

GREEN PAPER A1

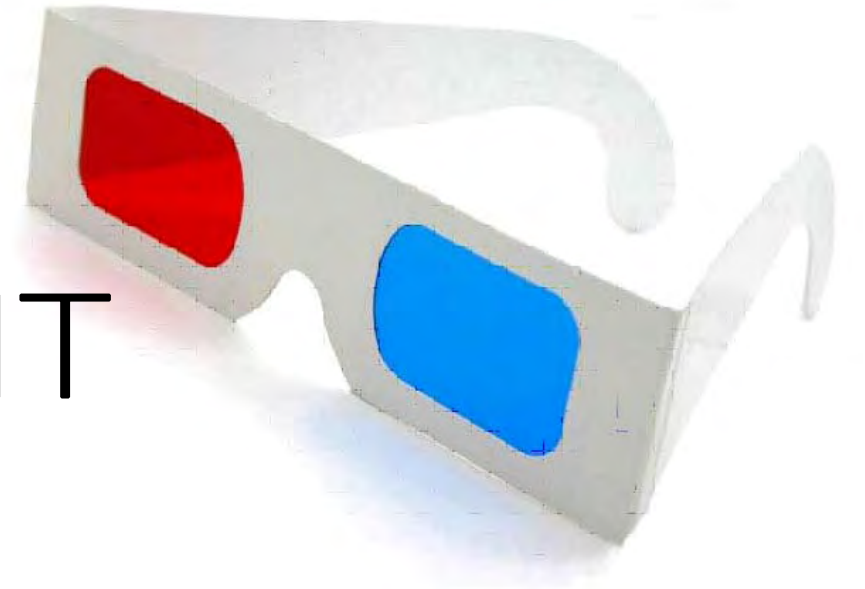


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# PROPERTY ASSET MANAGEMENT



The big picture

CONSILIAN

BUILDING SOLUTIONS FOR BUSINESS PROBLEMS



# Consultation papers in this series



## Revision control

Revision	Date	Comments
01	14 April 2007	Re-issued as a PDF file. Headings, questionnaire and references added. Text revised.
02	27 April 2007	Summary (page 25) added. Pages 21 and 23 revised.



# Preface

This Green Paper is the first in a series of consultation documents that will be used to guide the production of a UK framework for managing property assets. It explains how an ability to understand and manage complex systems in a holistic way can enable organisations to connect property management with the rest of the business at a strategic level; it claims that this approach complements current reductionist thinking, which is better suited to the day-to-day management of property; and it recommends that a systems approach should be included as a key element of the proposed framework.

We look forward to receiving your response to the questionnaire on page 5; if you wish to edit the content of the document, you may do this on-line wherever the pencil icon is shown. When the final draft of this document has been agreed, it will be issued as a White Paper.

Thank you for your comments and suggestions - these will help us build the consensus we need to create a specification for managing property assets that will be accepted as the industry's standard.

CONSILIAN  
March 2007

Our aim:  
Building  
consensus

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This paper explains the concept of a systems approach and why we think it is relevant to a specification for managing property assets.

After you have read this paper, please take a moment to reply to the following questions:

YES

NO

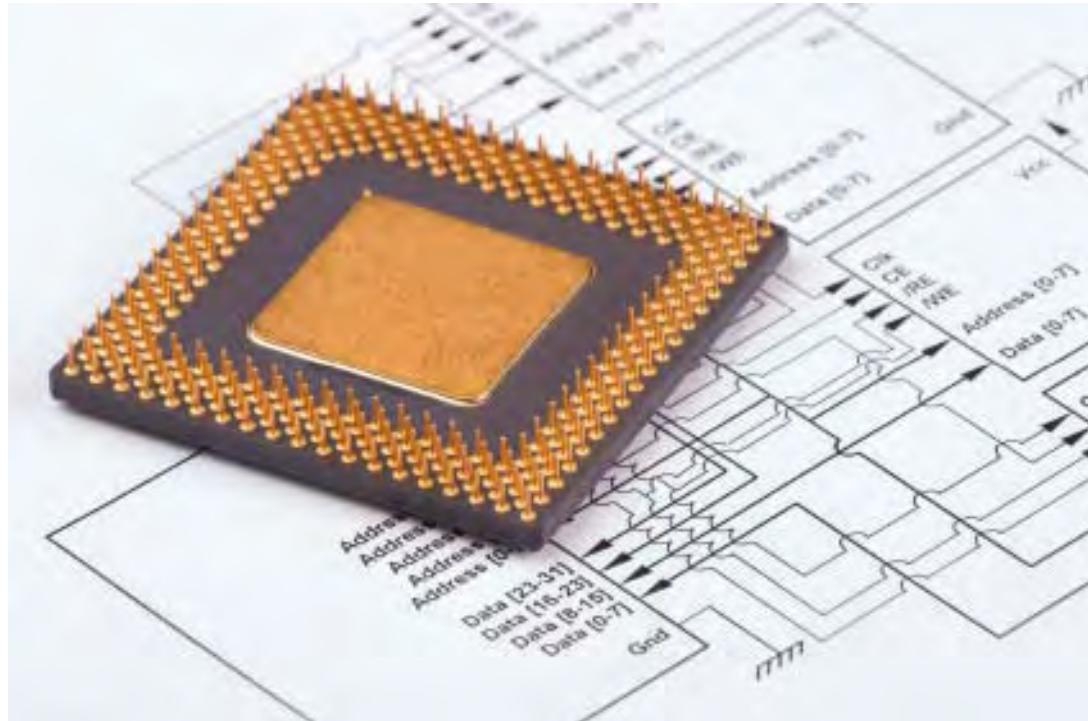
1. Does the paper adequately explain the concept of a systems approach?  
  
