



cutting through complexity

Advancing Your Asset Management Plan

Infrastructure Asset
Management Alberta
2015 Spring Workshop

Red Deer, AB
June, 2015

Background

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

Aging Infrastructure

Shifting Priorities

Limited Resources

Changing Environments

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

Target 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 Change

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

Enhance Transparency

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

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

- Federal
- Provincial
- Industry
- Grass Roots



Many drivers impacting push for better asset management in Alberta's public sector

- Aging asset base
- Rapid growth
- Economic downturn
- Increased scrutiny
- Climate change
- Funding programs



Improving Your Program



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

Important to recognize that effective asset management requires that we move beyond minimum financial reporting requirements and consider how these relate to long-term needs.



Asset Management

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

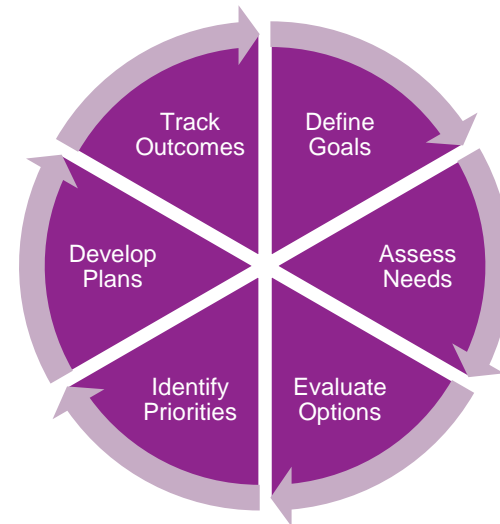
Strengthen the AM Function

Strengthen the organizational enablers needed to support and sustain the asset management program over the long-term.



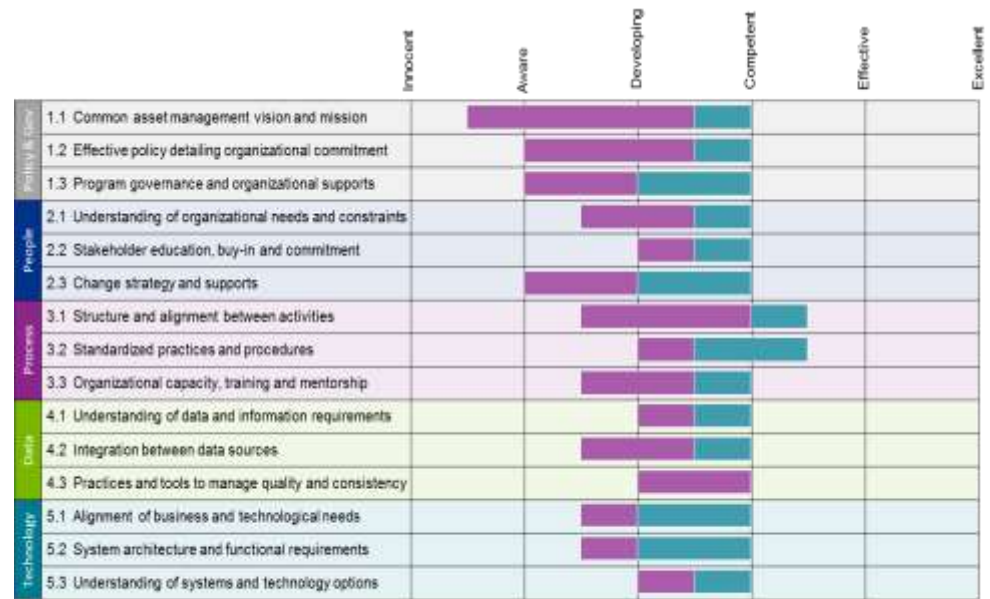
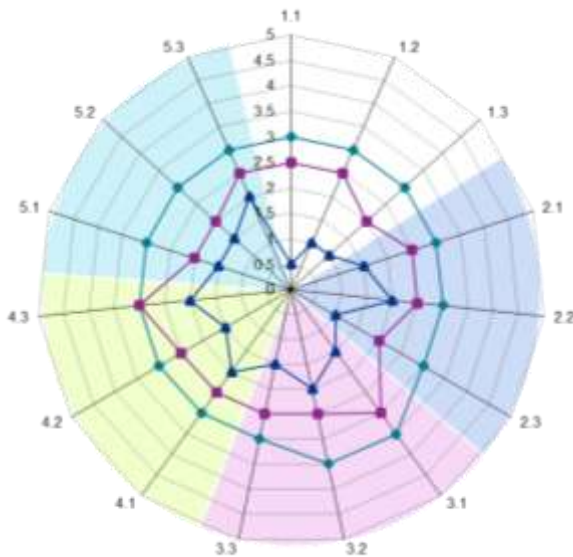
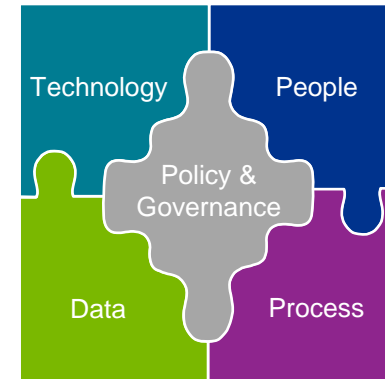
Enhance the AM System

Enhance the activities, practices and tools guiding robust, effective infrastructure investment planning and decision making.



