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Rationale, practice and outcomes in municipal property asset management

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Abstract

Purpose – The purpose of this paper is to explore the link between rationale, practice and outcomes in municipal property asset management and through this to gain an improved understanding of the emerging discipline of public sector asset management.

Design/methodology/approach – An analytical framework was developed comprising models to measure why councils carry out asset management (rationale); how they do it (practice) and what is achieved (outcomes). This was applied through an extensive survey of 18 councils and an intensive survey of three councils in a comparative study of UK and Russia. This paper draws on the UK field work only.

Findings – A weak but discernable link was found between rationale and practice, but the link between practice and outcomes was unproven. This lack of empirical evidence to show good practice leads to effective asset management remains a problematic area requiring further research and reinforces the orthodoxy that the adoption of practice is used as a proxy for measuring outcomes. Four "change factors" were identified as important in the transformation from property management to asset management and a broad typology was advanced to position cases in their path of evolution or level of maturity in this transformation process.

Research limitations/implications – Cases were chosen to provide a mix in terms of their status, size and perceived maturity in asset management.

Originality/value – There has been limited examination of the linkage between rationale, practice and outcomes in asset management and the analytical framework and typology present some innovative conceptual thinking to explore the nature of an emerging discipline which remains problematic to define easily.

Keywords Assets management, Property management, Real estate, Local authorities, United Kingdom, Russia

Paper type Research paper

1. Introduction

Municipal property asset management has emerged as a distinctive discipline as part of broader worldwide trends. In the private sector, businesses have responded to globalization and competition through greater efficiency and revised business processes. The public sector has mirrored these reforms through the adoption of new public management (NPM) and increasing use of private sector practices. In both private and public sectors, property has been increasingly recognised and promoted as a strategic resource which can be better exploited to meet organisational objectives. In the private sector, corporate real estate management has emerged as a distinctive discipline to exploit this previously "hidden" resource and asset management in the public sector has followed.

This new discipline of asset management can, Howarth (2006) argues, be seen as an evolution of property management into a new distinctive professional discipline

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in its own right. It represents, Howarth (2006) suggests, a move away from more technical aspects associated with operational management of individual buildings towards more strategic considerations involved in managing the portfolio as a whole and has required an evolution in skills.

Over the last decade, there has been a range of guidance produced by central government, consultants and professional associations. These form a growing body of knowledge on what constitutes "best practice" for asset management which can be used by local government to benchmark and improve their own practices. However, best practice alone may not be a reliable gauge of effective asset management and unquestioning adherence to such guidance may not always be an appropriate course of action. Whilst currently advocating the benefits of asset management, the Audit Commission (1988) previously recognised that the long-term nature of property means it is difficult to provide convincing proof of a generally applicable right way of managing property since the consequences of actions may not become apparent for many years.

There has been no test of the orthodoxy of adherence to good practice leading to good outcomes and only a limited examination of the wider linkages between rationale, practice and outcomes. Burns (2002) suggests that the existing body of knowledge has failed to demonstrate sound empirical evidence of improved outcomes from the implementation of asset management. This linkage between rationale, practice and outcomes was examined through doctoral research using both extensive and intensive case study surveys in the UK and Russia. This paper is focussed on the findings from the extensive UK case study work.

2. Literature review

Literature on municipal property asset management is limited but growing. There has only been minimal examination of its origins and rationale and, in the view of Gibson (1999), inadequate discussion of its purpose and scope. Linkages between rationale, practice and outcomes and the nature of factors influencing the emergence of asset management from property management have, in Morgan's (2004) view, been inadequately researched. Hentschel and Utter (2006) also suggest that there have been limited international comparisons.

Local government is a significant property owner. Commentators including the Audit Commission (2000), Kaganova and Nayyar-Stone (2000), Lyons (2004) McGinty (2005) and Fernholz and Fernholz (2006) have remarked that councils either own or use and thus manage substantial amounts of property. Property provides a primary role in supporting service delivery by providing a point through which services are supplied to the community and provides a place for staff and citizens to work, meet and use facilities. In the view of Bertovic *et al.* (2000) and Hentschel and Utter (2006), property also plays a wider role than simply supporting services. It projects an image of the council and can act as a catalyst for the economic and social well-being for an area.

As an asset, property is multi-faceted with some unique characteristics. Whilst there are both strategic and operational considerations related to its management, the strategic considerations have in the past been neglected relative to more day-to-day operational matters. Asset management as a discipline is focussing on these neglected strategic considerations. The long-term and multi-faceted natures of property have been identified by many, such as Gibson (2000), Burns (2002) and McDonagh (2002). These commentators argue that property can be viewed from a variety of overlapping perspectives, such as financial, physical and functional. The implication of this multi-dimensional nature is, Burns (2002) suggests, that it complicates measures of outcome. Its long-term nature, the Audit Commission and Conway (2006) suggest that it is difficult to provide convincing proof of the right way of managing local government property. There is thus, Gibson (2000) and Burns (2002) argue, no simple, single or consistent way of measuring whether property assets are performing well which can be applied across all property types within organisations or across portfolios of different organisations.

