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# AN ASSET MANAGER'S GUIDE TO HARVEST MANAGEMENT COMMITMENT

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**T**he Oct/Nov 2016 *Uptime* article, "An Asset Manager's Guide to Building a Meaningful Company Vision," explained why it's essential to have a company vision at the department level in order to gain collaboration and create excitement among department level managers. Next, this article explains why it is crucial for the enterprise asset manager to guide department level managers toward an understanding of how to translate their vision into a top level, order of magnitude for change. In other words, a company vision is only good if it can be sold to the executive level team of your organization.

In order to do this, the enterprise asset manager must translate the department level vision into an order of magnitude across the spectrum of short-, mid- and long-term operational and financial benefit for the organization. Then, even after having that credible story line, the real challenge becomes gaining actual commitment over time based on the right level of trade-offs, not only among managers within the same department, but also with interrelated departments. Here are five steps to accomplish this:

## **1 Develop the value-added order of magnitude potential**

The barometer is the gauge for change. The problem is, which measure should you choose? Remember, what you want to measure is related to what the asset's intended purpose is and, fundamentally, that's it in order to measure magnitude. Don't be consumed by the key performance indicators (KPIs) launched at you by various department managers. Those are only meant to distract from what's important.

One recommendation is to come up with one operational measure for the asset that translates into financial expense, both in operating expense (Opex) and capital expenditure (Capex) offset. Refer to Figures 1 and 2 from the February/March 2015 *Uptime* article, "EAM to Improve Asset Utilization

& Reduce Costs." You need a simple measure to quantify the percentage of time an asset is performing what it is intended to do, then convert that into operating expense improvements or capacity-enabled capital expense offsets.

## **2 Assess retirement dates of key stakeholder managers, both within the department and across interrelated departments**

At this point, it must be an exciting time for you to have department level visions drafted and managers positively energized, and to have an understanding of what is considered good in terms of operational performance, real costs and real capacity opportunities. Now, day two sets in and that's when key department managers and their direct reports begin to internalize how a new world will impact their sacred cows. *This is the first real risk facing enterprise asset management (EAM) implementation.*

A critical action by you, the EAM champion, is to develop a key stakeholder commitment map. Then, based on the information you can acquire, develop a timeline chart listing projected retirement dates for key stakeholders.

In the world of company politics, it's those with influence who determine the direction of an initiative, whether it be large or small, regardless of the good intentions of those who try to bring about change. That's why it is more important to understand which strategic relationships are a threat to the progress of the EAM journey than to know which ones support you. This is a very important map that you need in order to develop a proactive strategy to manage these critical relationships. Moving key stakeholders from "working against you" and "casual relationship" (blue and green, respectively, in Figure 1) to "aligned with you" (red in Figure 1) should be 90 percent of your effort along this journey.



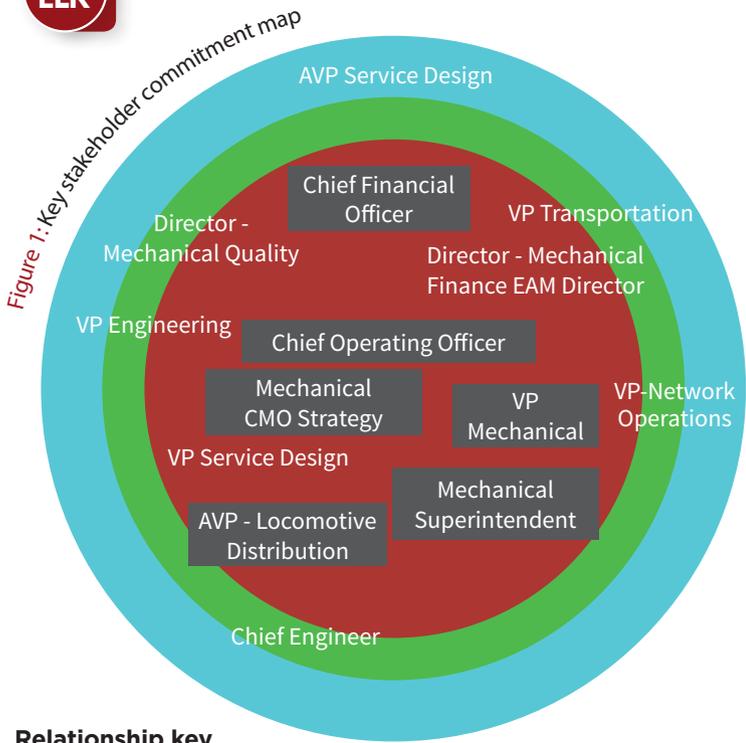


Figure 1: Key stakeholder commitment map

**Relationship key**  
■ Blue: working against you ■ Green: casual relationship ■ Red: aligned with you

Based on the key stakeholders you have identified and what their relationship is to supporting, attacking, or being neutral to the organization's EAM initiative, you need to now assess when their careers expire. This is an extremely critical action on your behalf; your strategy for managing the key stakeholders depends on their longevity within the organization.

