

NOTES FROM A WORKSHOP TO DISCUSS AN INDUSTRY STANDARD FOR PROPERTY AM
9 NOVEMBER 2006, SOMERSET HOUSE

Participants:

Paul Carder	IPD Occupiers
Allen Elston	Land Registry
Nigel Ford	COPROP
Noel Grinsted	Institute of Asset Management
Steven Male	University of Leeds
Carol McLeod	Donaldsons
Richard Saxon	Consultancy for the Built Environment
Keith Snook	RIBA
Alan White	Lenborough Consultants
Tim Lloyd	Consilian

Summary of Presentation 1: Approach of the industry standard

The standard will specify the industry's requirements for a generic property asset management (PAM) system and provide informative guidelines for organisations that wish to implement a PAM system that conforms to this specification. The standard will be written in a way that allows organisations to align or integrate their PAM systems with other business management systems and models, particularly normative frameworks for internal risk management and corporate governance.

The chief difference between the standard and existing guidelines or codes of practice for PAM is that the standard will crystallise best practice into something that can be measured in an objective and consistent fashion. Measurement against the standard will enable any organisation in the public or private sector to prove a level of competence in the way it manages its property assets and to demonstrate that processes are in place to periodically review and improve its PAM system.

The standard will prescribe requirements for a PAM system, not operational activities regulated by this system. It will not provide requirements for specific performance criteria such as occupancy densities, running costs and so on; nor will it be suitable for benchmarking such activities.

Whilst the standard will be consistent with the general principles of asset management in PAS55 Physical Asset Management, property possesses different characteristics to the physical assets shown in PAS 55. Buildings and facilities provide the environment within which people and business processes must operate – property is part of a unified system comprising people, process and place. The standard will use a systems approach and diagrams to clarify the largely intangible processes whereby property assets shape organisational behaviour and enable business performance.

Management system standards are a key element of strategic business planning; they must work in harmony with the structure of the organisation if they are to provide effective support to business activities and processes. The problem in achieving this arrangement is that the conventional model of organisational structure is based on the 'family tree' representation of vertical, power-based hierarchies. This model does not take into account the real, day-to-day interactions that occur in the 'white space' of such diagrams and it has limited use in flatter, 'empowered' organisations.

Organisational design is outside the scope of the standard's requirements. However, the standard will specify the links and relationships that must exist between different components of a PAM system and other resources in the organisation, which amounts to a definition of organisational structure, and it will provide practical tools that can be used to distribute participation in the PAM process throughout the organisation. This approach will aim to balance the efficiencies of central control with the benefits of local, autonomous working, eliminating unwanted bureaucracy and bottlenecks.

Outputs of Presentation 1 discussion

- The workshop was satisfied with the intended approach to developing the industry standard
- Consilian recommended the 'Viable Systems Model' as a useful model to communicate the relevant structural issues affecting the design and operation of a PAM system. It was agreed that this model will be developed and described in more detail in the draft consultation papers.
- Richard Saxon informed the workshop that work was in progress to develop ISO 15686, an international standard for service life planning and whole life costing of infrastructure assets.

Summary of Presentation 2: Arrangement of the industry standard

The standard is aimed at two types of audience within public and private sector organisations: these are, senior management and property managers.

The presentation introduced the concept of property asset management as a cohesive, sub-system of activities that fits within the overall business management system in a recursive pattern – like a 'wheel within a wheel'. Senior managers need not be aware of the precise specification of the activities and controls within this sub-system – the 'black box' - but their attention will be on the inputs, outputs, process controls and links to the surrounding business management systems.

These factors must therefore be clearly visible to senior managers. The standard will arrange and specify these factors in a style that is consistent to other business management systems – see below

1. Management responsibility and leadership
2. Identification and analysis of needs
3. Policy and objectives
4. System planning and implementation
5. Allocation of resources
6. Communication and information systems
7. PROCESS AND ACTIVITY MANAGEMENT
8. Measurement and monitoring
9. Management review and improvement planning

These headings are consistent with BSI Management System Integration guidelines HB 10173 (based on AS/NZS 4581:1999 *Management system integration - Guidance to business, government and community organisations*). They are also consistent with the process approach used in the ISO 9000 series – the most common business management standard in the world.

Sections 1, 2, 3, 4, 5, 6, 8 and 9 will contain the business level requirements for the asset management system. These will follow as far as possible equivalent clauses in other management system standards and models, such as ISO 9000 series and the European Quality Foundation Excellence Model (EFQM). This will allow organisations to save time and cost by aligning or partially integrating the industry standard with existing systems in a flexible way.

