Partnering With The Enemy To Advance Asset Management

KEYWORDS:

people, culture, leadership, courage, trust.

1 Introduction

In 2014, Council was a majority owner of a construction company, but the results evident through our contract model with that firm didn't match up to what the community needed.

The traditional contracting model had a master/servant relationship – lowest cost, adversarial, with lots of reporting but low asset management planning outcomes. An internal review showed our combined resources were being consumed on the wrong things, not gaining much positive traction towards achieving community outcomes and did not have a strategic outlook.

Our challenges were many – for example how did we optimise what funding we had on infrastructure, whilst growth in funding base was minimal, increasing legislative and compliance cost, responding to intensity of climate related events, lower number of participants in tenders, contracting sector being pushed to cut cost, compromising quality and outcomes.

We decided that we *"can't fix today's problem with the approach that first created them" -* The collaborative Alliance model established between the contractor and Council was set up where partnership with focus on people, trust and behaviours was the basis, to drive better asset management and "best for network" decisions. The model also ensured that profit margin and overhead allocation was mutually agreed thereby ensuring the focus moves away from making a profit to making the right decisions.

2 Methods

It is all about Culture/Behaviors and people

The relationships and trust that have been established mean that the collaborative Alliance now works with us not for us. This approach has allowed for a strong focus on increasing capacity, development of staff capability, breaking down "working in silos" across the organisation, and delivery of 'best for the network' outcomes.

Trust and Transparency

Trust and transparency was critical. The Alliance reported directly to the Council and the Alliance Manager is a member of the Senior Leadership Team. Information is shared openly across (horizontally and vertically) the organisation to create an atmosphere of trust and collaboration. Staff then had the right information to apply themselves to their roles. We collectively decided why and what is required and the alliance partner takes ownership of the "how".

Become Client of Choice

We had to look inwards – at ourselves - and determined what behaviours we had to exhibit to attract potential partners who would want to work with us. They had to choose us and want to work with us and not for us. It's all about relationships, it's all about people.

"*He aha te mea nui o te ao. He Tangata, he tangata, he tangata.*" What is the most important thing in the world? It is people, it is people, it is people.

3 Findings and Argument

What we achieved through this model can be summarised within 3 broad areas:

Better Decisions

This model enabled Council to harness the collective wisdom of both organisations, created an attitude of equals, incentivised ownership of decisions and outcomes, enabled innovation and a disciplined holistic approach to

network management. Our "Best for network decision" focused on solutions that addressed the core issues and not the symptoms.

Leadership

Leading culture and behaviours - Culture takes time, patience and persistence. We used the ADKAR model (Awareness, Desire, Knowledge, Action and Reinforce) to imbed into the organisation a culture that helped us to move closer to our vision of being a Client of Choice. What we quickly realised that it was all about the people and we also embarked on a parallel journey to become an employer of choice.

Horizontal leadership - we were able to break down walls and silos, and built close cross functional relationships based on trust and communication. Staff are encouraged to openly voice their opinions and to take risks. And it was only natural that conflicts emerged. So we created an environment where such constructive conflict is encouraged as it is necessary for the growth of the organisation and for fine-tuning rough ideas. As a result, we created leaders who were not in a traditional leadership role.

What is critical was that staff not only did things well, but they started to influence the decisions and outcomes. That's empowerment.

Transferable skills – we developed skills that are of value across multiple functions and sectors eg Stakeholder management, strategic planning and analytics. We also found that the difference disciplines in the projects were coming together – owner, designer, contractor and user – and the results meant better outcomes, solutions future proofed, reduced waste and cheaper whole of life cost.

Business Transfromation

The right business model - The collaborative business model meant we created win-win situations an alignment of outcomes. The model created better value, improved risk management, enhanced relationships and had a more strategic focus. All of these meant, better outcomes for our ratepayers and community.

On the back of a successful collaborative partnership, we had a few more – IT Alliance (MBS and Council), FILTAR – Pahiatua Water Treatment Plant (Filtec and Council), Breeze - Integrated financial planning and reporting solution (IBIS Aust and 3 Councils)

Procurement was used as the catalyst for change. We took a strategic approach ie how we procure can help us achieve/enable our strategic and community outcomes, including services levels and cost effectiveness. It also enabled us to take a lead in our supply chain management – growing capability and capacity in our supply chain at a local level and enabling greater innovation by suppliers. The Four Principles of Know what you want, Attract the best, Choose the right ones and Manage them fairly is not only being used in procurement but in all our relationships.

4 Conclusions

The proof is in the pudding

- Extended partnership - The alliance model was extended for a further 10 years based on assessing whether other providers in the market could provide a better roading network and relationship. Audit and the NZ Transport Agency who are the largest funder of rural roads, agreed the decision to retain the partnership created, was prudent.
- Created the right culture - In the 2019 Interim Audit Governance Report, the auditors remarked – "We consider that a culture of honesty and ethical behaviour has been created". This is the reflection of staff behaviour across the whole organisation.
- Client of Choice – local contractors do "bend over backwards" wanting to work with us
- Supply chain leadership – working in partnership with our local contractors and imbedding the Four Principles of our procurement approach, we have helped improve the capacity, capability and resilience in our contracting sector.

- Model will survive us – the culture we have created, the structure we have in place, imbedding the principles underpinning ADKAR and Client/Employer of choice, and developing leadership across the organisation will ensure the business transformation journey continues even when key staff leave.

5 References

Nil