However, whilst local government owns significant amounts of property, it has Deakin (1999), Bertovic *et al.* (2000) and others remark, generally been amongst the least used or managed of its resources. These are sentiments echoed by Carter (2000) who identified property as a neglected resource receiving little executive attention and with widespread ignorance of property costs, value or performance. Carter (1999, 2000) argues that property was often considered as a fixed asset rather than a strategic resource. This traditional approach characterised by Fernholz and Fernholz (2006) as one of "stewardship" has changed, however, and this change has been driven by a range of related resource and policy factors which in combination have emphasised the need for asset management. These causal influences of maintenance legacies, rising services standards, socio-economic changes and scarce public funds on the emergence of asset management, have been identified by many, including Ashworth (2000), Burns (2002), Jolicoeur and Barret (2004), Lyons (2004) and Beasley (2004).

Ashworth (2000) and Conway (2006) suggest that the reform of property management and the emergence of asset management within local government has not been an isolated process. Rather, it can be seen as part of broader reform processes in many countries termed NPM which was intended to improve the efficiency and competitiveness of the public sector, as well as national economies as a whole.

Whilst asset management is an increasingly recognised term and discipline for local government worldwide, it is also, in the view of many commentators, not readily understood as an activity in terms of its purpose, scope and benefits. There is also confusion between the terms used to describe similar activities such as property management from which it originated. Howarth (2006) articulates the differences between the two terms in a simple but effective way. He argues that there is a difference between the "property management view of assets" and the "asset management view of property" which is a wider strategic perspective over and above traditional technical skills. Similarly, Lloyd (2007) presents a simple visual definition of asset management which distinguishes it from property management, whilst at the same time emphasising the nature of the activity as one which concentrates on the long-term perspective and outcomes. The Lloyd (2007) visual definition emphasises the nature of asset management as one which has evolved from property management and it is this definition which has been embraced by this research.

Gibson (1999) argues that a range of definitions is required in order to fully describe asset management. A conceptual definition, to help practitioners understand its broad remit, an activity-based approach to define the practice it embraces and an outcome-based definition to inform clients and others of its value. It is Gibson's approach to viewing asset management from different perspectives that has acted as a stimulus to the development of the analytical framework with which to evaluate asset management and which underpins this research.

3. Research methodology

The research was organised in four stages. The first stage was the development of an analytical framework with a series of models to identify why councils did asset management (rationale), how they did it (practice) and what they achieved (outcomes) under a broad conceptual definition of its purpose and scope. The analytical framework itself was developed through an iterative process drawing on views of practitioners and experts and from a review of a wide range of published guidance. The second stage was an extensive survey designed to provide breadth in applying the analytical framework. A total of 12 case studies were chosen to provide a mix of councils in terms of population size, range of functions and perceived status in asset management. Councils were not chosen as representative of councils at large but to provide a broad sampling frame. The approach to case selection was consistent with the purposive sampling approach which Hoepfl (1997) identifies as the dominant sampling strategy in qualitative research. The extensive survey stage was used to identify a small number of councils to examine in more detail through an intensive survey as the third stage of the research. In the final stage, one council was re-visited after an elapsed period of 18 months to examine changes over time. The findings presented through this paper focus on the 12 councils included in the extensive survey stage.

3.1 The analytical framework

The analytical framework, shown in Figure 1, provided a tool to examine why organisations do asset management, how they do it and what they achieve. It was also used to identify change factors in the transformation of property management to asset management and a broad "typology" in which to position cases according to their maturity and approach to asset management.

3.2 Measuring the rationale for asset management

A model to measure what were the key influences in adopting asset management was developed based on six drivers. These were identified through a development process

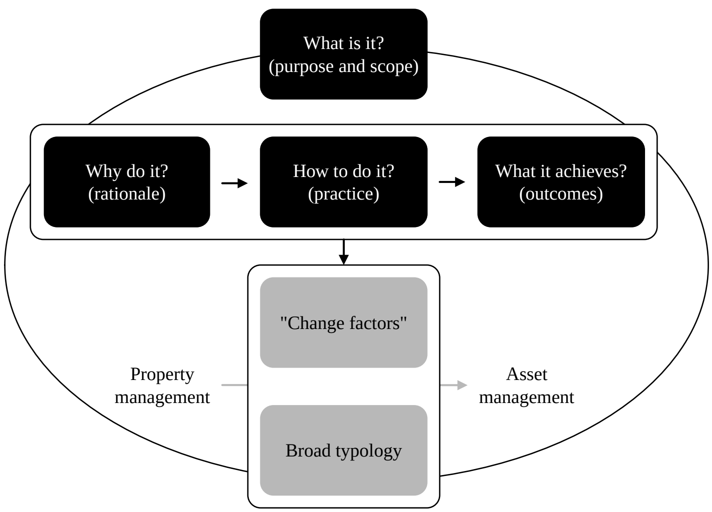

Figure 1.
The analytical framework

that included a review of literature, existing practice guidance and from the views of experts and practitioners. The number of drivers selected was limited to six broad categories: statutory requirements, external advocation, financial imperatives, client expectations, leadership and skills and capacity. These are capable of reflecting more specific circumstances which may have influenced the introduction of asset management. Interviewees at each case study organisation were asked to assess the strength of influence of each driver on a scale of 1-6 on their organisation's adoption of asset management. This gave a simple summary understanding of the motives for introducing asset management and the more specific factors under each driver were examined further through interview.