Could you provide a case study?
2. Do you recognise within an organisation that is familiar to you either a systems approach or the need for a systems approach?  
  
Could you provide supporting examples?
3. Do you think that a systems approach could make property more relevant to a board of directors?  
  
Could you provide supporting examples?
4. Do you think that a systems approach has practical value to this project?
5. Please add any other comments here.

Thank you for your comments. Please submit the form using the button below

Comments  
and  
Suggestions

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The Integrated Circuit dissolved the boundaries between different parts of an existing system to create a new device – resulting in better connections and faster flow of information

Breakthroughs in technology usually occur when relationships between existing components or competencies are reconfigured in novel ways. Innovation can be measured by the extent to which the boundaries between discrete components are dissolved - either through better alignment of the parts or by designing a new device where the identities of the discrete parts are lost as the connections are eliminated. <sup>[1]</sup> An example of this process is the Integrated Circuit, which was invented in 1958 to cope with the increasing complexity of electronic circuits and the need for faster, more reliable flows of information between components.

boundaries

Today, organisations face similar challenges in finding property solutions that meet the need for improved business performance. Sir Michael Lyons, in his review of the central government civil estate (2004), observed: 'Area-wide asset management, crossing administrative boundaries seems to be in its infancy' and called for 'greater cross-boundary co-ordination and co-operation, particularly in the development of local area asset management plans'. <sup>[2]</sup> Management systems and standards play a key role in strategic and operational planning in public and private sectors, aligning different processes within the same organisation and allowing different organisations in business alliances to work together. A standard for managing property assets should follow the example of the Integrated Circuit fifty years ago, joining property management with other parts of the business to form a new and better system.

joining

Introduction

The challenge!

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Office accommodation for HMRC at Somerset House

Chairman Sir David Varney commented on this project: 'Any initiative that illuminates the dynamic between a business and its assets and provides practical approaches for improving this process is welcome.'

property is often considered to have greater significance as an overhead to the business than as a productive asset. However, this view is changing as many organisations look for ways to manage their accommodation which will extend beyond cutting costs to adding value to the enterprise. These organisations will be interested to learn how such an approach has already been applied to other types of infrastructure assets over several decades. Members of the Institute of Asset Management (IAM) have pioneered much of this work.

