

SAAMA2018

Smarter approaches in asset management

4-6 JUNE | NH The Lord Charles Somerset West



Who Defines Your *Performance Culture*TM?

Strategic Asset Management Inc.

Mark Broussard | June 2018



Points of Discussion

- The *Performance Culture* Model
- Stable States of Culture
- Operational Effects
- Leadership Influences
- Potential Results
- Summary





The *Performance Culture* Model



The *Performance Culture*

***"We are what we habitually
do.
Excellence then is a habit,
not an act"***

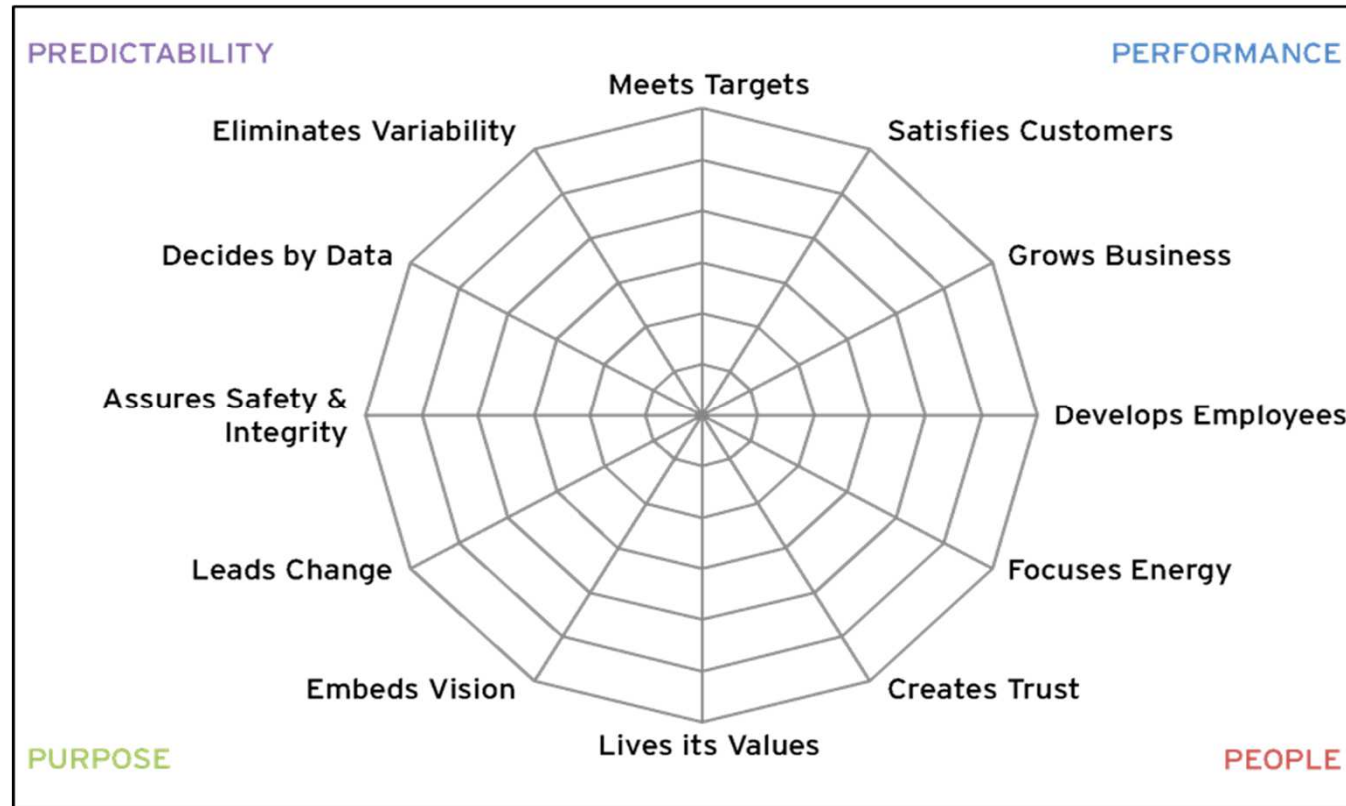
Aristotle 384 BC – 322 BC

- Organizational culture is the sum of all individual behaviours
- Organizational culture is pervasive and influences all activities
- The *Performance Culture* model has four domains
 - People
 - Purpose
 - Predictability
 - Performance
- The enabling domains (People & Purpose) focus on leadership and organizational development
- The benefit domains (Predictability & Performance) focus on elements that determine financial results