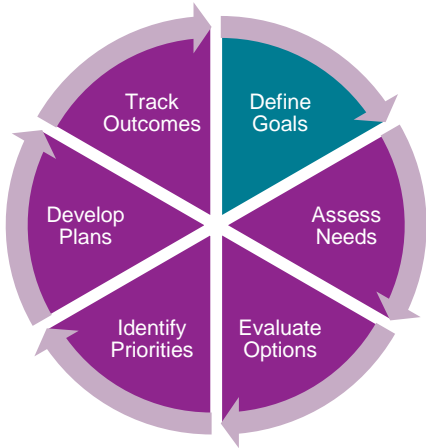
Strengthen the AM Function

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.

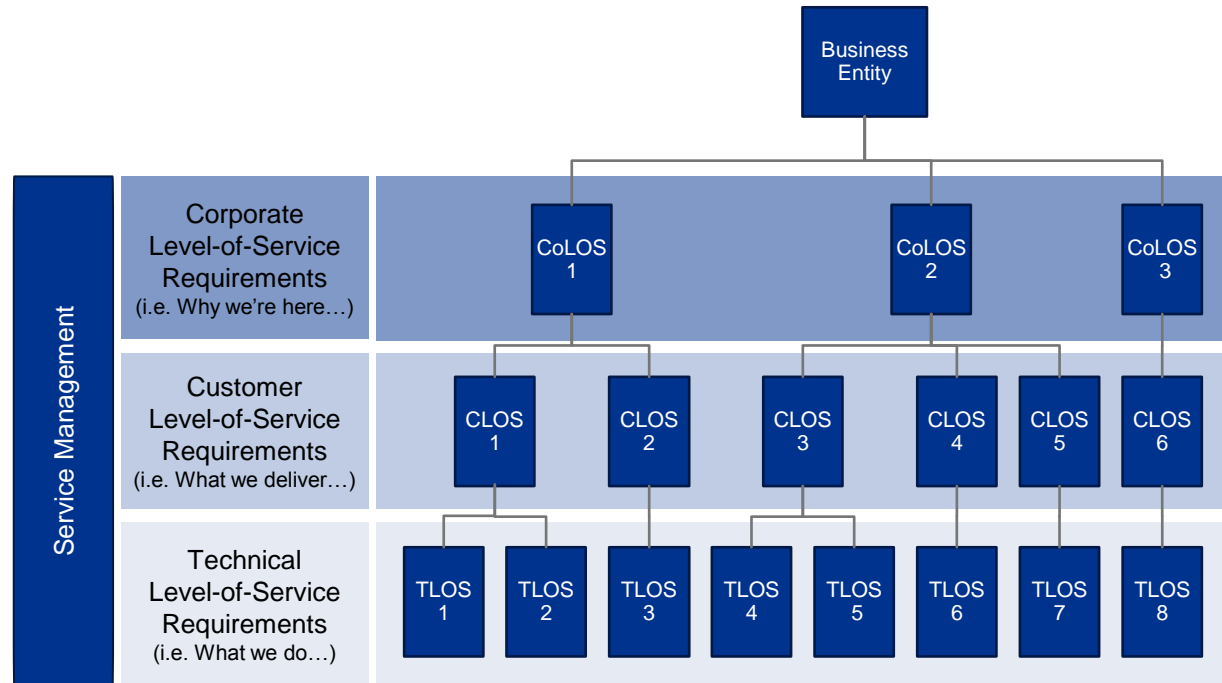


Short-Term (1-2 Year) Strategy Mid-Term (3-5 Year) Strategy

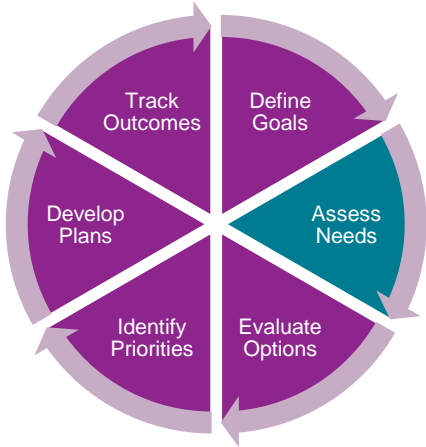
Enhance the AM System



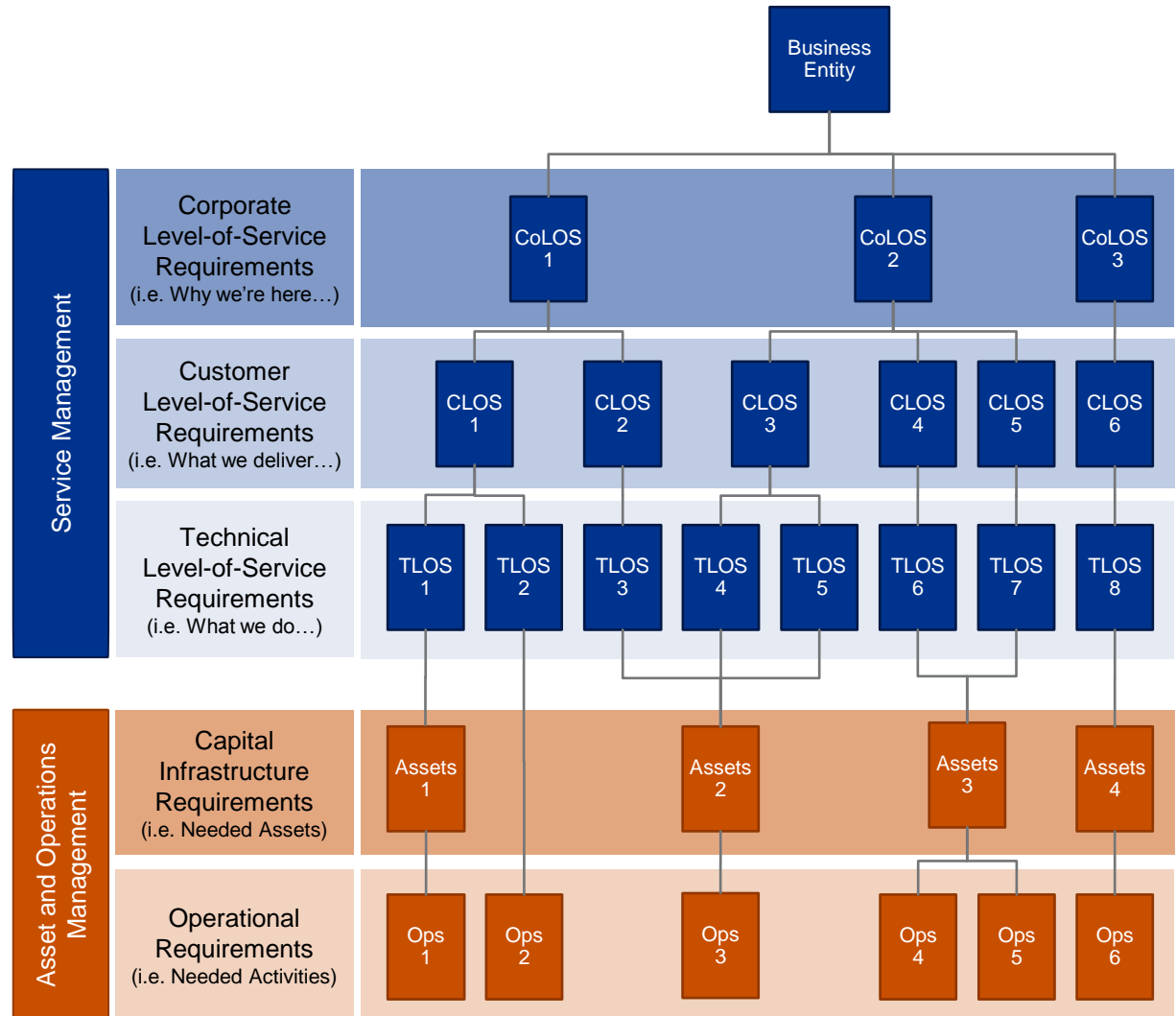
An integrated Level of Service (LOS) framework provides a common platform for measuring system performance relative to internal and external goals and requirements.



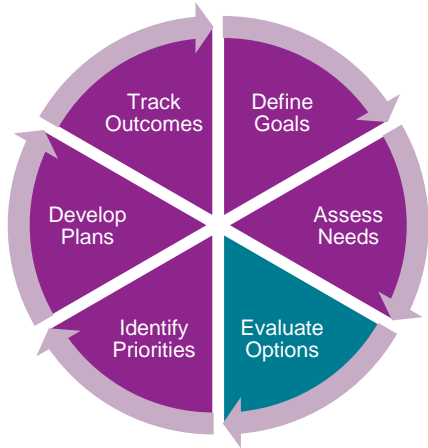
Enhance the AM System



Relationship modeling identifies linkages between physical infrastructure and the service it supports. Risk analysis is used to identify and evaluate service gaps and enhancement opportunities.