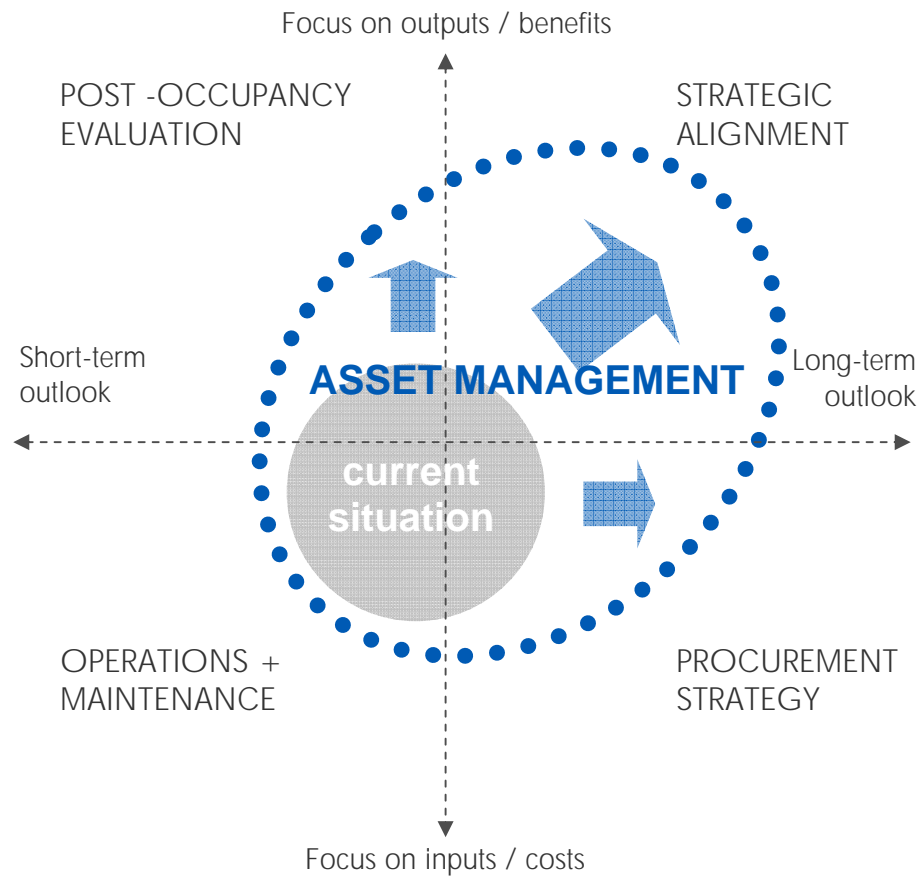
In 2004, IAM launched BSI PAS 55, the world's first standard for implementing an asset management system. It describes physical asset management as 'the optimum way of managing assets to achieve a desired and sustainable outcome.'<sup>[3]</sup> PAS 55 is a generic standard that applies to all physical assets. In response to demand for a specification that will apply the principles of PAS 55 exclusively to property, IAM is now working with BIFM, RIBA, OGC, COPROP and other industry leaders to prepare a 'de facto' or for managing property assets.

industry standard



edit this





'Without changing our patterns of thought, we will not be able to solve the problems we created with our current patterns of thought' Albert Einstein



The simple message of asset management is that one cannot design improvements to a part of the business without understanding the whole system. PAS55 stipulates that the starting point for developing an asset management policy is the organisation's strategic plan, but many managers take a narrower view, working within their own functional or departmental boundaries. The result is that property is often managed in isolation to the rest of the enterprise, particularly at the level of business strategy formulation. <sup>[4]</sup>

starting point

Roger Bootle's report to RICS in 2002 regarding commercial and industrial property states: 'Property is rarely on the boardroom agenda, despite often being the second highest business cost after wages ... the management of property is usually handled at an operational, rather than strategic level.' <sup>[5]</sup> If the symptom described in the Bootle Report as 'boardroom blindness' is to be addressed, then a new way of thinking is needed: a mindset that acknowledges that property and the core business are inextricably linked and should be considered as a whole - a systems thinking approach. The diagram on the opposite page shows the shift in thinking and practice needed to move from the current situation to a whole systems approach.

systems thinking

A new way of thinking

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The properties of a system exist at the level of the whole not the parts







All systems are both part of a larger system and contain smaller systems – boundaries between systems are always the result of subjective choices, and these decisions are not always helpful



# observing

Systems are usually nested within larger systems, <sup>[9]</sup> all of which are connected in a universal way by inputs and outputs: things that affect the system and things affected by the system. <sup>[10]</sup> The definition of an input or output depends on how the boundaries of a system are drawn - this is always a subjective choice that depends upon the person who is the system, so that no two people will completely agree on this matter. Charles Handy made this point with an example about deciding the effectiveness of prisons: 'It is not clear, for instance, how the outcome of a prison should be measured, partly because we haven't made up our minds whether the purpose of prison is to punish, to deter, or to rehabilitate the inmates.' <sup>[11]</sup>