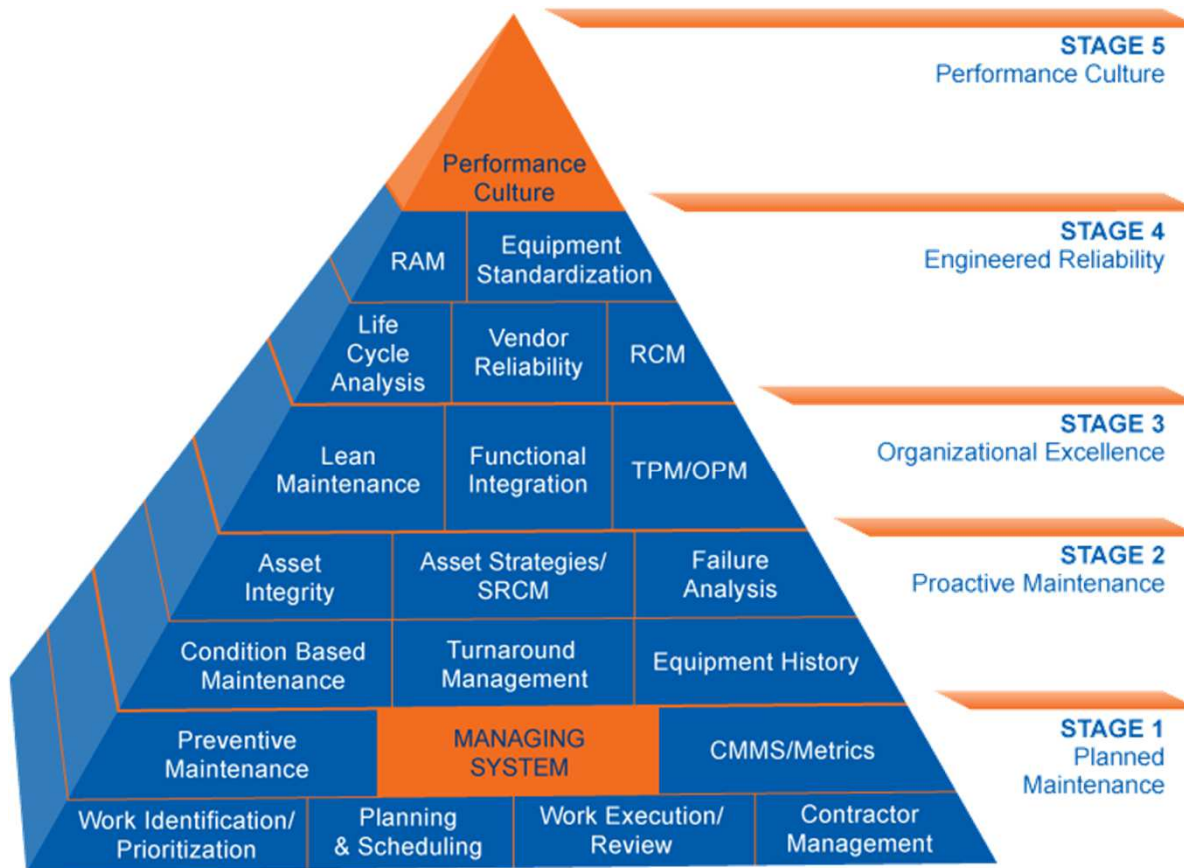
The *Performance Culture* Model

Aspirational model for continuous improvement



The *Performance Culture* Model

Cascades down all sides and stages of the pyramid



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Stable States of Culture

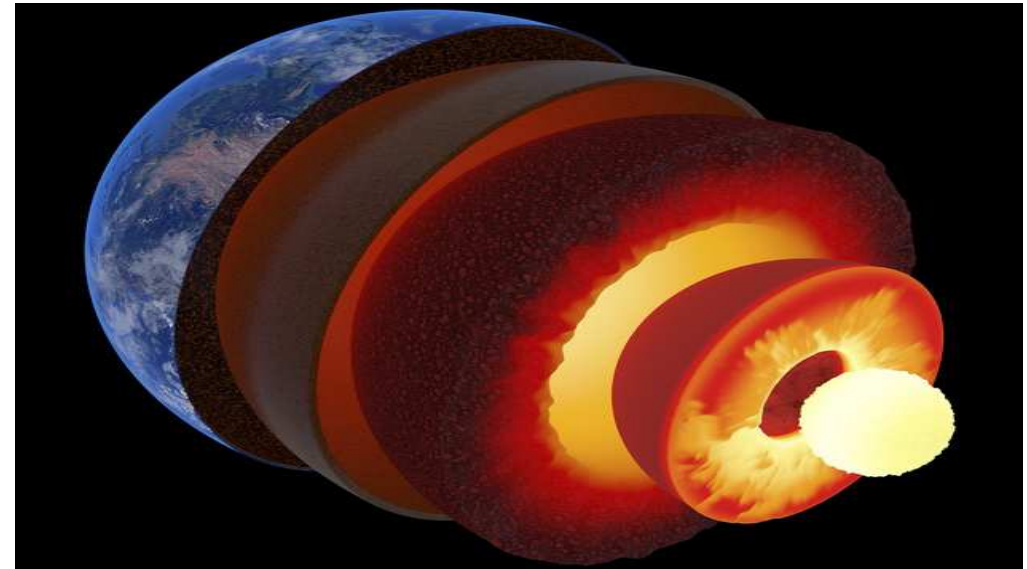
Multiple layers of culture exist

Societal

- Global
- National
- Regional
- Local
- Tribal
- Individual

Organizational

- Enterprise
- Division
- Asset
- Business Unit
- Function
- Individual



Stable States of Culture

A spectrum of performance influences

- Four stable cultural states influence asset and financial performance
 - Inspired
 - Objective
 - Compliant
 - Reactive
- Sustainable change of cultural state requires significant investment
- Cultural state can vary by layers
- Cultural states are not discrete
- Although the cultural state is stable, it is not static



Operational Effects

Culture determines results

	<i>Cultural State</i>			
<i>Asset Operational Characteristic</i>	Reactive	Compliant	Objective	Inspired
<i>Operating Expense</i>	High	High - Medium	Medium	Optimal
<i>Availability</i>	Low	Low - Medium	Medium	High
<i>Efficiency</i>	Low	Low	Medium	High
<i>Stability / Predictability</i>	Low	Low	Medium	High
<i>Quality</i>	Low	Low - Medium	Medium - High	High

- Each characteristic influences financial performance
- Each characteristic is influenced by the stable cultural state
- Sustainably improving asset operations and financial performance requires behavioural change



Leadership Influences

Critical role in *Creating* culture

- Leadership does not **Define** your *Performance Culture*
- Primary roles of leadership
 - Identify cultural dysfunction
 - Lead change
- Leadership must articulate the intent to create a *Performance Culture*
(*Necessary but not sufficient*)
- Leadership must reinforce the need, enable the environment, and exhibit the behaviors
(*Necessary and sufficient*)
- Create and don't Constrain!