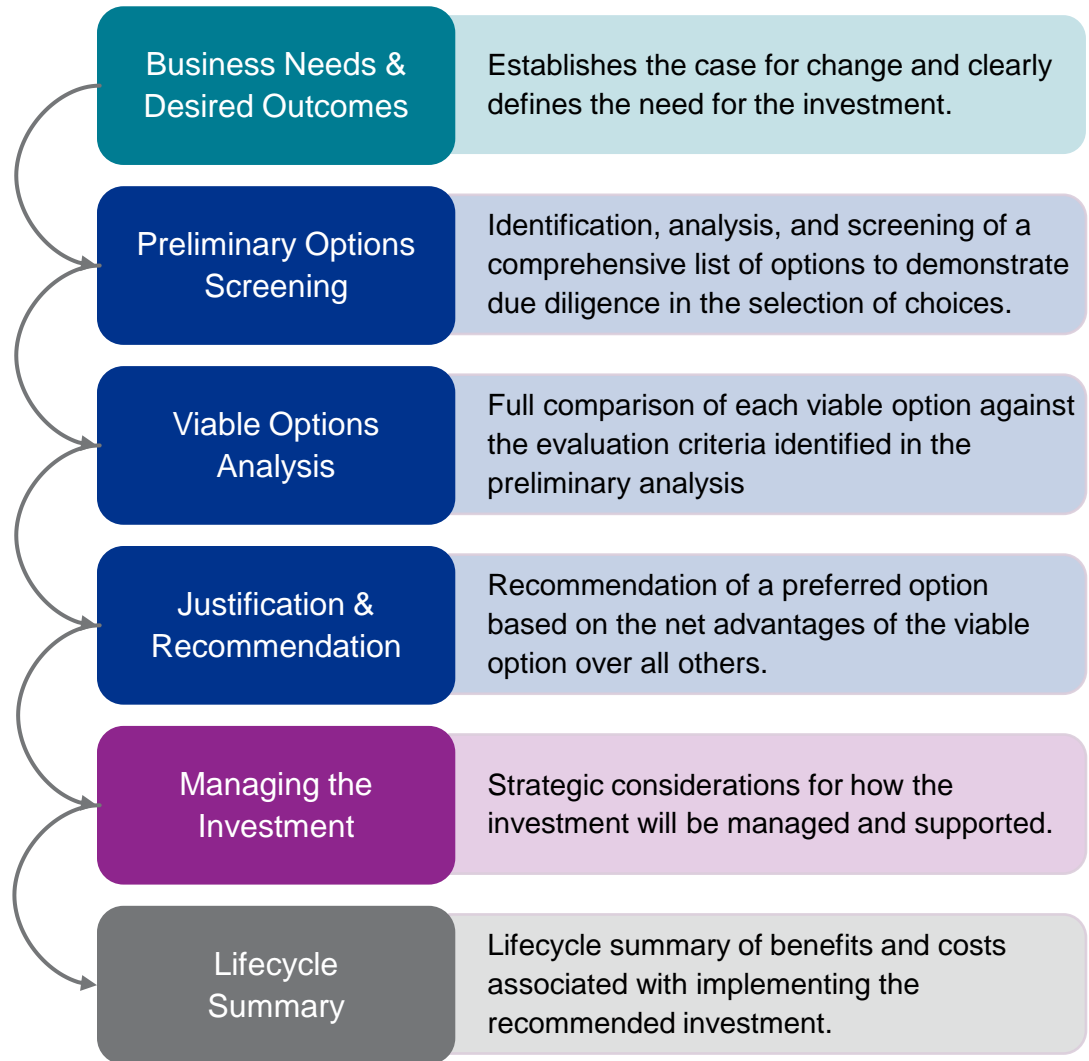


Enhance the AM System

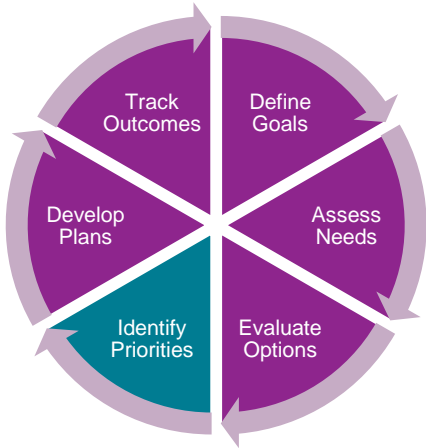


A structured business casing framework provides an effective platform for evaluating project options and defining scope, budget, schedule and lifecycle management requirements.