3.3 Measuring asset management practice

This model was developed as a normative model of best practice by structuring the elements of practice identified through a review of published guidance. This created a set of six practice elements for each of eight key components (culture, governance, organisation, information, engagement, policy, accounting and implementation) which underpin asset management. The overall model, therefore, provided a metric to position an organisation's implementation in terms of asset management practice as a whole and also for each of its individual components. No attempt was made to weight the individual elements of practice although it is recognised that they may be viewed with different levels of importance in different organisations. Indeed, the model was used in its un-weighted state as an interview tool to determine which elements were considered to be most important.

3.4 Measuring asset management outcomes

The search for a single, simple measure to assess outcomes from asset management is something of a holy grail and despite the efforts of professional and practitioner associations no such measure has been defined. Pittman and Parker (1989), for example, identify how difficult it is to construct measures of efficiency and performance for property. This is in part because property can be viewed, as Avis *et al.* (1998) identify, from several different perspectives, with each perspective having different management objectives and thus different implied measures of outcome. Whilst a single overarching measure has been elusive, there has been extensive research into different aspects of performance for asset management within both the private and public sectors. This work, such as that by DETR (2000), CLG (2007, 2008) and RICS (2008a, b, c), have tended to concentrate on measures at a sub-portfolio level; for certain types of buildings or for certain types of activities rather than for the portfolio as whole. Published guidance stresses the development of performance measures as a key requirement of best practice with the guidance stressing the need to link performance measures to service outcomes to demonstrate the contribution asset management is making to corporate priorities. This is problematic because it is hard to identify and quantify the contribution asset management makes along with other components to such outcomes.

In the researcher's view, there have been two problematic areas in the practitioner work to date. One is the attempt to find outcome measures that embrace both consideration of the asset base and achievement of organisational objectives. It is difficult to isolate and quantify the contribution asset management might make to organisational objectives amongst other factors. The second is that whilst using the terms performance and outcomes, the measures to date have primarily concentrated on inputs or processes; that is to say, practice as a proxy for outcomes. The work to date has proceeded on a general assumption that measuring and comparing asset management across different organisations is difficult and that the input and process approach is the only practical option. In order to develop a coherent thread to the research and to avoid these problems, an approach was taken based on a simple assumption that better buildings contribute to a better quality of life. An approach which attempted to look at the "status" of the assets rather than the organisational or process arrangements around the activity of managing them was used. A model to measure outcomes of asset management was developed based on what would be the anticipated characteristics of an "optimised" portfolio. It drew on ideas from Oxford Brookes University and a model developed by Hertfordshire County Council (2003) to provide a framework to quantify performance at a whole portfolio level.

This approach has some limitations which need to be recognised. These are: that different councils have different sizes of portfolio with a different mix of building types, so that the term "optimised" may have a different meaning. Use of a large number of measures to provide a rounded view of the portfolio would be a preference over a smaller number, but this poses difficulty in data collection. A compromise approach was used with eight measures for a range of perspectives to determine an overall assessment of the portfolio. The measures used were reviewed by practitioners and experts to assess their appropriateness and robustness. The aim was to develop a set of high-level measures which provided a rounded view of a portfolio. As differently structured and focussed organisations require different things from their assets, there is no single output indicator of good performance across time and space and what is required are measures for a range of dimensions which can be used in combination to give an overall view of outcome. The dimensions used are shown in Figure 2.

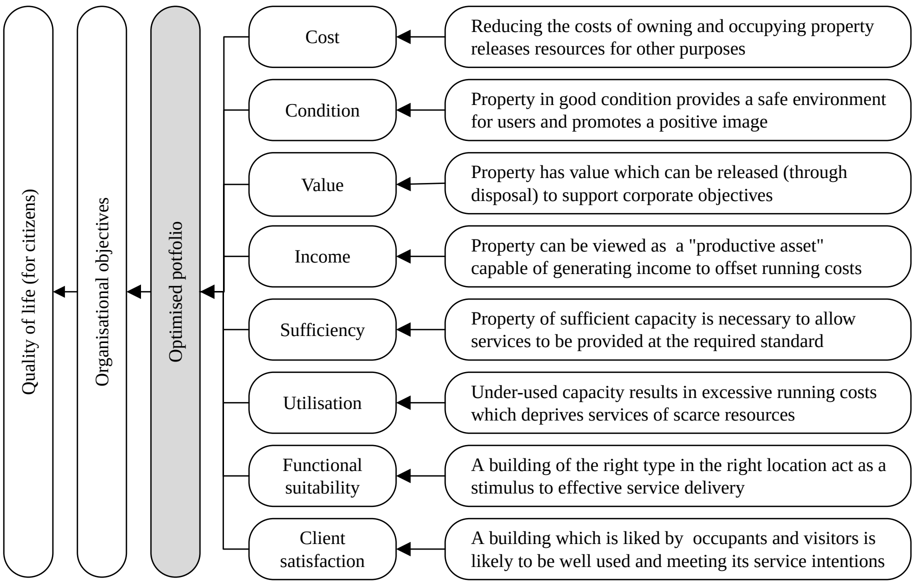

Figure 2.
Summary of output measures for an optimised portfolio

3.5 Key change factors for asset management

As well as being used to examine the linkage between rationale, practice and outcomes, the models were also used to identify the key factors influencing the transformation of property management to asset management. The term "change factor" was used as this seemed consistent with this transformational aspect of asset management. This is in contrast to other terms like critical success factors which have been used by commentators such as RICS (2004), Mason (2006) and Davis (2007).

