

I Think Therefore I Analyze

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Albert Einstein once said that the true sign of intelligence is not knowledge but imagination. But imagination needs seeds from which to grow. If your assets are smart and are generating and communicating data, what are you doing with it to increase stakeholder value?

Imagination has value in new ideas and ways of doing things but when faced with multiple choices, limited funding and limited facts what should you do? Data has value when it is translated into information, analyzed and used to make decisions. The time and effort put into analysis should be proportional to the value of the decision but when decision-makers are involved in sponsoring the ideas it can be difficult to remain objective.

Decision-making is the process of finding the right compromise between competing interests without introducing unavoidable subjectivity. Analyzing competing interests and also weighing those against constraints to arrive at an optimized solution is a challenge. Therefore it is important to choose and use the appropriate combinations of analysis tools and techniques. How do you determine the best value compromise between a set of competing interests at the asset-level while ensuring the compromise considers the needs of the whole asset system (and vice versa)?

Analysis techniques should also consider the optimization of asset costs and value over their whole lives, which oftentimes are longer than the tenures of stakeholders. For this reason, it may be more difficult for stakeholders to fully relate to investment needs. This is particularly apparent in government, where politicians' tenures may last 4 years, when the assets for which they are responsible have an expected life of 30 years or more. How do you engage stakeholders in the analysis and decision-making processes to bring about optimal outcomes?



Another common challenge is in knowing whether the focus is in the right place. Are we analyzing the right thing? Are we solving the right problem? No amount of analysis will result in a good decision or a better outcome if we are looking at the wrong problem.

So what can we, as asset managers, do to help our organizations find the right compromise between competing interests and realize optimal outcomes?

1. Make sure you're solving the right problem – Performing even a simple root cause analysis can help determine what decision needs to be made.
2. Home in on what really matters – Leveraging tools like tornado diagrams can help your organization focus on the important stuff.
3. Engage your stakeholders early and often – Involving stakeholders in the analysis process is a great opportunity to paint the big picture and create a path to compromise