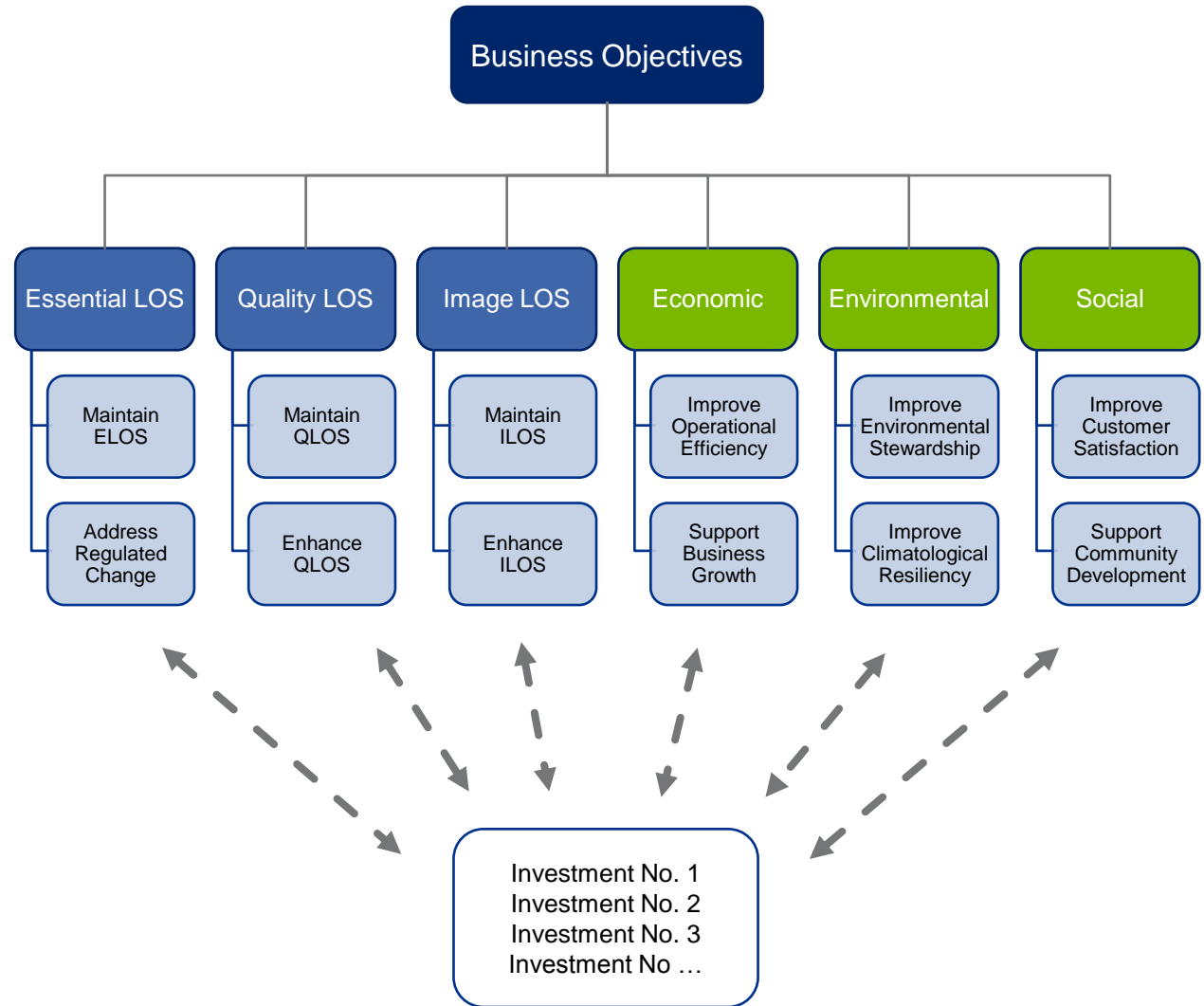
Lifecycle Business Casing Framework



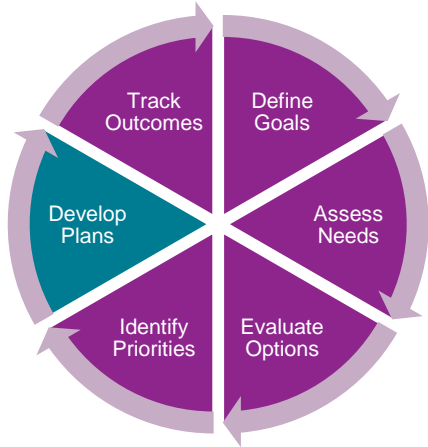
Enhance the AM System



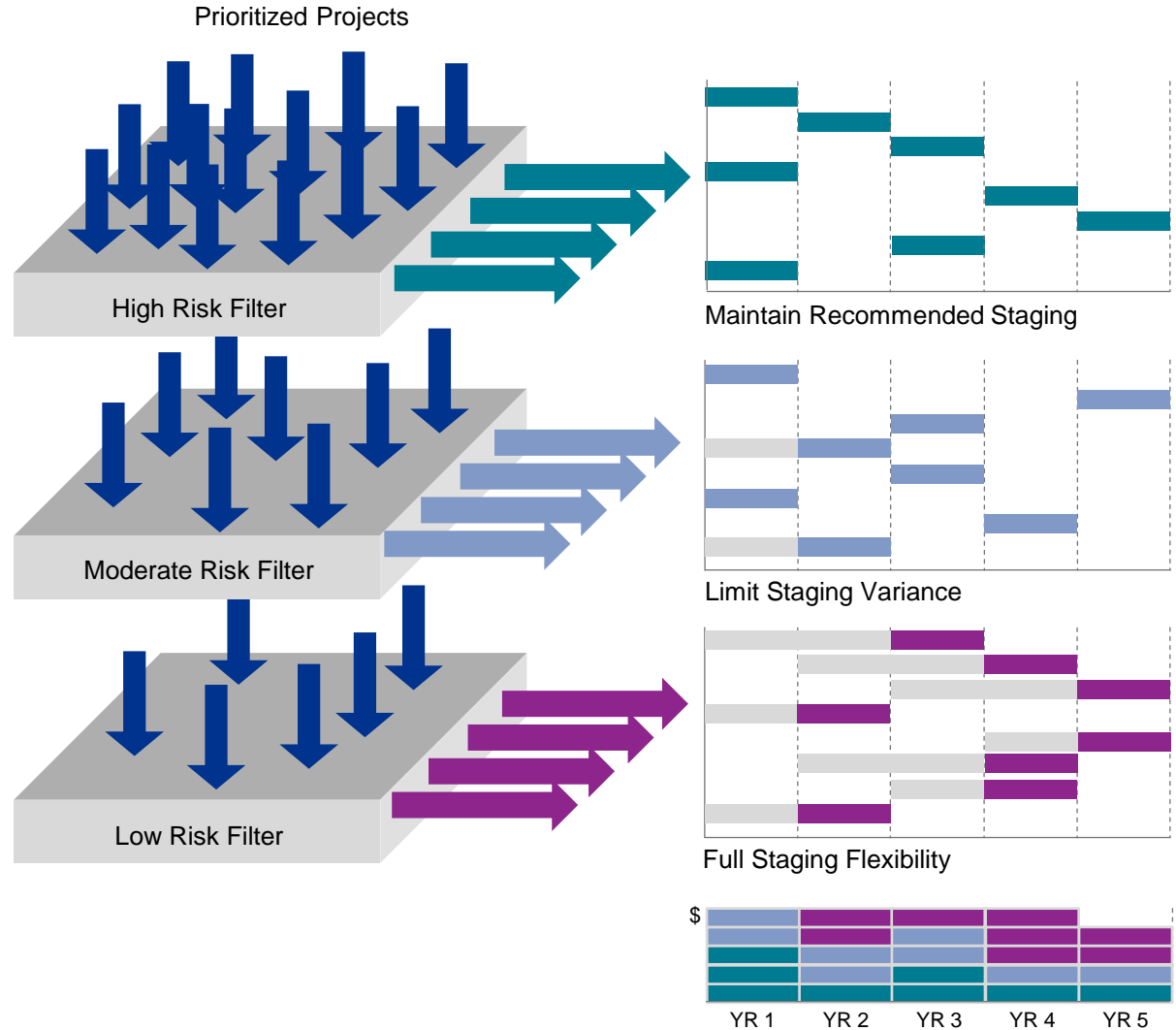
A multi-criteria prioritization (MCP) model evaluates projects based on business objectives and service impacts, and prioritizes investment on a value-for-money basis.