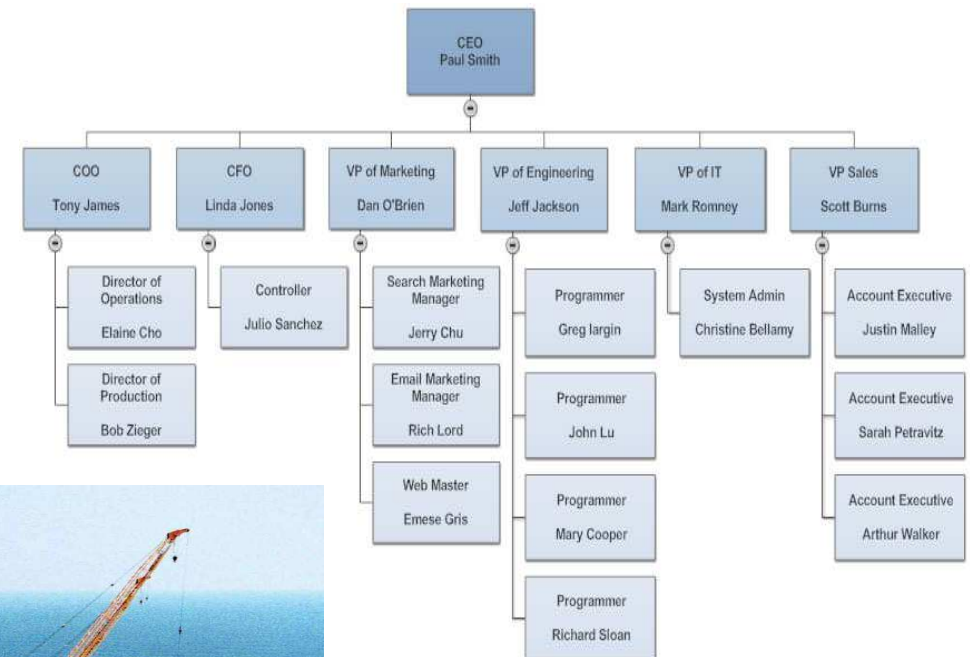


Who Defines Your Performance Culture?

A simplified example

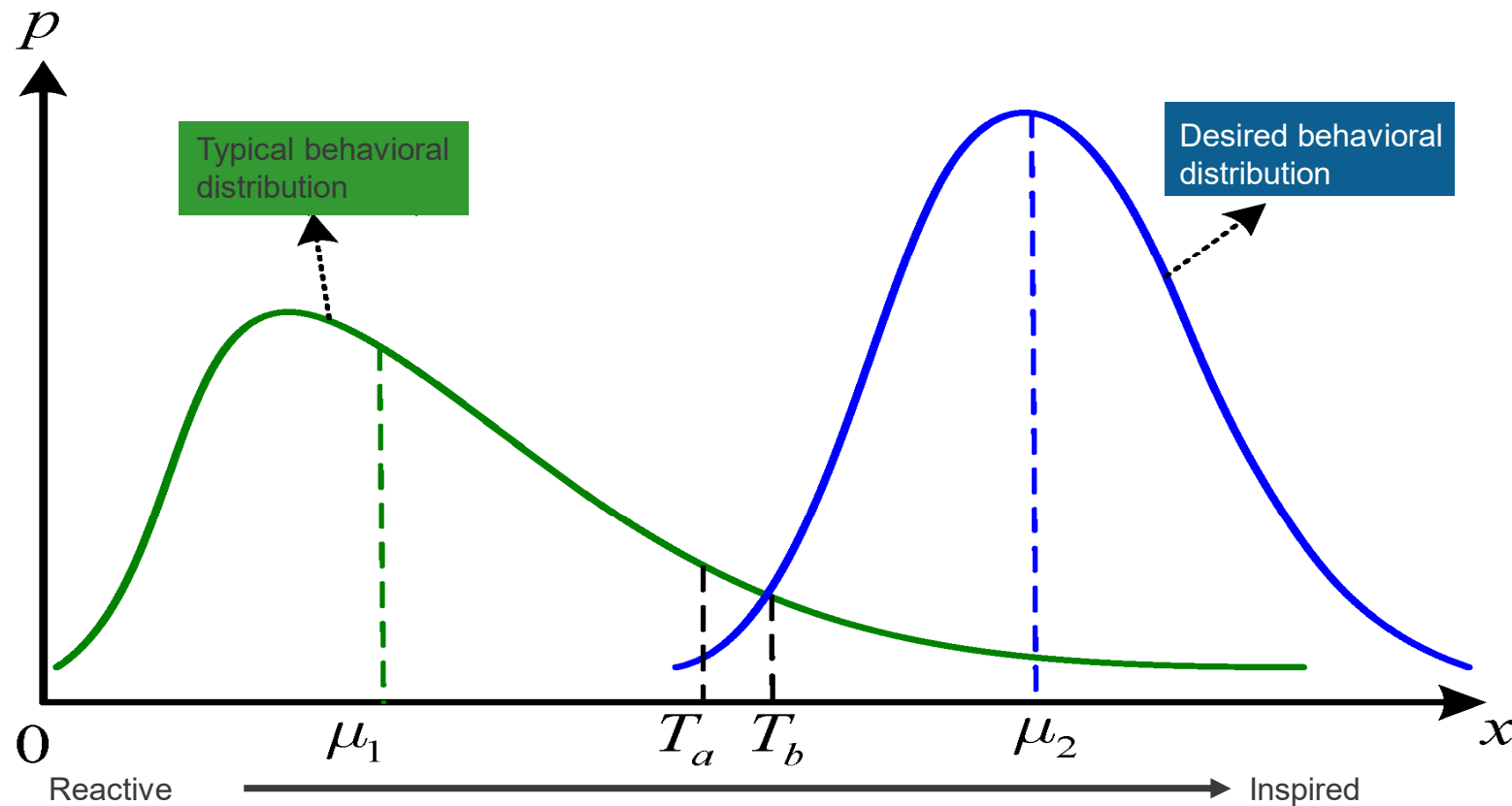
Typical Small Organizational Demographics

