Successfully work on a client vendor relationship.

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In a previous column we have described the division of roles between the Asset Owner, Asset Manager and Service Provider. In this column, I will discuss the relationship between the client and the vendor. That relationship can be found between both the Asset Owner and Asset Manager as well as between the Asset Manager and the Service Provider.

When we talk about asset management, it is logical that we often look content wise to the subject. According to our experience during implementations of the standard PAS55, there mainly is focus on the content. Apparently we like it or we feel most comfortable with it. Unfortunately, there is a lot that goes wrong with the implementation of asset management. This can be related to a too high level of ambition (see column 'Asset management made simple. No. bridge too far'), but also something else could be the case. We first take a look at the standard PAS55.

PAS55 (version 2008, page V) suggests that the awareness of the employees, competencies and cross functional coordination are essential for the implementation of good asset management. On the next page of this standard important interfaces such as motivation, communication, leadership and teamwork are mentioned. When we then continue browsing, then is described in more detail what at least must be arranged in the process. These are primarily procedural and substantive matters. There is something about communication and participation and the responsibility of management, but all in all there is not much described about it. Is it not important? Why would implementations go wrong?

There are many studies conducted on the failure of projects (and the introduction of PAS55 can be seen as a project). One is the study 'Silence Fails: The Five Crucial Conversations for Flawless Execution' which includes contributions from more than 100 managers and project managers from 40 companies.

One of the causes for failure are 'absent' managers who provide no guidance, who have no influence and who lack the time and energy to complete a project. Also, employees who do not perform are not held accountable. Another common problem is the 'ostrich syndrome': team leaders and team members do not want to admit there is a problem with the project, but wait until another pulls his mouth open. And that does not always happen.... The last problem is that is unspoken too often deals with employees who are unable or unwilling to work on the project.

The survey found that less than one in five project managers discusses these problems with the relative employee. Moreover, a conversation is not enough. Some do discuss these problems, but later weaken on their arguments so that in the end there is no solution; other managers discuss it in such a way that people become very defensive[1].

I wrote that the standard PAS55 mainly deals with content. When people communicate, this is done at different levels: content, procedure, interaction and emotion[2]. Only 7% of communication is on content and procedural level. The remaining 93% is on the interaction and emotion. Failures are often not caused by the content of the subject. When comparing the results of the mentioned research project on

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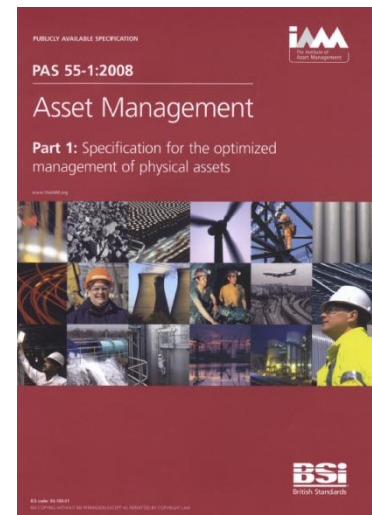
[1] See http://www.managersonline.nl/nieuws/5363/zwijgen-grootste-oorzaak-mislukte-projecten.html (in Dutch)

[2] See http://www.detussentijd.nu/ul/cms/fck-uploaded/documents/niveaus_van_communicatie.pdf (in Dutch)

asset management projects, it strikes me that the causes of the failures of the projects also apply to our asset management field.

At the interface between the Asset Owner and Asset Manager it goes wrong because the Asset Owner often does not explicitly state which risks are acceptable and which are not. That is of course crucial. If this is not defined then how should the Asset Manager define an optimal portfolio of measures, while the Asset Manager can not decide what is important and what is not?

Between the Asset Manager and Service Provider things also go wrong. Employees at the Service Provider have to accept that the Asset Manager may set different priorities than they themselves would do, thus given work can be deferred or even not be executed. On the other hand the Asset Manager must recognize that crucial knowledge is available at the Service Provider.

It is also our experience that involved stakeholders attempt to fully describe all details in contracts. This takes a lot of effort, while the required competencies have not been implemented yet. And often the required authorisations lack so that involved staff cannot make decisions. The result is that it can last for too long before corrective action is taken on deficiencies. So considerable improvement can be achieved on the relationship between the client and the vendor.

Finally to talk about the content is only effective when the parties feel comfortable during the communication. Besides content-wise things there are many 'soft' things which go wrong, and this is also valid for asset management.

In summary, there is so much that can go wrong .... Actually I get back to what is described in our column on the roles. Defining the roles and responsibilities actually is the least difficult. In the column I gave the suggestion to play the belote card game. I think that suggestion is still valid.

People from various asset management roles need to have crucial conversations. This is not so much on the content (we will deal with it...), but more on the attitude and behaviour. Managers should encourage their employees to have conversations in which key aspects are addressed (which often deal with the attitudes and behaviour), and the managers have to assist their employees when needed. Reward employees who perform well. Managers must therefore take the communication and participation as mentioned in PAS55 seriously and do something with it. It's just one sentence in the standard, which however is essential.

If we then also are able to make it not too complex (see again the column ´Asset Management made simple. No. bridge too far´) what could go wrong?