3.6 A broad typology for asset management

The distinction between asset management and property management and the visual definition of asset management advanced by Lloyd (2007) provided a simple framework for developing a broad typology for asset management. The four quadrants of Lloyd's (2007) diagram provided a basis for categorising an organisation's approach to asset management, as shown in Figure 3, with each quadrant representing a different type of asset management or stage in the evolution of asset management. Simple labels were used as descriptors for each quadrant. The typology was used to place each case study organisation within a quadrant. The "paternal stewardship" and "public entrepreneurialism" represent, from Lloyd's (2007) model, the difference between the more traditional property management discipline and the newer discipline of asset management. The "managerial efficiency" and "visionary ambition" quadrants on the other hand can be seen to represent different approaches to asset management, or, alternative interim stages in the evolution from property management to asset management. "Managerial efficiency" can be seen as a descriptor for those organisations which focus more specifically on improving processes as a short-term way of increasing effectiveness. In contrast, "visionary ambition" describes organisations which focus on bold long-term aspirations as a mechanism to make a step change in approach.

4. Summary of findings

4.1 The rationale for asset management

In all cases, there was no single driver acting in isolation as a stimulus to asset management, but rather several acting in conjunction, with one tending to exert a more

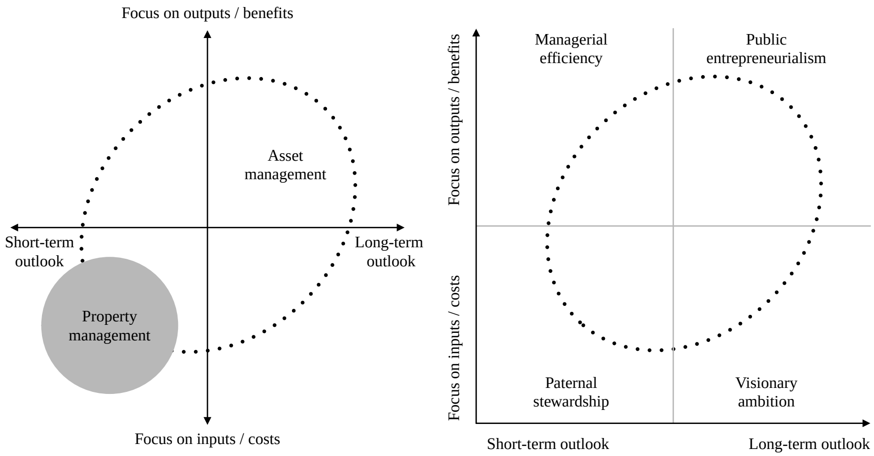

Figure 3. Visual definition of asset management and an asset management typology

dominant influence. Financial imperatives, with the need to support revenue budgets or generate capital receipts to bridge capital funding gaps, along with more stringent external inspection regimes, such as the comprehensive performance assessment (CPA), were the prominent drivers for asset management. Client expectations were not considered an important driver. In all cases, the influence of clients, either internal service managers or external users of council services, were identified as marginal. In no single case were client expectations seen as a primary driver for asset management, although there was acknowledgement in most cases that ultimately council's buildings were there to support service delivery. The impression given through the interviews was that clients have low expectations of their buildings or that they were happy to make to do with what they have. The combination of several drivers, including financial pressures and external compulsion allied with strong internal leadership, seemed to provide the strongest catalyst for asset management.

Some cases promoted the wider contribution of assets to achieve corporate objectives as an emerging primary driver. It was not entirely clear whether this was due to an increasing awareness of the significance and value of assets as a catalyst for change by the organisation at large, or, simply a convenient way of encapsulating what organisations wanted asset management to be about, but where the rhetoric was divorced from practice. One case identified their own internal skills and capacity as the principal driver for asset management. It was stressed that progress was made despite of rather than because of the organisation, illustrating the difficulty of implementing asset management with a lack of other drivers to support its development. A few cases seemed to be on the cusp of change with a new chief executive providing a stimulus to asset management. In the case of one, it was through a desire to improve the council's CPA status and, in the case of another, it was associated with a drive to re-assert the city's prominence domestically and internationally with property seen as an agent of change for the city itself and the council's services. In both, financial pressures were also prominent and so the strategic value of property was being increasingly recognised with asset management as an activity having more focus and featuring at a higher decision-making level.