- General Manager - 1
- Functional Managers - 6
- Unit Management - 13
- Supervision - 20
- Operations - 140
- Maintenance – 80
- Support - 40



Who Defines Your Performance Culture?

Evaluating the critical mass of behaviors

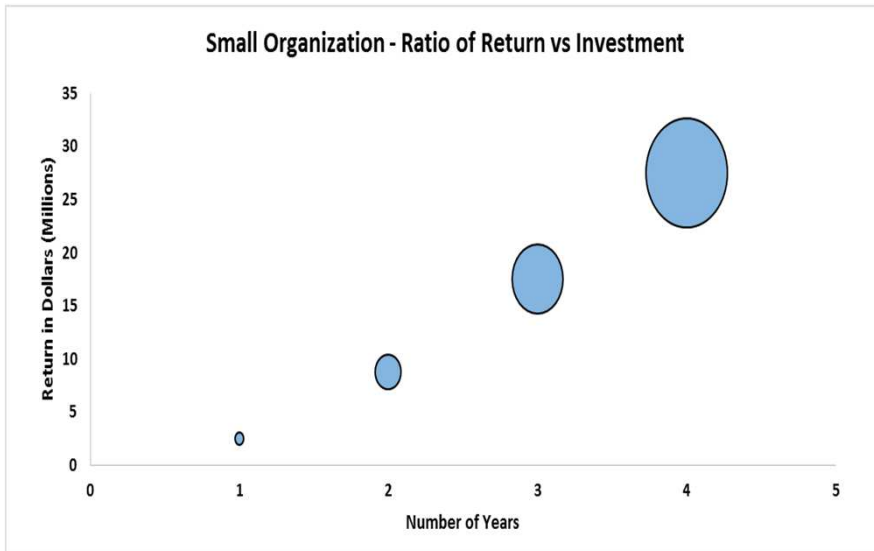


Who Defines Your Performance Culture?