Consider this example for a railroad: If you have uncommitted, but non-threatening support for EAM by the chief engineer and he or she is retiring within six months, then your strategy may not need to focus on getting him or her to red (Figure 1). Instead, your strategy may be to ensure that the relationship to support the EAM initiative does not turn to blue. On the other hand, if you know the vice president of transportation is destined to be the chief operating officer and he or she is somewhat committal to the EAM initiative, but not fully on board, then this is a key strategic relationship to develop.

### 3 Develop a trade-off matrix

As you are thinking about how to transition from a more traditional function-based to an EAM-based organization, you eventually will reach an inflection point that will challenge the fundamental approach to how your organization determines capital investment and how it operates assets to run the business. This crossroad is the look in the mirror by top management that leads to the fundamental question of whether to transition the organization to an asset-based management system. This type of system ultimately means better use and reliability of assets over the current model of suboptimizing the use of assets to maintain reduced variable operating expenses.

Trade-off Matrix		Network Operations	Mechanical	Transportation	Engineering - Track Maintenance
Functional Department	Key Action	Trade-offs			
Service Design	Redesign train plan to increase frequency of train consist trips	Increased number of road crews	Increased maintenance inspection & repair of locomotives and railcars	Increased yard crews to assemble train consists	Increased number of inspections and repairs with reduced number of hours of track time
Service Design	Reduce terminal dwell	<ul style="list-style-type: none"> <li>Road crews waiting on trains to get into terminals</li> <li>Reduced overall network velocity</li> </ul>	Reduced time to perform train inspections	Risk of reduced on time departure performance	Increased time of trains over the right of way means less time to inspect and maintain tracks
Locomotive Distribution	Reduce fleet size to increase asset utilization	Increased opportunity for train delays waiting on locomotives to arrive to terminals	Increased pressure to improve locomotive availability	Risk of reduced on time departure performance – waiting on locomotives	N/A
Mechanical	Increased maintenance work scopes to improve locomotive fleet reliability	Reduced availability of locomotives	Increased maintenance costs	Risk of reduced on time departure performance – waiting on locomotives	N/A

Figure 2: Trade-off matrix

100-Day Deliverables	Network Operations	Mechanical	Transportation	Engineering	Technology	Finance	Asset Steering Committee	Chief Operating Officer
Sign-off on 1-2 year projects	■	■	■	■	■	■		
Define technology needs, develop investment requirements	■	■	■	■	■	■	■	
Define capital needs, supply to capital committee	■	■	■	■	■	■		
Define Federal Railroad Administration (FRA) needs, start now to define & align with long-term initiatives	■	■	■	■				
Define labor agreement needs, start now to define & align with long-term initiatives	■	■	■	■				
Integrate key initiatives, define trade-offs between key stakeholder departments							■	
Set top level asset goal setting into performance management								■

Figure 3: 100-day deliverables

## 4 Now the politics begin: Hold coffee shop talks

The one thing about meetings learned from firsthand experience is that in order to have a successful meeting that includes powerful stakeholders in the room, you first need to meet with the powerful stakeholders independently to gain their approval beforehand. The meeting then simply becomes a formality and a showing to their brethren that they support the action. If you don't work the coffee breaks to gain their support, keep in mind that there is the possibility of a grand disaster and perhaps the end of the EAM journey.

“ Without the 100-day meetings, the EAM initiative will inevitably dismantle over a period of several months. ”

## 5 Have department managers present their commitments to the executive level team

Establishing a meaningful governance process that holds department managers accountable for the progress of the EAM journey is like having the gravitational force at the center of the Milky Way galaxy. This requires a series of updates to occur with accountability of the management team reporting in 100-day deliverables to the top managers (e.g., chief operating officer or president and the rest of the executive reports).

In the railroad example, weekly meetings occur by department level EAM managers to ensure projects within the work streams are progressing.

The updates then evolve to the monthly asset group team, which consists of the department managers and their supervisor, typically a vice president. The vice presidents, facilitated by you, present their 100-day progress of actions to the executive leadership. The purpose of this meeting is to ensure accountability by the vice presidents to their executive leadership that progress is being made on their EAM journey. It also ensures that roadblocks to EAM progress are being resolved, since the trade-offs among departments become true points of contention. *Without the 100-day meetings, the EAM initiative will inevitably dismantle over a period of several months.*

## Next Steps

As you can see, the EAM journey cannot begin without significant front-end strategy building and socializing in order to ultimately use these tools to gain stakeholder commitment. The challenges and roadblocks at this point are high, as entrenched values, norms and personal interests are building a major offensive to your organization's EAM journey. But no worries, the fun has just begun. There are still many more barriers to overcome. Are you still committed to your EAM initiative?



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