An overall summary is that the adoption of asset management in the UK has been driven by externally imposed central government policy – reinforced by the CPA inspection regime by which councils are assessed – and the financial pressures faced by councils. This confirms the observations of Kaganova and Mckellar (2006) and Worley International Ltd (2000) that in UK asset management has been principally "top-down" imposed through national policy. The case study organisations have responded to this stimulus in different ways. Where it has been initially ignored or left to internal "bottom-up" drive from motivated, skilled staff but without support and commitment at a senior level, its implementation has been slower or faltering. Where implementation has been driven "top-down" by key decision makers, such as the chief executive, then progress has been more significant. This is illustrated not only by the extent to which they have embraced best practice, but also by their own perceived performance in asset management.

4.2 The adoption of practice

Figure 4 shows the extent to which the cases had adopted the elements of "best practice" within the model through a simple count of practice elements in total and for each

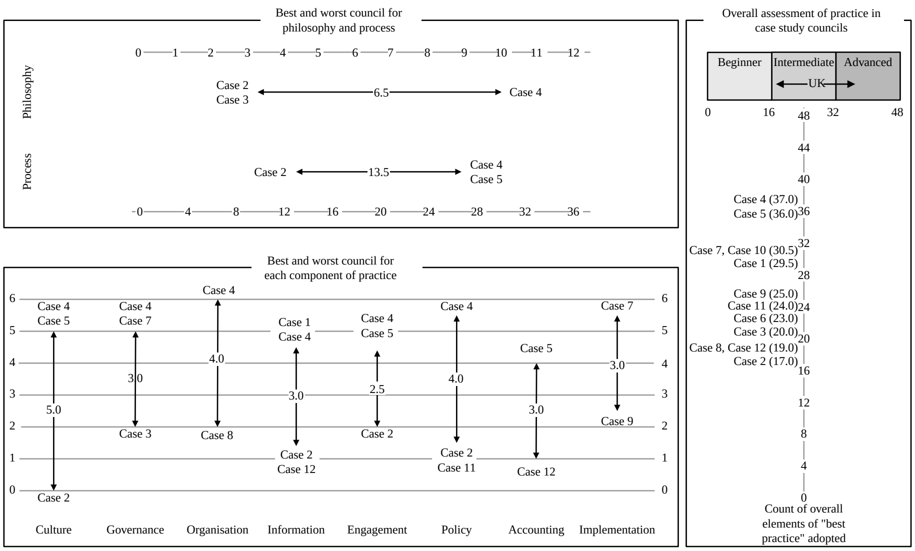

Figure 4.
The adoption of asset management practice

of the main components of the model. Whilst there was a divergence in the extent to which cases had adopted recommended practice, no cases were considered as operating at the extremes; either as “a non-starter”, or “comprehensively embracing all”. Rather, all were operating in a relatively narrow, middle band of practice, suggesting all were at least above an initial embryonic threshold of practice. Whilst some were further advanced in the adoption of practice, all had progress to make to embrace the recommended practice comprehensively. This may be because there is a strong central government direction to embrace asset management and thus a strong awareness amongst the practitioner community of the published guidance. A further reason may be that the initial levels of practice are relatively easy to adopt, whereas the more advanced levels of practice require greater capacity, skills or commitment. From the extensive survey interviews, it was felt that those councils which were further advanced did demonstrate a strong corporate drive and commitment to asset management. All interviewed practitioners were aware of the requirements of best practice and were striving to introduce them, but acting within the constraints of their own organisation’s commitment, resources and characteristics. Some made the comment of understanding the theory but the practice being harder to achieve.

There was a distinctive, different feel about those cases that were more progressive in adopting asset management practice than those that were lagging. This feel coalesced around the culture of the organisation which was considered more corporate, innovative, and entrepreneurial and which recognised property as a strategic asset of the council. There was a correlation between those cases furthest advanced and the prevailing culture of the organisation which could be described as being business-like and commercially aware. This was in contrast to others which could be described as traditional and where property was seen as a physical manifestation of the council in the community. Here, there was reluctance to embrace any change to its property holdings. There was also a distinction between those cases which had real portfolio intelligence on which to base decisions from those which were merely in the process of gathering data and not able to use it. Similarly, there was a distinction between cases where there was some clarity of vision over the management of assets set against likely service needs, from those which were merely acting in a reactive, short-term way to identify service needs without the benefit of a wider property strategy. Finally, there was a distinction between those cases which had an organisational focus and capacity for asset management, which all did have, from those where this was allied to strong, senior level leadership and cross-service engagement in asset management.

4.3 The outcomes from asset management

In all cases, it was relatively easy to identify the rationale for undertaking asset management and to asses the extent to which best practice had been adopted. However, it was more difficult to evaluate the associated outcomes through use of the defined portfolio measures. All cases had difficulty in providing even the basic data required to measure their portfolios using these indicators. Outcome measures based on published data, such as that from the statement of accounts, were more readily available than those which required primary data collection, such as client satisfaction with their buildings. Even in organisations where data were more readily available, there was a sense of them being information rich but knowledge poor as one interviewee from a case study organisation remarked. The difficulty in providing data reinforced the impression given through the literature review that adoption of best practice was used as a proxy indicator of good asset management outcomes because outcome measures are difficult to define and monitor.