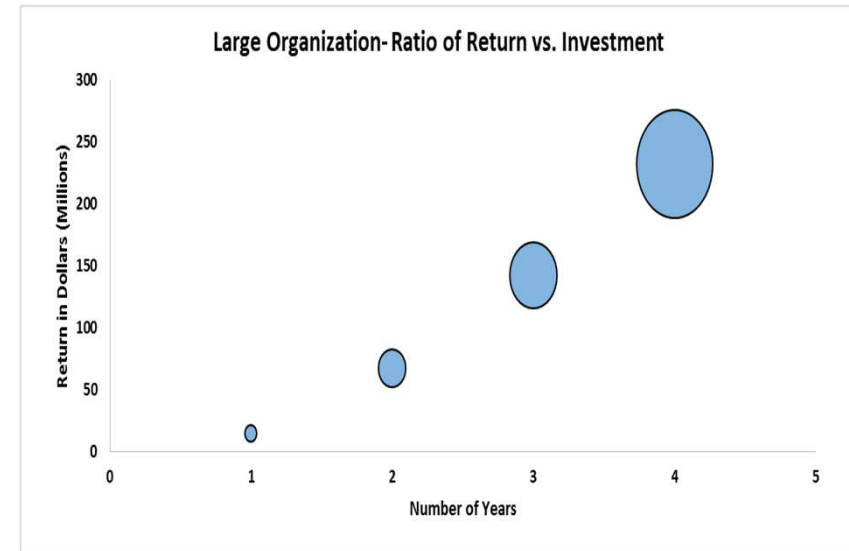
Potential Results

Significant ROI possible



Small Organizations

- Typical Investment – USD \$2.0 M
- Typical Return – USD \$30.0 M
- ROI – 15:1



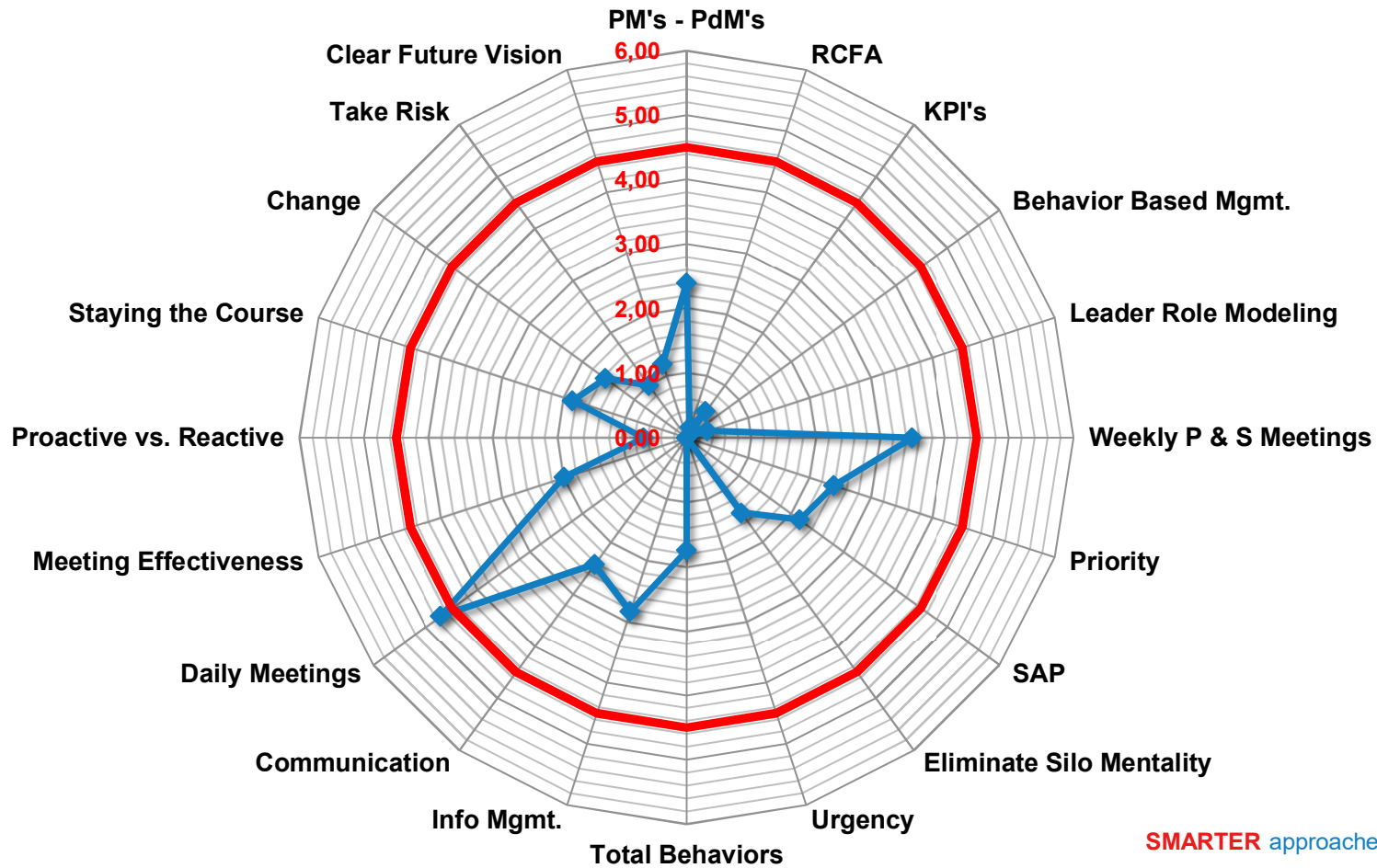
Large Organizations

- Typical Investment – USD \$12.0 M
- Typical Return – USD \$240.0 M Plus
- ROI - 20:1 or Greater