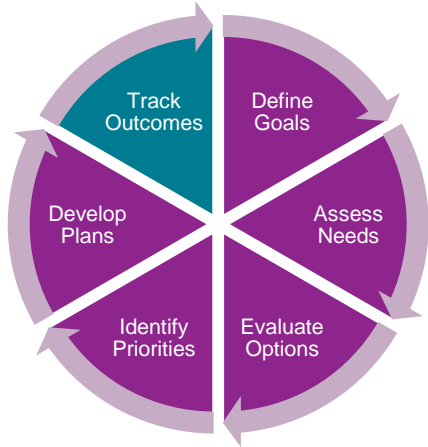
Enhance the AM System



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



Enhance the AM System



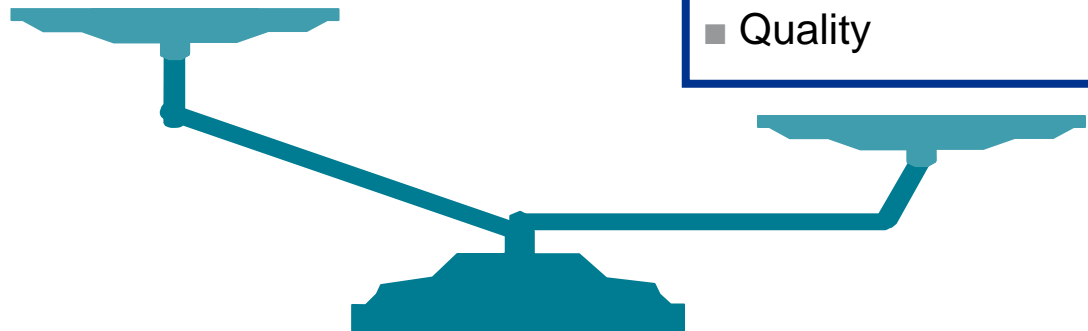
The validation of investment outcomes against business case goals and objectives demonstrates value for money and ensures the ongoing transparency and defensibility of the planning process.