There was a wide variation in individual outcome measures and, across the measures combined, between the cases. This in part may be explained by differing data sources and definitions used by the cases for each of the individual outcome measures. There was a lack of confidence over supplied data because of this variation. However, it should be stressed that the supplied data were not verified in any way and no attempt was made to complete missing data. The inability of cases to supply data readily was itself interpreted as an important research finding indicative of the problematic nature of measuring asset management outcomes.

4.4 The relationship between rationale and practice

Whilst not conclusive because of the limited number of cases, there was a discernable link between the rationale for doing asset management and the extent to which asset management practice had been embraced. In Figure 5, the major single influence on the adoption of asset management for each case is plotted against the vertical axis whilst a count of the elements of recommended practice adopted, out of a maximum of 48 practice elements, is plotted against the horizontal axis. Externally driven factors tended to promote greater adoption of practice but a link between financial imperatives and the adoption of practice was also evident. Whilst not explicitly revealed through the scoring of the relative importance of drivers, interviewees highlighted the importance of leadership as an influence on the extent to which practice was embraced. Cases where asset management was "top-down" driven were further advanced in embracing practice than those where asset management was "bottom-up" driven, or where there seemed little stimulus to asset management at all. Where the most

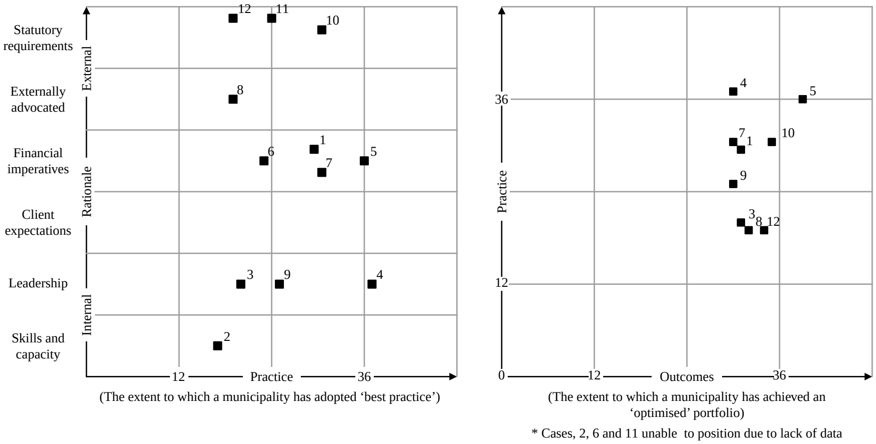

Figure 5.
The relationship between rationale and practice/practice and outcomes

significant influence was externally advocated asset management, then adoption of practice was relatively weak.

4.5 Relationship between practice and outcomes
A clear linkage between practice and outcomes was not established. This was in part due to the absence of complete data for some cases for the defined outcome measures. The difficulty of measuring asset management outcomes and the problematic nature of gathering the required base data were anticipated and the extensive survey stage confirmed this difficulty. Where there was data, the link between practice and outcomes was not evident and there were some contra indications, such as one case which, whilst demonstrating slow take-up of practice, had generally good outcome measures. From the extensive survey, no coherent pattern or relationship between practice and outcomes was evident. In Figure 5, the number of elements of practice adopted by the cases, out of a maximum of 48 elements of practice, is plotted against the vertical axis with the outcomes plotted against the horizontal axis. In the case of outcome measures, the eight performance indicators were converted using a graded scale to produce a score out of a maximum of 48.

4.6 Key change factors for asset management
All interviewees recognised that there were a range of influences that contributed to the implementation of asset management. They appreciated the existence of a few key critical elements that were the real determinants of the extent to which an organisation was able to embrace the discipline. Most cases felt able to recognise these change agents and to identify their strength relative to these.

The importance of commitment through leadership as a stimulus to adopting asset management was identified by most cases. This focussed around the need for a champion who can act as an advocate for asset management at senior decision-making forums and secure the political will to embrace the change of attitude required to support it as a distinctive discipline. Whilst it was felt that this leadership was required at both an officer and member level, most cases identified that the commitment of the chief executive as of overriding importance, as he or she was best placed to encourage member engagement, to secure resources and raise the profile of asset management. The requirement for leadership is perhaps an understandable pre-requisite for effective asset management and through the interviews it became clear that what was required was more than mere leadership: more a sense that leadership provided an impact across the organisation in support of asset management. This is perhaps, best summarised by the words of those interviewed as the organisational will of the council. The term "organisational will" is a collective one which embraces several elements. These include a champion to promote asset management concepts, senior level commitment and internal skills and capacity to implement asset management.

Organisational will is thus about the overall commitment of an organisation to embrace and support asset management. This research has revealed that this has several dimensions to it. There is the drive provided by a single individual as a champion for the activity, the skills and capacity of the professional team charged with the associated day-to-day activities of making it happen and the collective understanding of the organisation of the purpose of asset management so that its development is facilitated and supported rather than hindered. These collective attributes were demonstrated in only a few cases.

