

(Title) Strategic Asset Management, an Inconvenient Truth?

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1 Introduction

Asset management has for too long been seen as a niche discipline and the domain of engineers or accountants. However, asset management is not simply about the physical or financial assets, it is really about the services they enable us to provide for our local communities. The City of Launceston came to this realisation late in 2017 as it moved from a suite of independent asset management plans and disconnected set of key planning documents to a more strategic management approach. Council management also directed that asset management should cover all asset classes not just those prescribed under the Act¹.

2017-2018 included a period of widespread organisational change with a refreshed executive leadership team, the review of key corporate planning documents, and Local Government elections in late 2018.

The new executive had a clear vision for a whole of organisation approach to the formation of corporate strategy suite, including the integration of a Strategic Asset Management Plan (SAMP) as one of the foundations of the organisations future direction.

2 Resourcing for success

This vision was implemented through the formation of a well-resourced, off-line Corporate Planning Team to prepare new suite of statutory planning documents, including:

- Corporate Strategic Plan
- Long-term Financial Plan
- Strategic Asset Management Plan

Creation of refreshed Organisational Values & Behaviours were also prepared by the project

team as a part of a broader cultural development program to align the effort of our people, Council-wide. A tight 8-month delivery time was set for completion of the draft documents.

Concurrent development of these plans ensured alignment of strategy and objectives across the suite of plans, as the outputs from one document became inputs into the others. Importantly, the adequate resourcing of an empowered cross-functional team facilitated strong connections into organisational teams with strong ownership the elements covered by the project scope. This was beneficial during both the development work, but also to foster strong engagement and ownership of the outputs of the project on an ongoing basis.

3 Informing enhanced decision making

The practice of asset management within many organisations often splinters into disparate and isolated specialisations. Sometimes this can be via different classes of assets, or simply separation between technical and financial management responsibilities. Confronting the trend to work in isolation from one-another, and challenging teams and individuals to acknowledge and accept the important contribution each is making to an overall organisational outcome, is central to success. Inevitably, this tension manifests in an argument around who has the "right" answer, whose data set is more reliable, or who has the biggest legislative or policy weaponry to deploy.

Our experience in developing a SAMP also uncovered a range of associated misconceptions and challenges regarding the anticipated end result the SAMP would deliver. This included identifying the final "winner" where conflict had existed, providing the

definitive conclusion to all future asset investment decisions, and making any future discussion regarding depreciation methodologies or discretionary spending redundant.

In reality the SAMP process has not provided a definitive position on any of these matters rather, it has created a framework and suite of supporting tools to better inform future asset investment decision making. In many instances this has brought to the surface a range of issues that are uncomfortable and challenging to acknowledge in terms of both the past choices we have made and also the future decisions that will need to be taken in order to maintain a sustainable organisation.

The existence of enhanced information does not mean decision-making is necessarily any easier or that the right solution simply falls from the sky however, the choices we now make should result in improved outcomes for our organisation and most importantly for the services we provide to our community.

4 Conclusions and recommendations

The City of Launceston has now established a robust suite of plans that define both our obligations to maintain existing service provision to our community as well as our ambition and capacity to deliver new and innovative services. We anticipate that the tools and evidence base created via this project will provide a critical lens via which we will assess our future investment decisions, underpinning the future growth and prosperity of our region and organisation.

Ensuring that the development of key corporate strategies and plans are well resourced, and structurally well connected into the organisations centres of responsibility and decision-making is critical to success.

Inevitably, there will be some difficult or unexpected findings to be uncovered. Actively managing conflicting priorities, expectations regarding the key deliverables, and the outcomes of tackling these challenges creates the required foundations for effective organisational collaboration.

References

1. Local Government Act 1993 (TAS)
2. Font size and style for references: Arial 9, spacing after 6 pt, hanging 0.77cm.