Actual Outcomes

- Service Impact
- Business Impact
- Cost
- Schedule
- Quality

Planned Outcomes

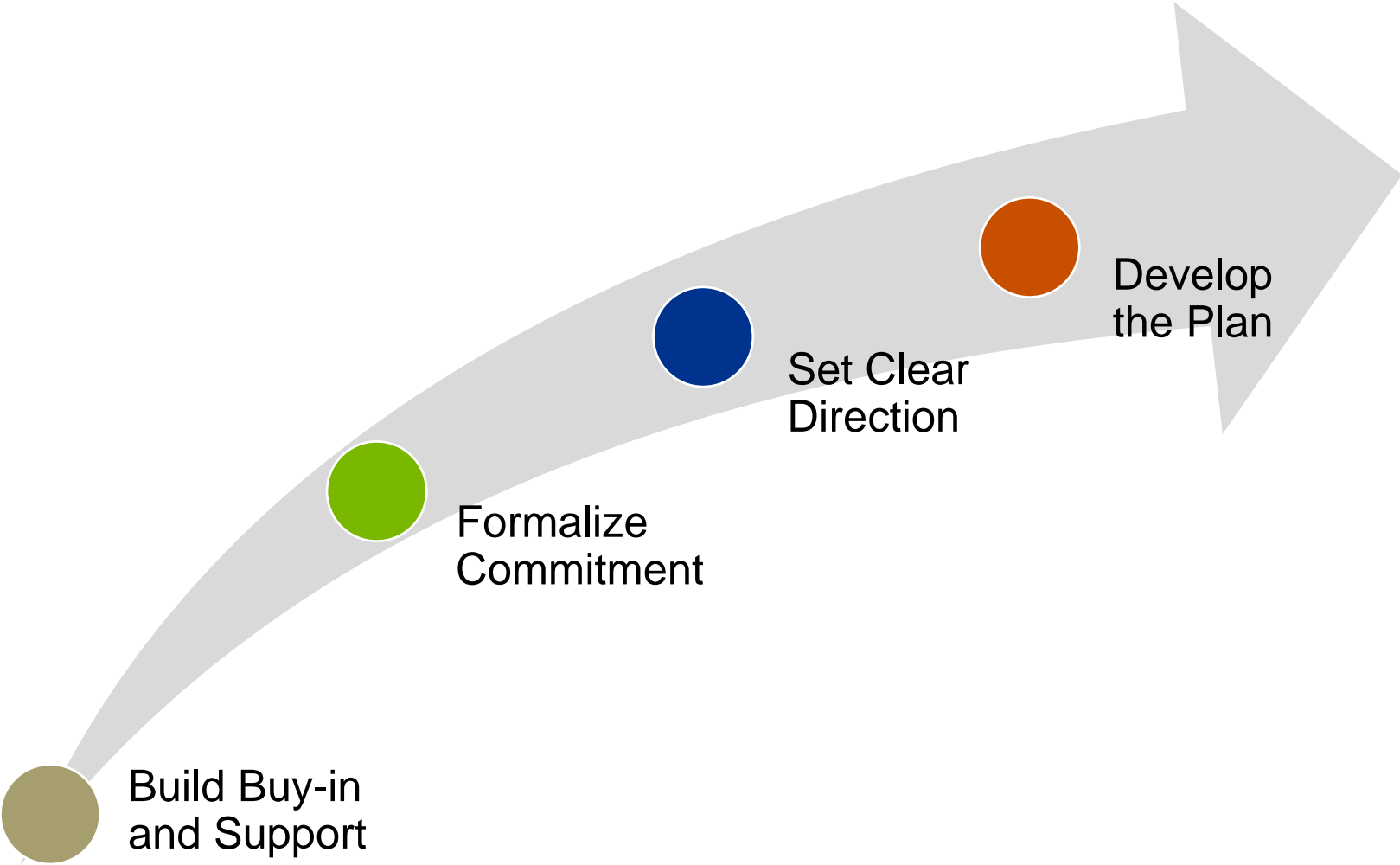
- Service Impact
- Business Impact
- Cost
- Schedule
- Quality





Starting Your Journey

Starting your asset management journey...



Build Buy-In and Support

Establishing a common understanding of stakeholder viewpoints is crucial in proactively building common vision and focus on 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...				

