputs of the enterprise"

Asset Management Council

"The optimum life cycle management of physical assets to achieve the stated sustainable business objectives"

European Federation of National Maintenance Societies

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AM Council good Asset Management Model

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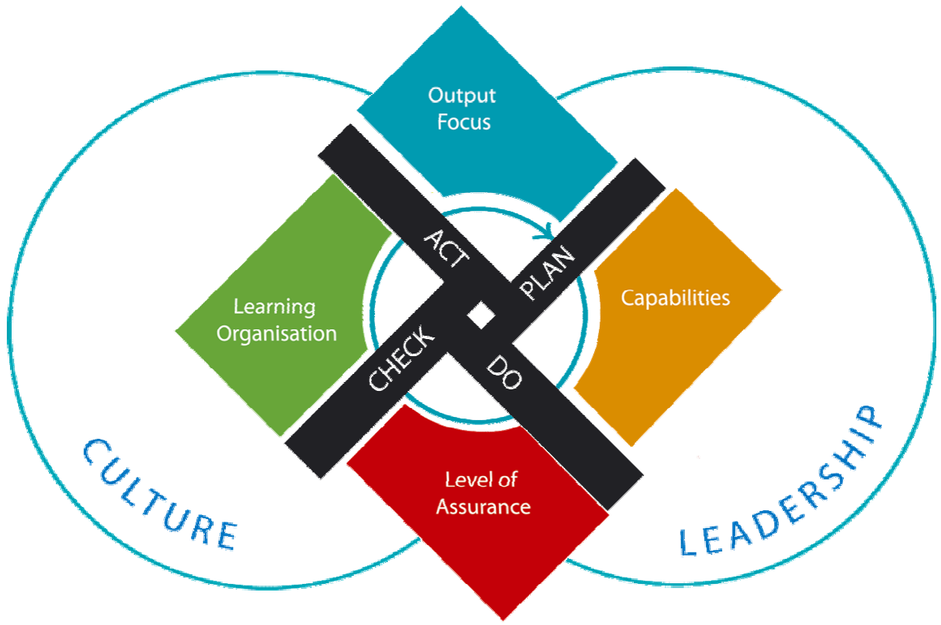
A PDCA AM Process

