



New South Wales  
TREASURY

TOTAL ASSET MANAGEMENT

# Total Asset Management Capability Tool – The Capability Review Report Kit

September 2004

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# The capability review report kit

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# 1. About the Asset Management Capability Tool Package

There are three basic components of the Asset Management Capability Tool:


## 1. The Snapshot Capability Review

This short guide is an abridged version of the full Tool. It leads agencies through a checklist of questions about their practices and outcomes. Using this guide, agencies can quickly assess their Asset Management capability, identify their strengths and weaknesses, and decide whether to conduct a full Capability Review.

## 2. The Guide to Conducting a Full Capability Review

This step-by-step guide shows agencies how to conduct a Capability Review using the Tool. The review is based on a detailed questionnaire and workshop, in which participants assess the organisation's practices and outcomes.

This guide is the Capability Review Report Kit



## 3. The Capability Review Report Kit

This kit provides a template for writing up the outcomes of the Capability Review. Agencies can enter numerical scores into the macros included for a quick performance indicator. The kit also has a template for writing up the full Capability Review Report and an Improvement Plan, based on the outcomes.

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## 2. Introduction

The Asset Management Capability Tool is based on the Capability Review Questionnaire. This series of questions aims to assess the Asset Management capability of your organisation, with particular focus on its strengths and areas that need improvement.

By conducting a Capability Review, participants can discuss the answers to each area, consolidate views on the organisation's performance, highlight strengths and areas for improvement, and agree on an Improvement Plan. The results of the Capability Review Questionnaire are then presented as:

- a written report based on the evidence supplied by participants to support their answers
- a numerical score.

This guide helps you understand your organisation's numerical score. It also provides a Capability Review Report template (see item 3) and an Improvement Plan template (see item 5). With these, you can use the outcomes of your Capability Review to focus on improving your organisation's performance.

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### 3. Capability Review Report Template

An important part of the Capability Review Questionnaire is the evidence participants give to support each answer. Where your organisation's score is particularly high or low for an answer, you should analyse the associated evidence and enter it in a Capability Review Report (use the template below).

This will help you understand why the organisation is strong or weak in that particular area. You can then identify the key areas that need to be addressed and, using the Improvement Plan template (see item 5), take action to improve your asset management capability.

Criterion and definition	Strengths	Areas for Improvement
<b>1. Leadership</b> Senior managers lead by example in demonstrating the role and importance of asset management.		
<b>2. Policy and Strategy</b> Your organisation develops and maintains effective asset management policies and strategies.		
<b>3. People</b> Your organisation has people with asset management skills and experience. The organisation provides the right environment to develop their capability.		
<b>4. Partnerships</b> Your organisation creates beneficial partnerships internally and with other agencies, service providers and stakeholders to achieve the best possible asset management outcomes.		

<p><b>5. Processes</b> Your organisation has sound asset management processes in place to manage asset management effectively.</p>		
<p><b>6. Client Results</b> You collect evidence to demonstrate that your organisation meets clients' asset management needs.</p>		
<p><b>7. People Results</b> Staff with asset management responsibility feel they are valued and cared for and that their needs are properly addressed.</p>		
<p><b>8. Society Results</b> Your organisation's asset management activities and investment support its service delivery objectives. This includes whole-of-Government objectives (eg, economic, regional development, social and environmental outcomes).</p>		
<p><b>9. Key Performance Results</b> Your organisation demonstrates its asset management performance to clients and/or other stakeholders who have an interest in the operation.</p>		

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**Summary:**

**Key Strengths:**

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**Key Areas for Improvement:**

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## 4. The Numerical Score

The numerical scoring system is a useful, shorthand way to indicate areas of strength and areas where improvement is needed. It also helps an organisation monitor its performance over time. And by using the numerical score, your organisation can benchmark its outcomes against the best in New South Wales.

The performance benchmarks in item 4.1 were developed to outline the behaviour and characteristics of an agency that scores high in the criteria covered by the Capability Review Questionnaire.

The numerical score can be presented in a number of ways. This kit provides templates for the following methods:

- A spreadsheet (see item 4.2). This shows the results for each section plus a total score calibrated according to the tools weighting system.
- A pie chart (see item 4.3). This gives an at-a-glance view of your organisation's performance. The scores shown in this chart are simple percentages (ie the raw, unweighted scores).

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## 4.1 Performance benchmarks

- The following performance benchmarks have been developed to show the behaviour and characteristics of an agency that scores highly in all areas covered by the Capability Review Questionnaire.

In an organisation with a high leadership score:

- The organisation's Executive defines its asset management objectives in line with strategic business objectives.
- The organisation recognises the important role of asset management. There are clear links between corporate planning documents and the organisation's Asset Management policy.
- Managers understand, follow and seek to improve asset management procedures.
- Managers treat asset management and asset management staff as influential in helping the organisation better deliver services.
- Managers with asset management responsibility develop their own asset management expertise and that of their staff.