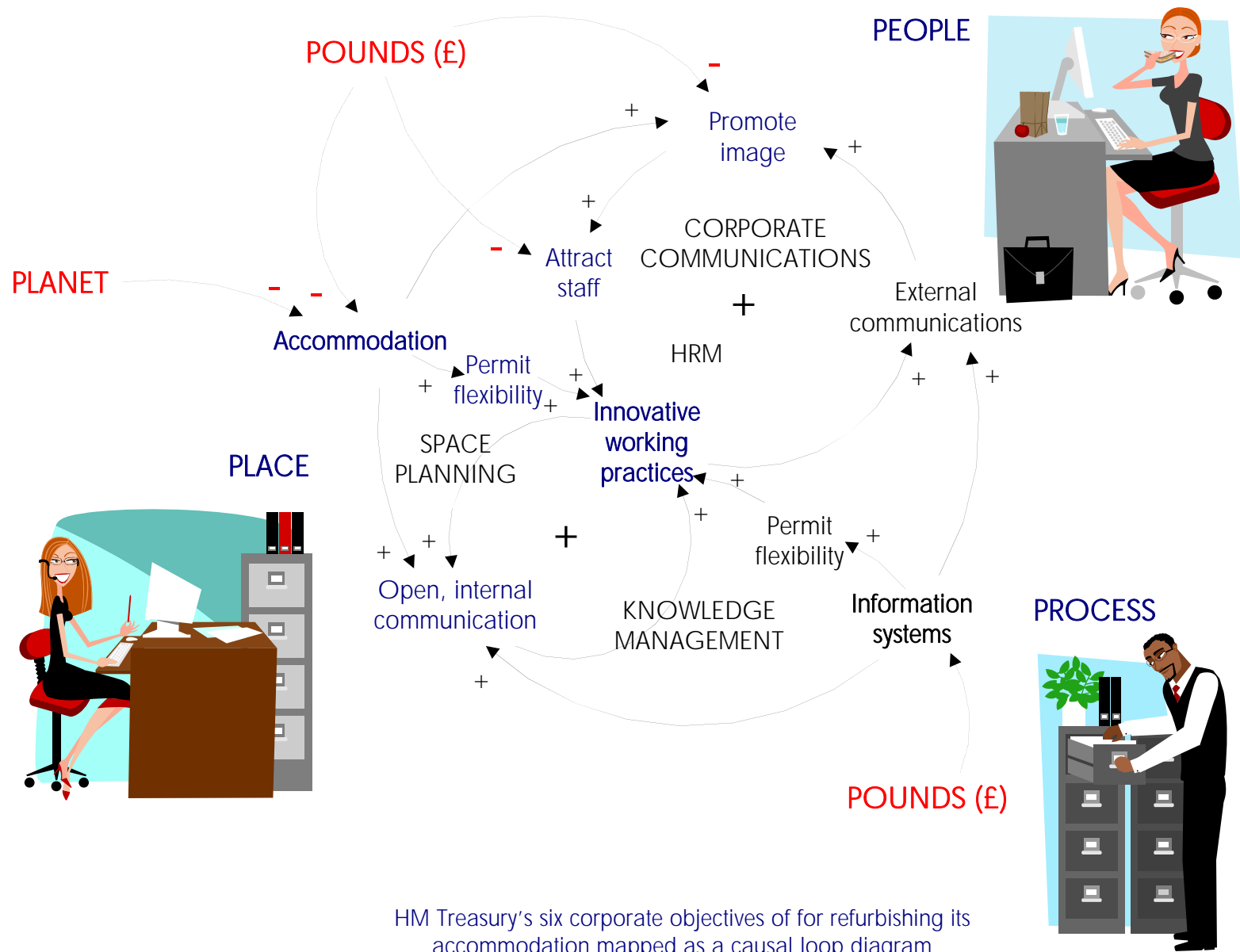
Property asset management views accommodation as a sub-system that is linked to other sub-systems within the organisation - core and non-core activities - all of which are joined in some way to the outside world - customers, suppliers and other interested parties. Making sense of this arrangement is not always easy because we are more used to focusing on the separate parts of a system, rather than standing back to see the or working with multiple perspectives. Systems thinking reveals this 'big picture'. It combines a practical **approach** to solving problems that is founded on proven theory, a set of **tools** and techniques to do this, and a **language** for communicating a shared understanding of the system. <sup>[12]</sup> Above all, systems thinking is about evaluating results and then using this knowledge to act upon the system to improve performance.

# bigger picture



edit this





HM Treasury's six corporate objectives of for refurbishing its accommodation mapped as a causal loop diagram

## tools

Buckminster Fuller, an American architect, used to say that the best way to teach people a new idea was to provide them with a tool which would lead them to discover the idea you wished them to learn, but through their own efforts. <sup>[13]</sup> Project management uses the Critical Path Method to model dependencies between activities in a construction programme over time - a systems approach extends this technique from programmes to management systems using such as Causal Loop Diagrams and System Dynamics - for examples of these tools and techniques refer to the diagram opposite this page and page 23.

Frank Duffy, another architect who explains his ideas in term of systems, lists the key assets of a business enterprise as 'people, process and place', to which might be added the constraints 'planet and pounds'. This perspective makes it easier to see the equations that connect property with overall business performance. Thinking in not only illuminates the complex web of relationships that influence the behaviour of a system but also demonstrates factors which are malleable and can be changed, and tracks the consequences of any changes in the system through cycles of development. <sup>[14]</sup>

## network patterns

Systems:

tools  
and  
techniques

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