

Dealing with change

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With the Eurocrisis dominating the news it is often claimed we live in uncertain times and we do not know what the future will bring. Without a doubt that is a solid truth. However, it is a solid truth un any times. We never know what future will bring us, or to put it mildly, not for certain. Look for example at the weather. Despite the improved models and dramatically increased power of computing there is still some magical border beyond which a reliable forecast cannot be made. At present, that horizon is about 14 days. Yet, at the moment there seems to be an exception, as it has been autumn since July.

In itself it would be convenient if the weather would be the same every day, as it would allow for a solid preparation. But what to do if the weather shows an extreme side and changes suddenly? Suppose you are responsible for the levies in Groningen and the water almost flows over the top. In that case there is only one solution and that is to evacuate. If an asset manager for the utilities had planned activities in that region for that day, it would be inconvenient, as the job cannot be finished. This is certainly not comparable to the misery people go through when they have to leave their house, but then again, it is about the idea of being stopped in a plan. What should an asset manager do If due to external circumstances the job (maintenance, construction, operation,...) cannot be done? And what if the planned activity is not needed anymore? Then the plan has to be changed. See the diagram below for the process of Manage Change in the asset management process model.



Fundamentally four reactions are possible.

The first is to do another job. There is always a list of not-so-urgent things that should be done sometimes, like maintenance of the tools, instructions and cleaning vehicles, storages and so on. As long as the interruption is short this is fine, but if work is impossible for a longer period this will suspiciously look like some activity therapy for the mentally deranged.

The second option is to make shifts in the planning. Often there is a reasonable idea of what should be done in the next period, and it generally does not matter that much if next week the assets in area x or y are maintained, as long as both are done at the end of the year. Unfortunately, most jobs require materials. If they are not stocked (like in Just in Time systems) than changing the schedule might impose a change in the logistics to be able to execute it. This introduces a cost and increases the risk of errors in the supply chain. Or perhaps the permits for closing the road do not allow for such a last minute change.

If these factors are at play, it might be more attractive to accept the loss and to give the employees a day off. This is the third option. Employees can report ill as well, so in advance there is some slack in the planning to accommodate some loss of productive days. Per individual employee it is difficult to predict, but in a pool of tens of employees the predictability increases. Unfortunately, some companies are very bad losers and will try to make someone else pay. This is the case if the employees are forced to take the day off, which eventually could be earned back with putting in overtime. But this is transferring the risk to someone without any control over the risk. In general that person will not become a best friend.

The last option is only available for work for which the conclusion has been reached that is not needed anymore, like building the infrastructure for a city that will not be built. But it can also be a program that proved to be not effective as well. With those kinds of interruptions for the planned work, the option can be to continue anyway. The materials are delivered and paid, the employees have to be paid whether they are active or not, so in the end it does not matter for the costs if the work is executed. Should the city be built after all, the infrastructure is already there. This may sound crazy, but how certain are we that all things we do really is needed? The whole idea of the lean movement is that some tasks are performed without adding real value. The task being unnecessary is often not as visible as building an infrastructure in places where nobody will ever live, but in principle there is no difference.

The 64000 dollar question is who determines what response is given. The answer is that it depends on the magnitude of the interruption. Small interruptions (comparable in size to reporting ill) can be dealt with by the service provider without any problem. Some interruption is included in the planning, as there is never a project which goes precisely according to plan. Whether the solution is working on the backlog of small tasks, off days for the employees or shifts in the order of the activities is up to the service provider. And if the service provider does not do it properly, it is his problem. But things change if the shift in planning will impact other parties. The supply of key materials can be Just in Time, and changing plans trickles down the whole supply chain. Then the service provider cannot make the decision any more. But as a consequence, the solution should not be at his cost either. The party that has an overview of the risk will have to bear the cost. Managing change therefore truly is a Risk Based Asset Management process.

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