In an organisation with a high policy and strategy score:

- The organisation has a clearly communicated asset management policy including supporting strategies which are periodically reviewed to include new techniques and approaches that will improve outcomes.
- The Asset Management policy is consistent with NSW Government Total Asset Management Policy.
- The Asset Management policy takes account of ethical conduct and environmental, social and regional issues.
- The organisation has a culture of planning for goods and services investment, capital works investment, staff, and IT resources. It prepares annual management plans for each including asset management plans.
- When making asset management decisions, the agency's latest corporate and service planning is taken into account as is market information on products and service providers.
- For complex asset management, the organisation's policy stipulates that business case and risk assessment techniques must be used, including Gateway Reviews for appropriate projects.

In an organisation with a high people score:

- The organisation attracts and retains people with asset management skills and experience.
- Staff are competent in the key aspects of asset management. This includes asset management planning, tendering, awarding and managing contracts, leasing and disposing of assets, particularly for complex asset management.
- Training programs help staff with asset management responsibility maintain and develop their skills and knowledge.
- Staff with responsibility for complex asset management may have attained the specialist competency standards for asset and contract management.
- Asset management staff have clearly defined objectives and performance measures. They are given the freedom and support they need to work as effectively as possible.
- Asset management staff monitor and respond to their stakeholders' needs.

In an organisation with a high partnerships score:

- Asset management managers and staff develop and manage relationships with key service providers and all stakeholders to get the best asset management outcomes.
- The organisation pursues aggregation opportunities with other agencies to achieve savings.

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- The organisation pursues long-term, mutually beneficial relationships with service providers to get the best-value services.

In an organisation with a high processes score:

- The organisation's Asset Management guidelines describe the organisation's asset management processes in detail. It also clearly defines the required outcomes.
- The organisation's Asset Management guidelines sets out clear processes for asset management planning, tendering, awarding and managing contracts, leasing and disposing of assets, particularly for complex asset management.
- The organisation is committed to improving the efficiency of asset management processes. It consults with stakeholders and has introduced improved systems such as e-asset management tools and advanced asset condition and reliability assessment techniques.
- Examples of good asset management practice are communicated throughout the organisation.
- Staff prepare business cases for all major, complex or strategic Asset Managements, including Gateway Reviews.

In an organisation with a high client results score:

- Systems are in place to measure client satisfaction. The organisation compares the results with its own perception of its asset management services.
- The organisation has established targets to improve client satisfaction. These are monitored.
- The organisation has an effective system for handling complaints. It makes improvements to asset management processes in response to complaints.
- The focus is on the client, and staff receive client service training.

In an organisation with a high people results score:

- Asset Management staff are given training, coaching and support when they need it to improve their performance.
- The organisation values asset management experience. Such experience enhances the career paths of staff.

In an organisation with a high society results score:

- The organisation measures the effect of its asset management activities on the local community (eg, providing work and business opportunities) to ensure its impact is positive.
- The organisation considers health, safety and environmental risks when deciding what to procure and during the asset management process.
- Asset management practices are consistent with those promoted by regulatory bodies. This includes ethical, environmental and social practices.

In an organisation with a high key performance results score:

- Performance data on key asset management processes shows that asset management activities are cost-effective and efficient. The organisation can demonstrate savings and other benefits as a result of improving processes.
- Indicators exist to predict future performance in key areas of asset management.
- The organisation can demonstrate how asset management has impacted on the overall agency operation.
- Staff can access information about the organisation's asset management profile, including expenditure, practices and outcomes. The information is used to best effect.