There was limited evidence of a long-term vision for the portfolio in any of the cases but where it was evident, asset management practice was further advanced. All cases had an asset management plan as a requirement of best practice but these documents tended to concentrate on roles, responsibilities and processes. A few cases had a separate document which attempted to articulate a set of long-term objectives and a strategic perspective for the management of the portfolio. Whilst it was not clear whether these strategies were acknowledged across the organisation at large, it demonstrated a level of strategic thinking and focus which was in contrast to other cases. In most cases, there was a focus on short-term actions and a one-year planning horizon, more consistent with the operational requirements of property management than the strategic considerations associated with asset management. It was recognised that there is an inevitable tendency to align property-planning horizons to other council planning cycles, such as budget setting, which tend to be organised annually.

There was a tangible feel to cases where asset management was furthest advanced, in contrast to those where it was poorly developed. This manifested itself most notably in the morale and motivation of the staff involved in asset management. In those cases most supportive of asset management, staff had a high degree of self-worth as they felt the importance of property was recognised. This was in contrast to cases where asset management was lagging. Here there was an almost resigned weariness by practitioners themselves who were struggling to influence the organisation of its value, to secure any senior engagement and where progress was made despite the organisation rather than because of it. In many cases, the skills and experience of the staff in those organisations where asset management was lagging was highly developed, but unable to be fully expressed because of the organisational environment in which they were working. Whilst the existence of a supportive organisational culture as a facilitator to asset management was identified, it was not easy to define its characteristics. As well as the high degree of morale of the staff, there was in the more advanced cases an environment which seemed more open to innovation and risk-taking and with a more entrepreneurial approach to its assets base. Such cases also adopted a pragmatic, business-like approach to their decision making around property, with a willingness to use property as a catalyst for wider organisational reform.

All cases emphasised the need for adequate data about the portfolio, either as a pre-requisite for effective asset management, or, in cases where data were lacking, as a constraint. Although the extent of data held was different between cases, all understood what data were required to manage assets and had aspirations over time to improve their data. What seemed different in some cases where asset management was more developed was the level of "portfolio intelligence". This may link to organisational size as those organisations with a large portfolio may have trouble collecting and maintaining a broad range of data and may suffer from much data but little intelligence. This difference between intelligence and information seemed a distinguishing feature in the more advanced cases and this knowledge provided a more effective basis for decision making about assets both individually and collectively. Whilst all cases emphasised the importance of information, most, if not all cases, also admitted they were not making use of information they did have, let alone the wider information needed for asset management.

The key change factors identified could be described as organisational will, strategic focus, commercial ethos and portfolio intelligence; expressed in shorthand as commitment, vision, culture and knowledge. There was an implied dependency in these factors and there was also a recurring theme that emerged through the survey that these factors come together more easily in organisations within certain size thresholds. This issue of an optimum size threshold for effective asset management was raised at two levels. First, a lower threshold size for an organisation below which it was difficult to undertake asset management because of constraints in technical and professional capacity or because of the limited scale of the portfolio meaning the benefits were not significant. Second, an upper size threshold for an organisation above which it was difficult to work with a corporate, cross-organisation approach to asset management. This echoes a theme explored by Nieboer and Gruis (2004) in the social housing sector. They argued that size was an important intervening factor in the development of asset management pointing to a rationalisation in the number of social landlords required by market disciplines in order to improve organisational professionalism.

In general, the survey revealed that the transformation from property management to asset management was influenced by four change factors. These are shown in Figure 6 and echo findings identified by Pitt (2005) and Mason (2006) as critical success factors in asset management. Whilst echoing Mason's findings, this research also suggests some differences. In common with Mason (2006), strategic vision is acknowledged as being a critical factor. Whilst senior officer and member engagement is considered important, this research points to a wider organisational commitment as being a requirement, one which embraces others as well as senior officers and members and which can be recognised as a kind of collective commitment. Mason's critical factor of leadership can perhaps be considered as part of this collective commitment. Whilst Mason (2006) emphasises the importance of a prevalent working culture, which he identifies as corporate working, this research points to a more entrepreneurial culture as the one which is required to drive asset management. Finally, in contrast to Mason (2006), this research identifies portfolio intelligence as a key change factor with the more innovative and effective asset management decisions being made possible through better knowledge of the asset base which municipalities own.

