

Managing Change – Paving the Way to Strategic Asset Renewal

A strategic approach to asset renewal supports an institution’s mission and vision, with clear long-term objectives set by leadership on issues such as access, user experience, and sustainability. However, many asset renewal initiatives are bogged down due to a dated focus on first cost rather than total cost of ownership, as well as a unit-based replacement program rather than a more holistic system-based renewal. The result is typically a patchwork of incremental changes that address short-term tactical needs instead of a strategic direction that supports the institution and its long-term vision.

There is great scope to implement asset renewal strategies that maximize value. In fact, asset renewal is the largest part of the facilities budget that is not pre-allocated, as budgets for custodial, security, operations and maintenance (O&M), and energy are.

- A highly strategic asset renewal program can bring transformational change rather than simply renewing and maintaining the status quo, allowing for a phased and deliberate change in direction.
- Taking the long view on strategic asset renewal with a focus on long-term goals promotes synergies between different projects and optimizes for both near-term and long-term economic trends, driving greater value.

Institutions that effectively deploy asset renewal strategies are characterized by a culture based on understanding and communicating the role that facilities and operations play in advancing the institutional mission. Creating and fostering a motivated culture requires change management approaches to prepare, support, communicate, and help individuals, teams, and organizations to make transformational change.

The following five principles have been shown to foster the transition to a strategic approach to asset management and renewal.

Principle 1: Change leadership is critical.

A fully committed leadership team is essential to drive true transformational change.

Successful change management requires a large commitment from leadership, including C-suite executives

and senior managers, whether the change is occurring in a department or across an organization. In fact, leadership from the top is the most significant factor in inspiring various departments to endorse and promote infrastructure changes to support long-term sustainability.

This is the level at which systematic change needs to originate, to institutionalize the policies, goals, standards, and tools that will guide business decisions and align interdepartmental efforts toward the common mission and vision.

KEYS TO EFFECTIVE COMMUNICATION

Establish a clear case for change. Paint a picture of where the organization will end up and the anticipated outcomes. Make certain the picture is based on achievable outcomes, not pipe dreams.

Appoint an executive champion: A dynamic leader can enlist other senior managers, as well as other critical stakeholders in the organization. Change is easier when a critical mass of influential people who are impacted by the proposed changes are involved in planning and implementation.

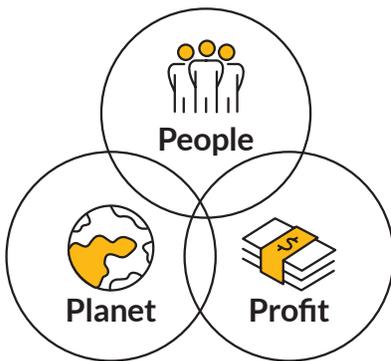
Walk the talk. If personal or managerial actions or behaviors require change for the transformations to take hold in the organization, clearly identify and name them, model the new behaviors and actions, and establish mechanisms to reinforce new expected norms.

Recognize the human element. People will react to and integrate change in their own way. They need time to adjust. Anticipate their needs and proactively address common concerns to guide people through the change.

Principle 2: Purpose matters.

Purpose is bigger than “what’s in it for me?” Purpose is big, enduring, the reason why people get out of bed to go to work with enthusiasm. If you can align your change efforts with a sense of purpose, people get it and get behind it.

Today, there are a few resonating themes in the mission and vision statements of many companies and institutions. Many have adopted clear sustainability goals, aimed at mitigating contributions to climate change via phased commitments toward carbon neutrality. These commitments are often coupled with goals to enhance the experience of occupants, staff, or students, reduce the climate change impact of operations, and increase efficiency. These key themes reflect a shift toward triple bottom line values in today’s business world. Leaders are intent on creating better work environments to drive employee satisfaction and retention and to attract top talent: to promote environmentally sustainable operations; and to drive greater bottom line value for all stakeholders.