## 4.2 Your numerical score: spreadsheet

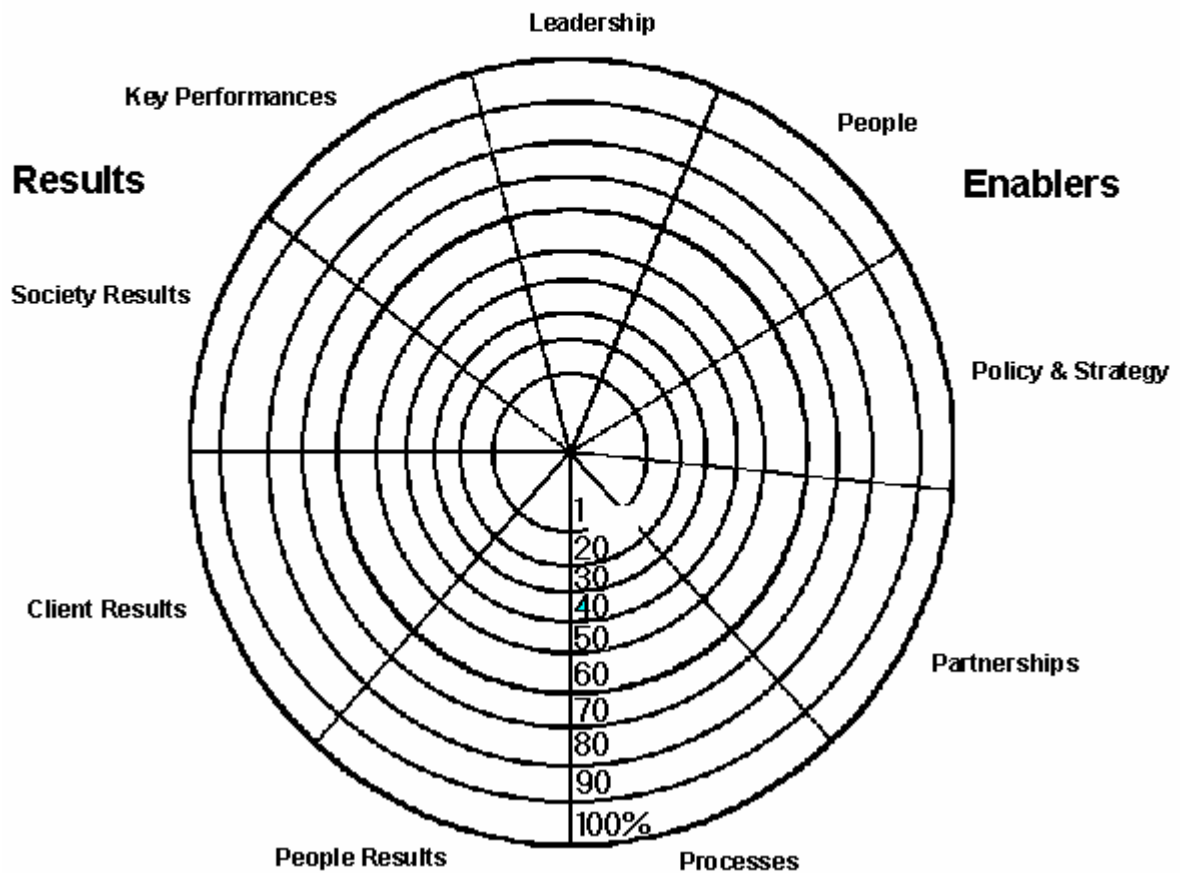
Criterion	Score achieved	No. of questions for the criterion	Maximum possible score	Weighting allocated for the criterion by the EFQM model	Total score for the criterion
	(a)	(b)	(c) = 5 x (b)	(d)	(e) = (a)/(c)x(d)
Leadership		8	45	10	
Policy & Strategy		11	65	8	
People		7	35	9	
Partnerships		5	25	9	
Processes		6	30	14	
Client Results		7/14	35/70	20	
People Results		4	20	9	
Society Results		4	25	6	
Key Performance Results		6	45	15	
<b>Total Score</b>					<b>0%</b>

### 4.3 Your numerical score: pie chart

This pie chart provides an at-a-glance view of your numerical score. Calculate the percentage score for each criteria, then fill in each slice of the pie accordingly.

## Procurement Capability Tool

Your numerical score at a glance



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## 5. Improvement plan template

This template provides an example of how to draw up an Improvement Plan. There is no set way to plan for improvement and this template is by no means definitive. Use it as the basis for creating a plan that suits your organisation. To be as effective as possible, align the plan with your organisation's existing business planning processes, such as developing an Asset Strategy and submitting an Annual Asset Management Plan.

### Step 1

The Project Team decides on the best approach to improve asset management capability in the organisation. The approach should be one that:

- has the commitment and action of senior management
- can be embedded in the organisation's culture
- is integrated with other initiatives
- helps establish Asset Management as a strategic function.
- enables greater compliance with Total Asset Management policy

### Step 2

The Project Team develops a communication plan for telling people what will happen next. The communication plan should:

- keep the Executive sponsor, or the Board informed
- engage all stakeholders affected by the Improvement Plan
- aim to keep the organisation informed about progress.

### Step 3

The Project Team decides on priority areas for improvement. To do this, the team should:

- examine the numerical scores for weak areas
- consider which areas will deliver the most meaningful improvements and help the organisation perform its core business
- determine which areas will help the organisation meet broader Government objectives
- choose some "quick wins" to show how change can be achieved and to keep staff motivated.

### Step 4

The Project Team agrees on the following issues:

- What needs to happen to improve the priority areas?
- Who will do it?
- By when?

Then the team develops a plan of action and communicates it to all the relevant people (see step 2).