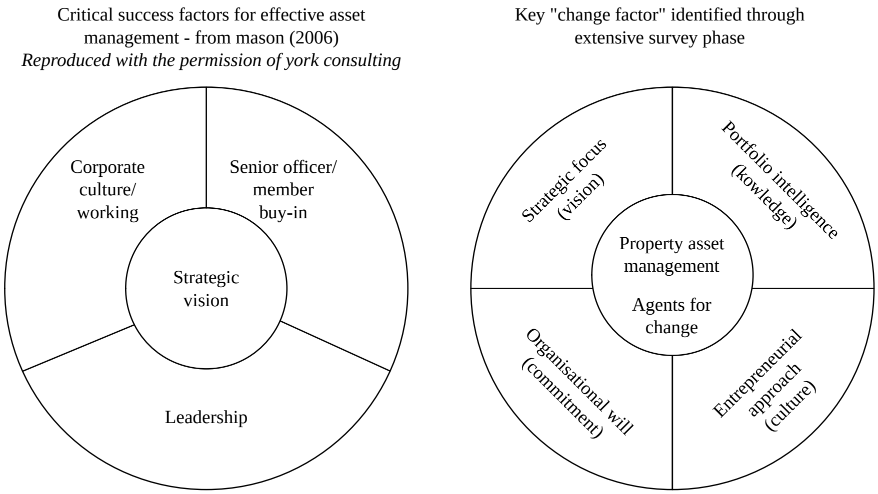

Figure 6.
Key change factors for asset management

4.7 A simple typology for asset management

Using the analysis of rationale, practice and outcomes with an assessment of the strength of the key change factors, it was possible to classify cases according to their maturity in adopting asset management. This broad typology could have been developed in a variety of alternative ways but the initial model, presented above and adapted from Lloyd (2007) to differentiate asset management from property management, provided a mechanism with which to define and position each case. The four quadrants of the typology have been given "descriptor" labels. Each case has been positioned into a single typology and within each quadrant positioned to represent a point in time view of its approach to asset management. Whilst a subjective and simplistic typology, it does provide a metric to differentiate between cases and describe their approach to managing their asset base. The origin can be viewed as the starting point for change representing a time prior to the inception of asset management. Figure 7 then shows the direction and distance of travel for each case relative to this point in their development of asset management.

It can be seen that the cases are clustered into three groups. One group is at the lowest point of the paternal stewardship quadrant as if they have yet to really embrace asset management at all. There is a second group which has developed away from this low base of paternal stewardship into asset management but taking divergent paths in terms of development with some positioned in the managerial efficiency quadrant, some into the visionary ambition quadrant and others advancing more directly towards, but not yet reaching, the public entrepreneurialism quadrant. There is also a final group of the three case study organisations which have advanced more fully into the public entrepreneurialism quadrant. Whilst the typology presented is a simplistic one and the positioning of cases both subjective and imprecise, it does illustrate that different organisations are at different stages of maturity in the development of asset management and that there are divergent paths in moving from property management to asset management.

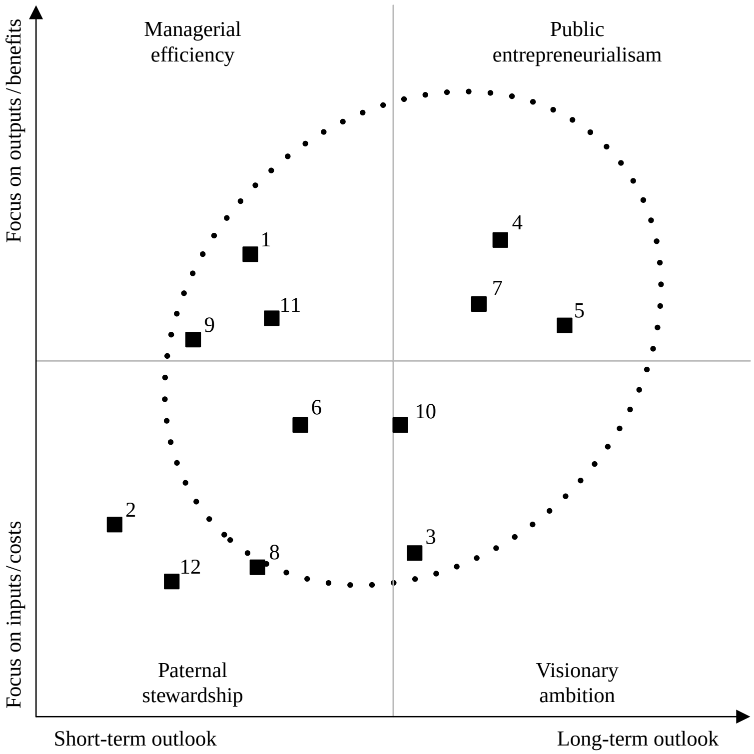

Figure 7.
Positioning of cases in a broad typology for asset management

5. Conclusions

In conclusion, this research study revealed some differences between cases in terms of their rationale for undertaking asset management, the extent of their adoption of best practice and in outcomes achieved. It suggested a weak but discernible link between rationale and the adoption of practice and the link between practice and outcomes was unproven. Lack of robust data for the defined outcome measures hindered the examination of the link between practice and outcomes which in itself reinforced the orthodoxy identified at the outset that the adoption of practice is used as a proxy for measuring outcomes. This remains a problematic area for asset management and one which requires a further focus of research. Correlation, however, is not necessarily causality and work is also required to explore the nature of these relationships in order to improve understanding of asset management.

The use of a broad typology to describe asset management implied that there may be differences between organisations in terms of the stage and path of their evolution from property management to asset management. This notion of different types of approaches to asset management has not been evident in the literature on asset management to date. Given that asset management represents an emerging discipline, which is distinctive from property management from which it originated, then it is appropriate to question whether there are alternative evolutionary paths that organisations follow in their development and this concept of a typology to describe different approaches to asset management is an area for further research.

Finally, the extensive survey identified four change factors which were pre-requisites for organisations in this transformation process. These can be summarised as organisational will, strategic focus, portfolio intelligence and an entrepreneurial culture.

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