Asset Management
Governance Models

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Global Lead, Asset Management
Agenda

1. Introduction
2. The need for AM Governance
3. AM Governance Approach
4. Implementing an AM Governance Model
5. Summary
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Results of inadequate asset management
Creating sustained value through asset management

- Seeking to **minimize total costs** of acquiring, operating, maintaining, and renewing assets
- Within an environment of **limited resources**
- While continuously **delivering the service levels** customers need and regulators require
- At an **acceptable level of risk** to the organization
Tangible value proposition for AM

- Lower cost of asset ownership
- Cost Savings
- Improved Governance & Accountability
- Enhanced Service Mgmt & Customer Satisfaction
- Improved Risk Management
- Improved Financial Efficiency

Graph showing the impact of different factors over time:
- Capital & Operating Resources (S)
- Time - Years

Key points:
- Minor Financial Crisis Point
- Major Financial Crisis Point
- Minor Financial Crisis Point
Intangible value proposition for AM

- A culture that is resilient and embraces change as a positive
- Skilled and empowered workforce
- Improved staff morale (improved retention)
- Improved asset knowledge management
- Environmental stewardship
- Improved customer relations and satisfaction
- Ability to attract key talent
- Track record of performance that makes it easier to find funding sources
- Recognition as a high performance utility
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The asset lifecycle and the need for collaboration
Typical asset management framework

Business Drivers
- Customer Expectations
- Government Goals
- Regulatory Requirements
- Environmental Factors

Support Services
- IS & Data Management
- Human Resources Management
- Financial & Administration

Performance Management
- Performance Assessment & CI
- Performance Monitoring & Reporting

Planning
- Strategic Planning
- Tactical Planning
- Operational Planning

Delivery
- Operations
- Programs
- Asset Lifecycle Mgt
  - Acquire
  - Maintain
  - Dispose
  - Rehab

Services/Production Delivered
Layered asset management framework

- **Strategy**
  - Do
  - Plan
  - Act
  - Check

- **People**
  - Do

- **Process**
  - Do

- **Systems**
  - Do

- **Data**
  - Do
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Organisation design

An organizational design structure resolves the two basic tasks:
1. Dividing up the work in the organization into logical units.
2. Ensuring the work gets done by providing the coordination and control of work.
Approach to governance

- Mechanistic: Low Delegation, High Uniformity, Few
- Organic: High Delegation, Low Uniformity, Many

- High Division of labor
- Low Degree of Work Specialisation
- Low Delegation
- High Uniformity

- Low Distribution of Authority
- Low Degree of Centralisation
- High Delegation
- Low Uniformity

- Departmentalisation
- Degree of Work Uniformity

- Span of Control
- Number of Resources
AM Framework Coordination/Collaboration Reqs

AM Strategic Planning
- Departmental AM Strategic Planning

AM Tactical & Operational Planning
- Departmental AM Tactical & Operational Planning

Program and Project Delivery
- Departmental Program & Project Delivery

Performance & Knowledge Management
- Departmental Performance & Knowledge Management

IS & Data Management

Human Resources Management

Financial Management

AM Strategic Planning Network

AM Tactical & Operational (Productivity) Network

Program & Project Delivery Network

Performance & Knowledge Management Network
### Organisational Design Options & Models

<table>
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<tr>
<th>Organizational Design</th>
<th>Description</th>
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<tbody>
<tr>
<td><strong>Functional</strong></td>
<td>Logical reflection of the org’s activities based on specialization that is efficient.</td>
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<td><strong>Service-Based Focus</strong></td>
<td>Adaptable and flexible to meeting the needs of managers as they use assets to deliver a set of related services.</td>
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<td><strong>Territorial (or Geographic)</strong></td>
<td>Establishes work groups based on a geographic area.</td>
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<table>
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<th>Four Models</th>
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<td><strong>Model 1</strong></td>
<td>Corporate AM Steering Team, Centralized AM Group, Formal Decentralized Departmental Delivery Through Networks</td>
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<td><strong>Model 2</strong></td>
<td>Corporate AM Steering (Senior Cross-Departmental Group), Decentralized Departmental Delivery</td>
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<td><strong>Model 3</strong></td>
<td>Centralized (Corporate AM Group), Informal Decentralized Departmental Delivery</td>
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<td><strong>Model 4</strong></td>
<td>Corporate AM Steering Team, AM Delivery Through Task Teams</td>
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</table>
Model 1 - Corporate AM Steering Team, Centralized AM Group, Formal Decentralized Departmental Delivery Through Networks

Corporate Leadership Team

Departmental Leadership

AM Steering Team (Supports Implementation)

CAM Group/Office

AM Strategy & Planning Lead

Asset Productivity Lead

Project Planning & Delivery Lead

Asset Knowledge Management Lead

Departmental AM Strategy & Planning Lead

Departmental Asset Productivity Lead

Departmental Project Planning & Delivery Lead

Departmental Asset Knowledge Management Lead

Asset Management Network

Asset Productivity Network

Project Management Network

Asset Knowledge Management Network

Sydney Water
City of Vaughan
City of London
City of Windsor
City of Winnipeg
City of Calgary
Columbus Department of Public Utilities
Auckland Council (New Zealand)
Model 2 - Corporate AM Steering (Senior Cross-Departmental Group), Informal Decentralized Departmental Delivery

- Corporate Leadership Team
- Corporate AM Steering Team
- Informal AM Network of Departmental Representatives

- Task Team (AM Initiative)
- Task Team (AM Initiative)
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- Task Team (AM Initiative)
- Task Team (AM Initiative)
- Task Team (AM Initiative)
Model 3 - Centralized (Corporate AM Group), Informal Decentralized Departmental Delivery

Corporate Leadership Team

Corporate AM Group/Office

Informal AM Network of Departmental Representatives

Task Team (AM Initiative)
Task Team (AM Initiative)
Task Team (AM Initiative)
Task Team (AM Initiative)
Task Team (AM Initiative)
Task Team (AM Initiative)
Model 4 - Corporate AM Steering Team, AM Delivery Through Task Teams

Corporate Leadership Team

Corporate AM Steering Team

City of Markham
Town of Orangeville
City of Lincoln (Nebraska)
Strathcona County

Task Team (AM Initiative)  Task Team (AM Initiative)  Task Team (AM Initiative)  Task Team (AM Initiative)  Task Team (AM Initiative)  Task Team (AM Initiative)
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Implementation methodology

1. Charter the AM Governance Model Steering Team
2. Develop the Governance Design
3. Get Executive/Political approval
4. Implement the communications plan
5. Implement the leading change plan
6. Implement the knowledge management plan
7. Ongoing AM development as per the AM Roadmap
8. Track and report on program benefits
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In summary:

- Successful AM programs focus on Strategy, People, Process, Technology and Data
- The People aspect is important for coordination and collaboration around the asset life cycle
- There are various potential models – the centralized/decentralized option with communities of practice have yielded best results
- The right AM Governance Model can expedite your AM program development and sustenance
Questions

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