The Four Key Principles

Good AM Behaviours



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AM Technologies Model

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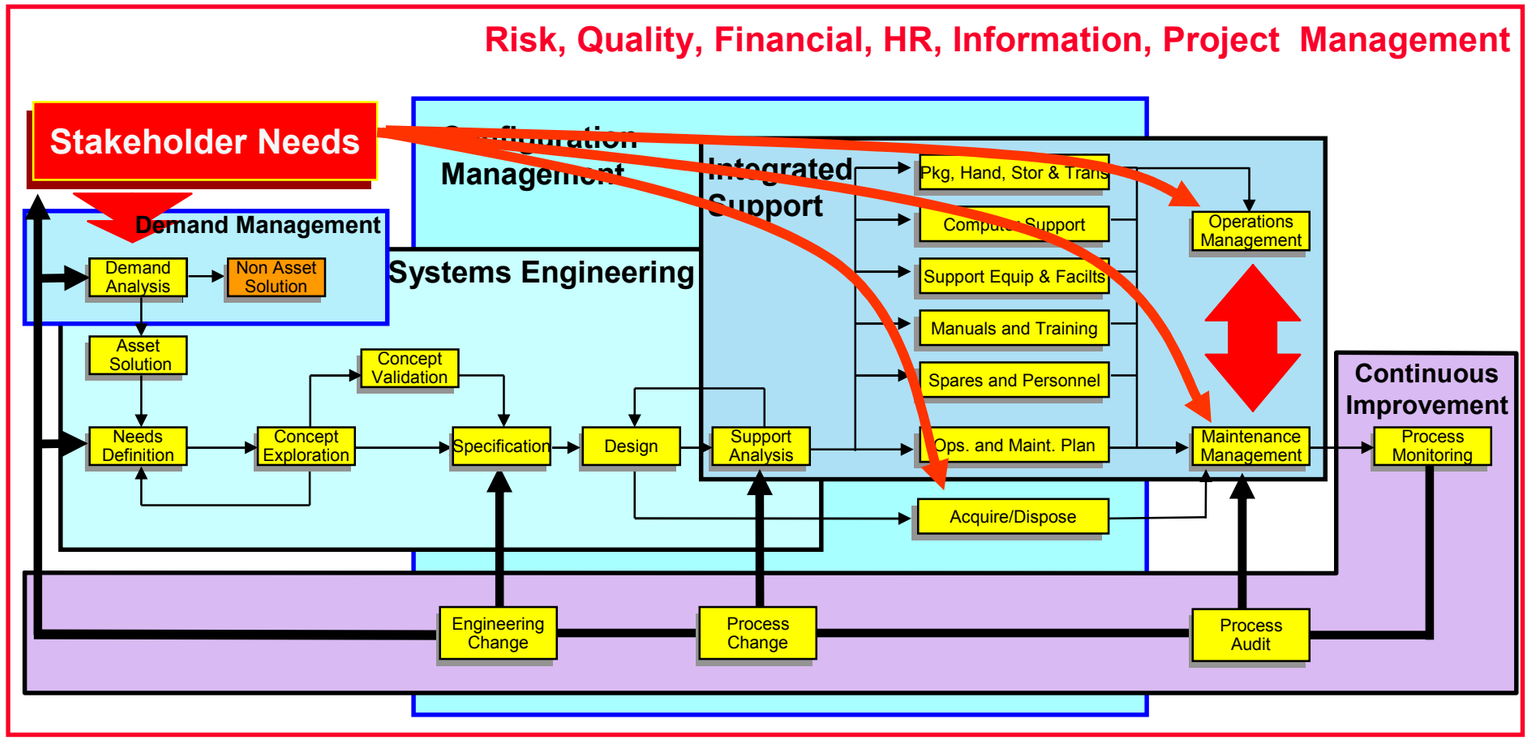

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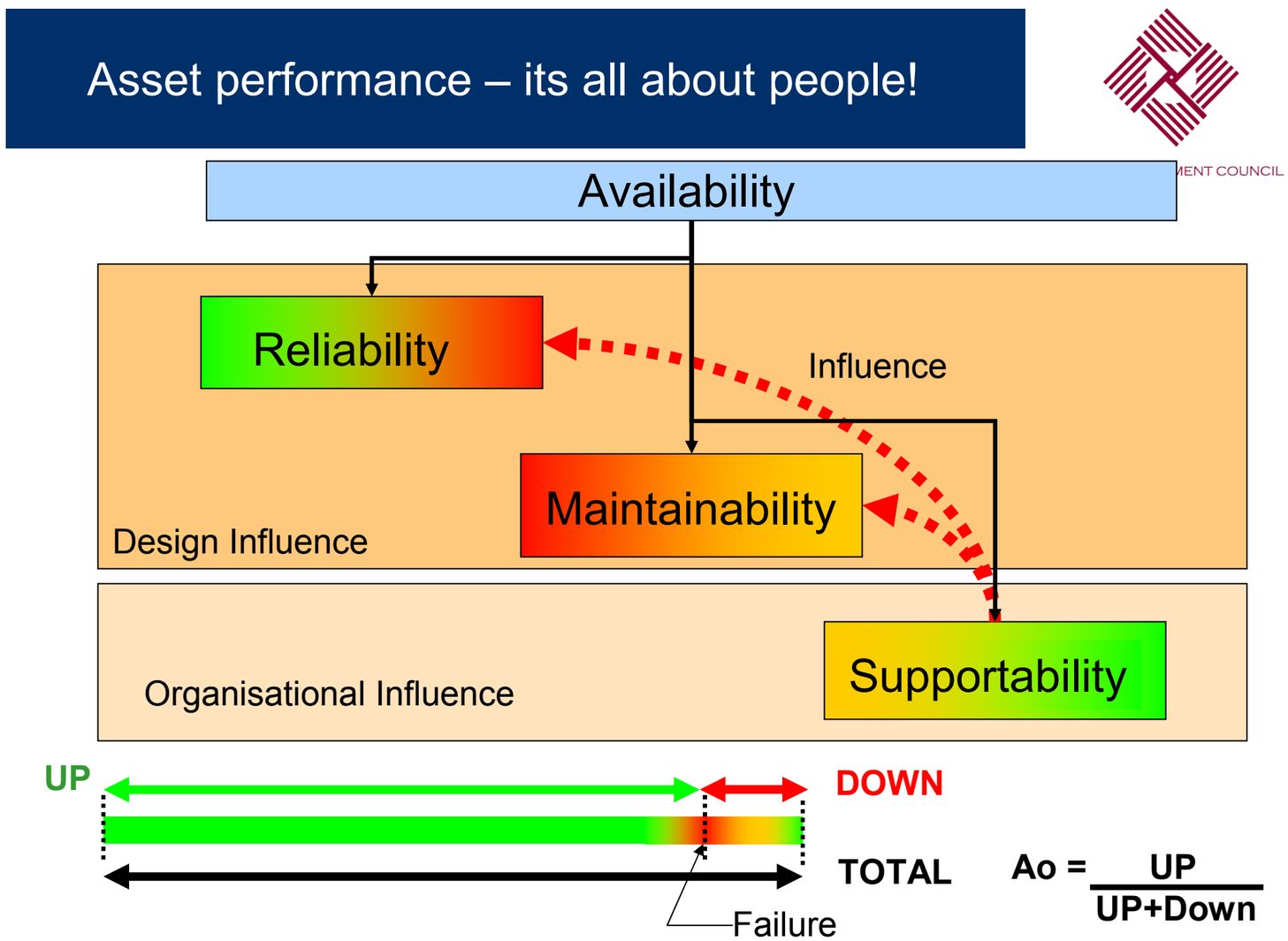
Asset performance – its all about people!