KEYS TO EFFECTIVE COMMUNICATION

Create better environments. Shift from renewing components on a like-for-like basis, and instead drive deeper transformational change at a system level (or higher) to support the creation of better work environments. The opportunity to improve and transform depends on taking a more holistic approach.

Build sustainably. If your long-term goal is carbon neutrality, any decisions made today that are not perfectly aligned with this vision will become a liability later -- build for tomorrow’s goals today.

Drive long-term value. Unless you are looking to make a quick property flip, you should be making decisions based on long-term total cost of ownership, using today’s net present value (NPV) as your prime indicator of long-term value.

Principle 3: Take the blinkers off.

Asset renewal impacts touch many stakeholder groups. In taking the blinkers off, you are looking outside your own department to understand the broad impacts your asset renewal project will have. By doing so, you can better align your efforts with all stakeholder needs and goals.

For example, if the O&M team understands that a particular building or HVAC system will be decommissioned or replaced in five years as part of an asset renewal program, they can apply a different maintenance strategy. Funds and efforts can be diverted from a largely preventive maintenance approach, aimed at maintaining FCI and extending asset useful life, toward a corrective maintenance approach, meaning the minimum amount of maintenance work is done to maintain critical functionality.

KEYS TO EFFECTIVE COMMUNICATION

Create a change radar. Make sure you know what else is going on that could be an obstacle or could be an opportunity to leverage. Make the time to speak with other leaders and find out what’s happening in their parts of the business.

Break down the silos. Decisions made in operations and maintenance (O&M), capital planning, or the office of sustainability are often siloed yet are united by the mission to create better spaces, increase institutional sustainability, and drive greater value. Interdepartmental collaboration can better align the direction of each department with the institutional vision.

Principle 4: Co-create where you can.

As part of charting a strategic plan towards better spaces, greater value and a smaller carbon footprint, engaging all the key stakeholders is the key to formulating the best strategy and getting wider buy-in on the strategy itself.

For asset renewal programs, the key stakeholders are:

- O&M and Capital Planning (People)
- Energy Management and Office for Sustainability (Planet)
- Finance and Procurement (Profit)
- The end users / space occupants (Mission)

KEYS TO EFFECTIVE COMMUNICATION

Listen. Each group has its own views on what is most important and how transformation should take place. Engagement and empathetic listening, rooted in a structured stakeholder assessment program, will uncover hidden opportunities and create a rock-solid strategic plan.

Share ownership. It's hard to push back on the plan if you've participated in designing it. Involve and engage key stakeholders in the strategy and implementation. Beyond reducing resistance to change, you will probably come up with a better solution.

Engage with empathy, curiosity, and frequency. Change resistance is inversely proportional to the amount of stakeholder engagement that occurs. Engage with people who will be impacted by the change and involve those who may not be directly impacted but still have a strong influence on the transformation effort outcomes.

Conclusion

By successfully deploying these five core principles to define and implement a strategic asset renewal plan, you can ensure that you are creating the most value for your institution at the same time as you are achieving key stakeholder goals. At the start, it can seem daunting to undertake a strategy oriented to triple bottom line outcomes - a better, more sustainable work environment aligned with stronger financial value. But with the right groundwork, this kind of value is within your grasp. It's just a matter of changing how your institution approaches the creation of the strategy and its execution.

Principle 5: Share information.

Communicate what's known, what's not known, and when you expect to know more. To wait for perfect information is to create a vacuum, and that vacuum will surely be filled with rumors and innuendo.

KEYS TO EFFECTIVE COMMUNICATION

Take a structured approach. Timely and transparent communications are key to rolling out energy, infrastructure, and sustainability initiatives. Share progress reports to maintain the stakeholder involvement.

Align your communications with strategy and objectives. Considering the important role that executive leaders and line managers play in creating a sense of organizational purpose, it is essential that internal communications pros help facilitate communication between employees and upper-level management.

1. Ensure consistency and transparency in communication – think simple and memorable talking points for management.
2. Provide channels for feedback and ideas – think change agent networks and social exchange platform channels.
3. Encourage cross-departmental communication and collaboration – think shared objectives and dedicated working groups.