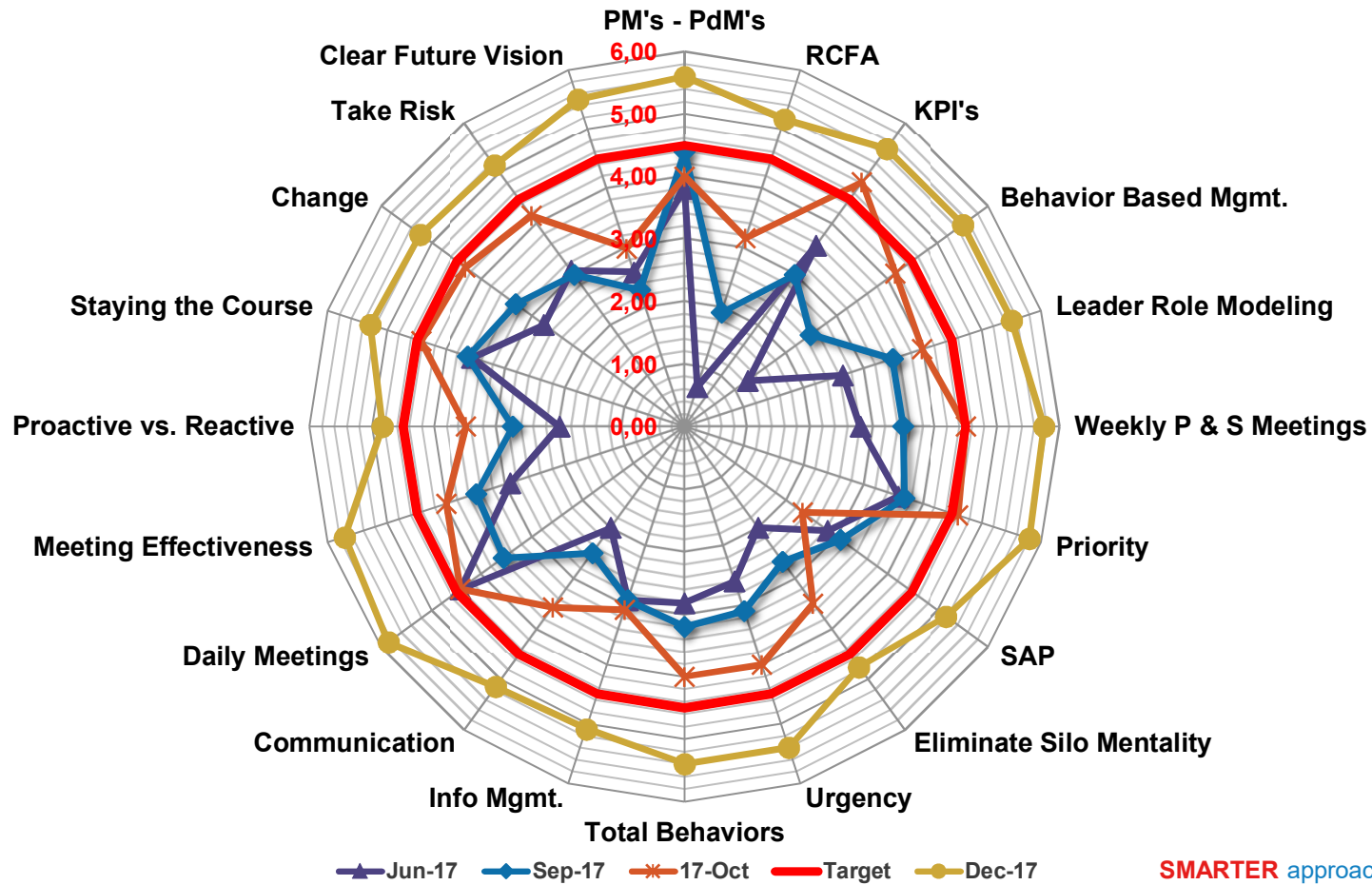
Potential Results

Mining case study - *Before*



Potential Results

Mining case study - *After*



Potential Results

Mining case study - *Benefits*

- Substantial productivity improvements
- Increased asset availability / utilization
- Reduced materials consumption
- Reduced contracted services
- Reduced CAPEX
- Improved safety and regulatory compliance



Summary

Beginning the *Performance Culture* journey

- Determine which asset / function represents the greatest opportunity
- Evaluate baseline performance
- Determine your stable state of culture
- Develop an action plan, aim high, strive for Inspired
- Develop a business case
- Gain leadership endorsement
- Get started!
- Measure the benefits
- Communicate successes
- Reward sustainable improvement

Keys to Success – Communication, Accountability, & Discipline



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