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Maintenance and operations gets the blame

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- Bhopal - 1984
  - 8,000 dead? 200,000 injured? $470m
- Piper Alpha - 1988
  - 167 Dead $3.5 billion
- Longford – 1998
  - 2 dead 8 injured $1.3 Billion
- Texas City - 2005
  - 15 dead 180 injured $1.7 billion

These outcomes are the result of **risky** behaviours and a culture of "Rolling the Dice"

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Senge's view - 1992

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- The traditional paradigm doesn't work in the Learning Organisation

- Traditional leaders viewed as special people who:
  - Set direction
  - Make the key decisions
  - Energize and motivate staff
  - The individualist myth that reinforce focus on short term outcomes

- New leaders in the learning organisation are:
  - **Designers** – the consequences/benefits of today are from past work done
  - **Stewards** – of the vision and storyteller of why we do what we do
  - **Teachers** – help people achieve accurate and empowering views of reality

  - **They build organisations** that expand capabilities

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Learning organisation defined

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- ***"The ability to learn faster than your competitors may be the only sustainable competitive advantage"***

- A learning organisation is one where:
  - People continually expand their capacity to create results they desire
  - New and expansive patterns of thinking are nurtured
  - Collective aspiration is set free
  - People continually learn how to learn together

- The 5 disciplines of the learning organisation
  - Systems thinking
  - Personal mastery
  - Mental models*
  - Building shared vision*
  - Team learning

- ***"The more we learn the more we are aware of our ignorance"***

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Of mental models and shared vision

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- **“The inertia of deeply entrenched models can overwhelm even the best systemic insights”**
- Mental models
  - Effect what we see – same event, different interpretations
  - Most problematic when the are tacit – ie below the level of awareness*
  - Change may be defeated by deeply embedded mental models
  - Such models may have little to do with reality

- Shared vision is the answer to the question: “***what do we want to create***”
- Shared vision:
  - Connects people through a common aspiration
  - Derives power from a common caring
  - Provides focus and energy for learning
  - Requires organisational openness

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Kotter's observations - 1998

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- "most organisations lack the leadership they need" – this shortfall is not 10% but 400% or more at all levels
- Leadership is not the same as management – both are complementary actions required for a healthy organisation.