Section 7: *Process and Activity Management* is at the heart of the standard - cf. ISO 9000:2000. This section will contain the technical specification for PAM processes (the 'black box'). Activities in this section will be structured around the PAM framework (tabled at the workshop) and will follow the Plan, Do, Check, Act cycle adopted in standards such as ISO 14000, ISO 18000 and PAS 55, as well as the proposed BSI Integrated Management System, now being drafted as BSI PAS 99.

The complexity of the processes and activities described in Section 7 can be simplified and made explicit through use of diagrams, particularly causal loop diagrams. The workshop agreed to this method and recommended that a library or catalogue of causal loop diagrams or templates should be developed which could be assembled in a modular way to suit typical scenarios, such as the interaction between property and financial management or organisational behaviour, and so on.

Outputs of Presentation 2 discussion

- The workshop agreed that the headings and structure for the industry standard components were suitable for development
- The workshop noted that there was insufficient knowledge and very little data to link property asset management and business performance in a conclusive fashion in Section 7, particularly the relationship between the design of the built environment and operational performance.
- The workshop agreed that the adoption and development of research sub-projects might help to underpin the development of requirements for Section 7 of the standard
- The workshop agreed that the involvement of academic bodies and schools of business management would help develop and review the standard.
- Richard Saxon advised participants of work in progress with OGC to factor in externalities to the business case of any project. Conventionally, project leaders base decisions upon internal costs and benefits that can be directly priced by the market, leaving externalities to the planning and regulatory processes. The CSR stance suggests that PAM should consider externalities in optimising performance, to gain practical sustainability and recognition for responsible action.

It was noted that these additional loops in the PAM system are likely to extend its scope beyond the boundary of conventional property management – refer Section 2 of the industry standard.

Interactive Session: Industry standard components

A brainstorming session generated the following topics to be included within the component sections of the industry standard. Note that the headings correspond to the BSI Management System Integration standard list (Presentation 2 above) but have been adapted slightly:

Group 1: Paul Carder, Allen Elston, Nigel Ford

1. Management commitment

- Relevance of asset management to the organisation
- Making the business case to the Board for adopting an AM system
- Integrated corporate approach – finance, risk etc
- Cost and outcomes
- Link to corporate governance
- Adaptability of standard to individual organisation (or part)

2. AM System – Overall parameters

- Holistic process – systems and subsystems
- Functional systems
 - Governance
 - Finance
 - Legislation / health and safety
 - Policy
- External and internal environment
- External costs / benefits and additional outputs / outcomes within investment appraisal

3. AM System – policy and objectives

- Statement of overall commitment
- Downsizing / organisational change
- Specific objectives of organisation
- Management of policy
- Handling exceptions

4. AM System – planning and implementing

- Demand analysis (formal business planning)

- Supply analysis
- Gap between supply and demand
- Option appraisal
- Implementing strategy

Group 2: Steve Male, Keith Snook, Tim Lloyd

5. Allocating resources

- AM not compatible with vertical, power-based hierarchies and functional organisation / silos

6. Communication and managing information

- Identifying, understanding and controlling interactions / links between people and resources in an organisation is key – right information in right place at right time

8. AM System – measurement and monitoring

- Need to draw links / network of factors linking the AM process to external business environment so as to select the most useful metrics – need to focus on a few metrics that matter to Board

9. AM System – improvement planning

- Management system standards act as a bridge at a strategic planning level in an organisation spanning between the normative and operational hierarchical levels – this bridge often missing in PAM so Board and the property function are disconnected / do not communicate

Group 3: Carol McLeod, Richard Saxon, Alan White

7. AM Process

- Need for benchmarks and external comparators
- Scenarios – strategic and technological change (library / catalogue) case studies / modules
- Risk management / risk assessment
- Capturing knowledge when key people leave the organisation – can the organisation learn?
- How buildings / facilities and business performance are linked – area of partial ignorance (the ‘dialogue of death’ between property and business managers) - solutions might be found through evidence from research projects which could feed into the development of the standard
- Different terminology (and sometimes practice?) in public and private sector and central and local government
- Accreditation of assessors – third party or self assessment – will self-assessment be sufficient evidence of conformance to the PAM specification?
- Links to academic and professional bodies that might offer additional resources, such as Leeds University and CIPFA
- Map / align the OGC Gateway process with PAM process / framework

Notes prepared by Tim Lloyd (13 November 2006)

Distribution: all participants +

Steve Wilson	Land Registry
Hugh Mulcahey	Donaldsons
Simon Catchpole	C2 Strategy
James Chilton	C2 Strategy
Paul Rynsard	Feilden+Mawson
Pam Williams	Pam Williams Consulting
Caroline Crewther	Atkins
Chris Bandy	Essex CC
Judith Sargent	Essex CC
Bridget Hardy	OGC