Program management with a different quality

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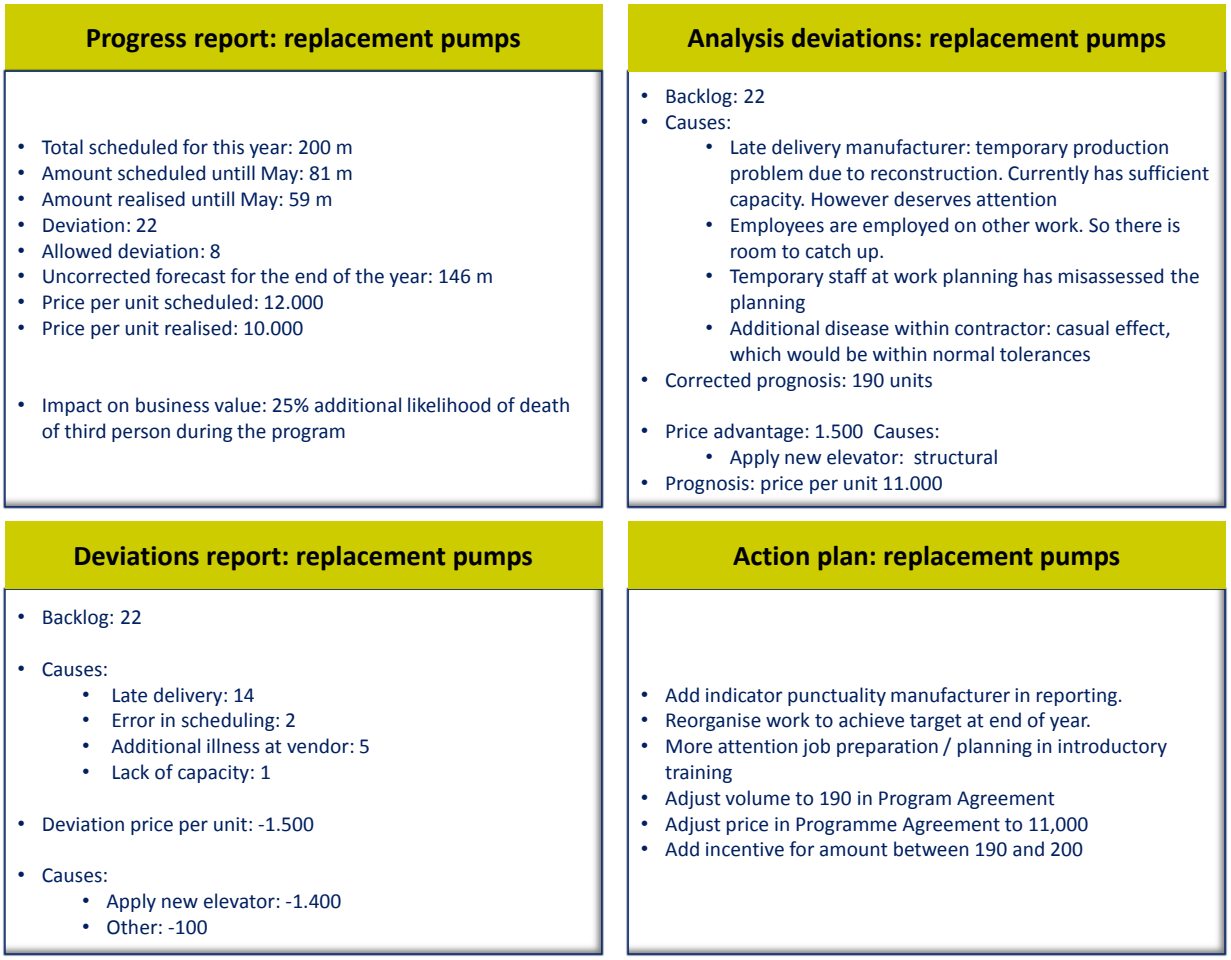
Asset management. When we ask the question with new clients which elements go with it, we get plenty of answers. These include for example decision making, risk management, investment planning, assets and roles. These answers are all correct. What we here less is ´execute the work for mitigation measures´ (we call it Program Management). Isn't it strange? If we then focus on Program Management, then we are sometimes quite surprised. The actual implementation of the mitigation measures takes place at the Service Provider role[1]. Many asset intensive companies apply program and project management methodologies such as Prince2. One component of these methodologies is to have feedback of the status of work. However, we find it quite often that there is hardly any feedback on progress. So the Asset Manager provides new construction work, replacements, and maintenance to one or more Service Providers, but the Asset Manager then must hope that the work is finished on time and within budget. So if we then ask the question whether this is not strange, the answer is (fortunately) always: 'Yes, that's really strange'.

Prince2 not only deals with a delivery on time and within budget, but the required quality is also taken into account. In practice the feedback related to quality is not always well made. Many clients find that whether the technical specifications are met or not and open issues on the punch list should also be fed back. These are indeed aspects which belong to quality, but this is only part of the desired quality. We mean another kind of quality.

How is it possible that asset intensive companies quite often can improve at this point? I took an old textbook on administrative organization and internal control (AO / IC) from the bookcase. This book was frequently used in the early 90s in the higher education. The book describes how processes should be defined, what the routing of information should be and even how the organizational processes should be embedded. In addition, the accuracy and completeness of data is discussed (nothing about timeliness), standardisation is described and it is described how duplication can be avoided and how to deal with unnecessary actions. The book ends with a chapter how analyses on the implementation of the process should be carried out and how the process itself can be improved. So the chapters of the book may be perceived as a sort of Plan - Do - Check - Act circle: the Deming circle. Many current managers have studied in the 80s and 90s thus it is not surprising that, if there is feedback from the Service Provider, this often contains operational status information. So in practice we often see progress reports which contain operational aspects of time, money and quality.

Professional Asset Managers and Service Providers can agree on specific goals. To measure whether these goals are met, reports are needed in which information is derived from the goals. In the reports the issues of time, money and quality should be found. The example report (see figure) also shows that for deviations proposals are mentioned and a reward if the Service Provider is catching-up. When an Asset Manager is able to set up such a report and the Service Provider acts according to it, then very good progress is made in the development of the two roles in the program management process.

[1] See also our column ´Sense and nonsense in splitting roles´



Example of a Program Management report

Yet the example in the figure above is not enough for proper asset management. By quality we mean more than what can be seen in the example above.

The Asset Manager will, if all goes well, become goals of the Asset Owner. A professional Asset Owner sets goals that deal with for example safety (e.g. maximum number of incidents per 100,000 hours worked) and the environment (e.g. maximum emissions). Quality objectives could contain for instance the maximum number of hours of lost production of the plant or the desired OEE (Overall Equipment Effectiveness). This quality is not the same as the quality which was dealt with previously in this column. Reports often lack for example the mean response time to anomalies and a fault recovery time. But what really is missing is the achieved risk reduction, for example fewer incidents of a particular type of asset.

So asset managers: make sure that, besides the operational progress measurements and analysis, also is clear whether the intended effects of mitigation measures is achieved. Then you are really able to deliver quality ..... and then also on time and within budget.

John de Croon is partner at AssetResolutions BV, a company he co-founded with Ype Wijnia. In turn, they give their vision on an aspect of asset management in a weekly column. The columns are published on the website of AssetResolutions, www.assetresolutions.nl/en/column