- Management is about coping with complexity:
  - The large modern organisation
  - Need for order and consistency to prevent chaos

- Leadership is about coping with change:
  - Technological change
  - Increasing competitiveness

THE FUNCTION OF LEADERSHIP IS TO PRODUCE DESIRED CHANGE

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Kotter – 8 stage change process

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- Establish a sense of urgency
  - What is our business
- Create the guiding coalition
  - Build team with power to lead
- Develop vision and strategy
  - Create vision to direct change
  - Create strategies to achieve vision
- Communicate the change vision
  - Constantly communicate vision and strategies
- Empower broad based action
  - Remove obstacles take risks
- Generate short term wins
  - Plan and create quick wins
- Consolidate gains and do more
  - Use wins to change everything
  - Keep new projects coming
- Anchor new approaches in culture
  - Connect behaviours to success
  - Develop leadership capability

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Reason’s corporate risk culture

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- **Culture** and the approach to **information and ideas** has been identified as central to effective risk and asset management.

Pathological	Bureaucratic	Generative
Don't want to know	May not find out.	Actively seek it
Messengers are 'shot'	Messengers are listened to if they arrive.	Messengers are trained and rewarded
Responsibility is shirked	Responsibility is compartmentalised.	Responsibility is shared
Failure is punished	Failures lead to local repairs.	Failures lead to far reaching reforms
New ideas are actively discouraged	New ideas often present new problems	New ideas are welcomed

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Kotter - we cannot be best at everything!

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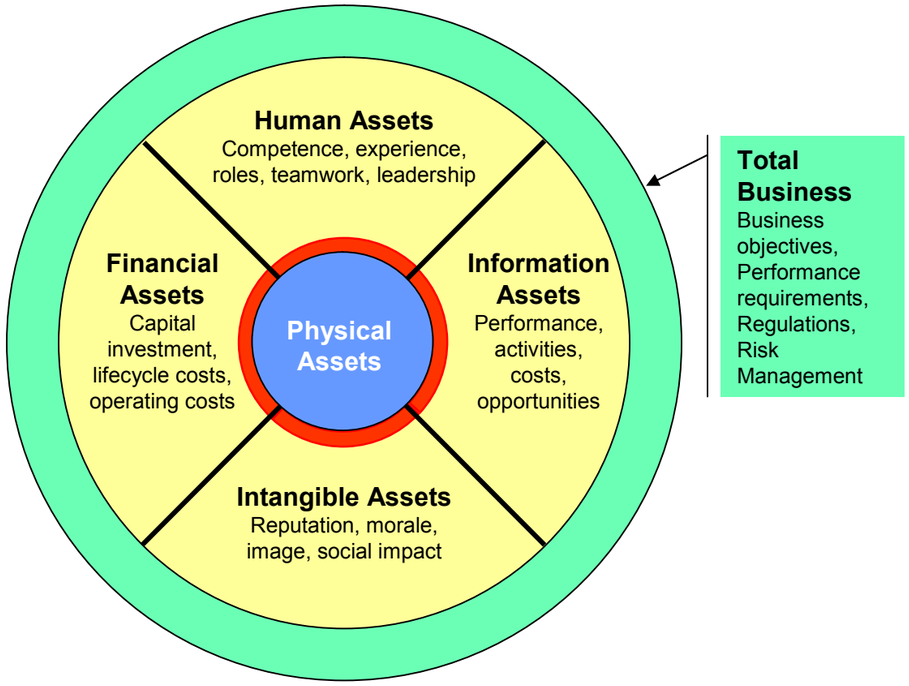
1. There is limited “change Capital” in all organisations.
2. No organisation can be best at everything
3. Strategy sets which role should be best (central)
4. Leadership applies the focus and steers the team



BSI PAS 55-1 (2008)

British Standards Institute – Publicly Available Specification

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What are our human resource issues?

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- Good asset management requires a capacity to manage asset related risk by learning and changing.

1. Effective Asset Management requires sound leadership and a learning culture.
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