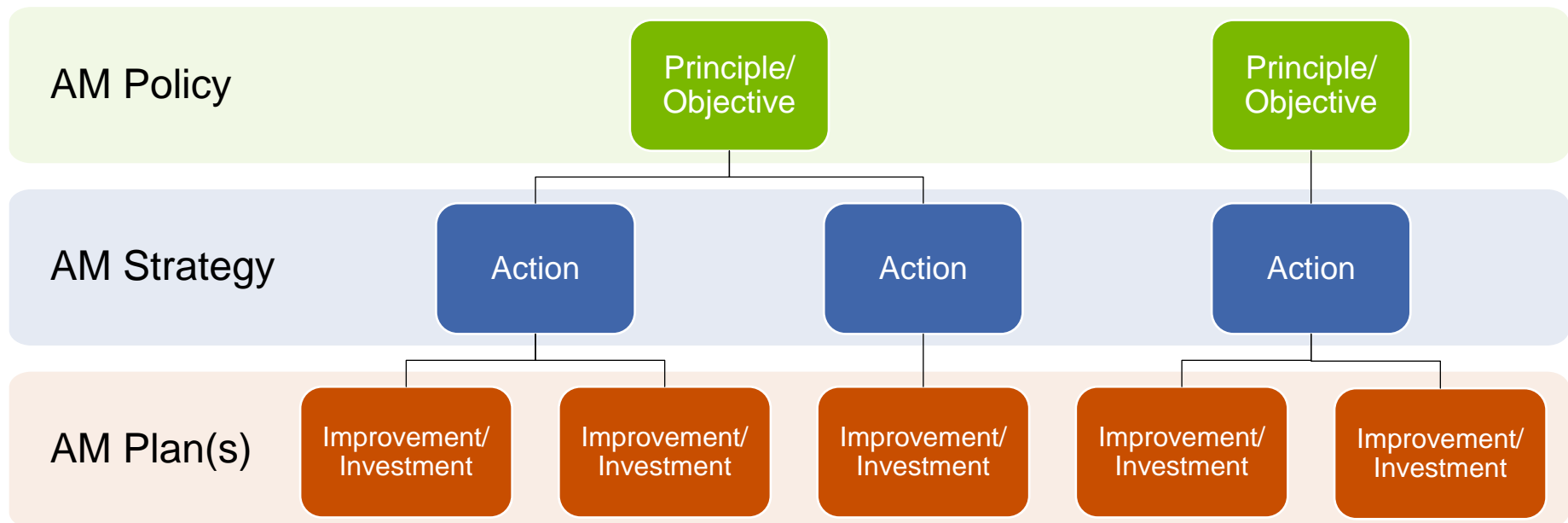
Formalize Commitment

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



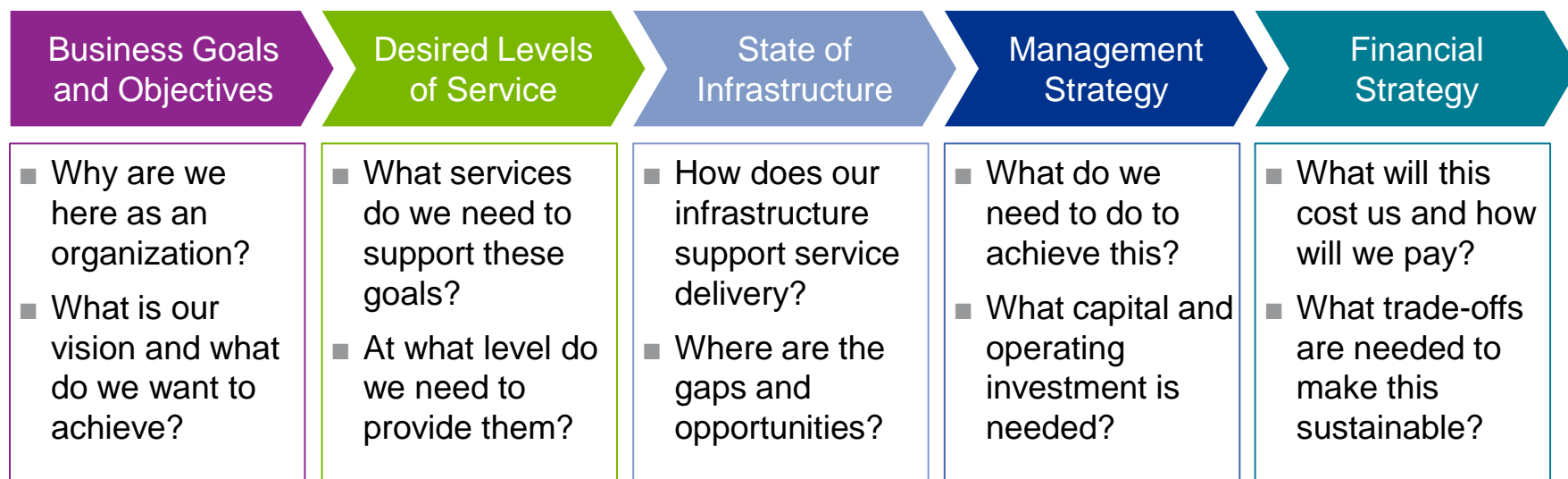
Set Clear Direction

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.



Develop 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.



Asset Management Plans



Things to Consider



Losing focus on the Business

Infrastructure doesn't exist to be infrastructure. It exists to serve a purpose. When done effectively, asset management helps us align our infrastructure, and associated capital and operating investments with our business goals and priorities.

- Understanding relationships between our business priorities, our service requirements, and our physical infrastructure assets helps us understand the dependencies of improvement on business outcome
- Will also help in identifying relationships between stakeholders and establishing plans to overcome silos, and communicate and manage needed change.

Isolating improvement

Sound Policy and Governance, People, Process, Data and Technology are organizational enablers needed to successfully introduce and support effective asset management over the long term.

- To be effective, an AMP must consider the interrelationships between all of these factors, and how they will work together to support business need.
- Integrated strategy needed to ensure that needed supports get introduced along with improvements to practices and tools.

Trying to control everything

Pushing asset management from the top is difficult and often results in conflict and animosity between corporate and business unit teams. Eventually this results in business units “doing their own thing” after the initial push has subsided.

- Balance corporate control with business unit autonomy – AMP must introduce overall guidance and support, while respecting that some flexibility is needed for OCs to function effectively
- Change strategies should be tailored to each operating company, demonstrating and aligning structure around common needs and priorities, while respecting OC mandates and intricacies

Limiting engagement

Stakeholder engagement is critical to achieving buy-in and support for EAM corporately and within the operating companies.

- Identify stakeholders and dependencies early on
- Keep engagement and change management at the forefront of all work activities
- Work collaboratively and flexibly to effectively target and utilize people’s time
- Employ proven facilitation techniques to maximize input and contribution
- Track and communicate progress – nothing builds support like success.

Available tools and resources

Over the past decade significant advancements have been made in the field of asset management across Canada, and much information aimed at supporting this process introduced.

Infrastructure Asset Management Alberta (IAMA) www.assetmanagementab.ca

Asset Management BC (AMBC) www.assetmanagementbc.ca

Saskatchewan Municipal Asset Management (SMAM) www.assetmanagementsk.ca

Municipal Finance Officers' Association of Ontario (MFOA) www.mfoa.on.ca

Canadian Network of Asset Managers www.cnam.ca

Federation of Canadian Municipalities (FCM) www.fcm.ca

Institute for Asset Management www.theiam.org

Institute of Public Works Engineers of Australasia www.ipwea.com

New Zealand Asset Management Support www.nams.org.nz

International Standards Organization ISO 55000:2014 www.iso.org

Thank you

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