

# ***Managing changes and improving performance***

*A conference on selected management topics*

- ***Performance Management***
- ***Change Management***
- ***Value Driven Maintenance, VDM***
- ***VDM Maintenance Workshop***

*Organized and hosted by  
DMM Solutions Ltd.*

*At the Blue Lagoon's Eldborg, September 19<sup>th</sup> – 20<sup>th</sup> 2007*

*Please note that Eldborg is next to the Svartsengi Power Plant*

## **Day 1 - Wednesday 19<sup>th</sup> September 2007**

- 09:00 - 09:15 Opening words - *Guðmundur Jón Bjarnason*
- 09:15 - 12:00 **Performance Management** - *Finnur Oddsson*
- 12:00 - 13:00 Lunch
- 13:00 - 15:30 **Change Management** - *Gerard Seijts*
- 15:30 - 16:00 Coffee break
- 16:00 - 17:30 **Value Driven Maintenance, VDM** - *Mainnovation*

*17:30 - 18:30 All participants offered drinks and to enter into the Blue Lagoon*

*19:00 - 21:00 Dinner at the Blue Lagoon (optional)*

## **Day 2 - Thursday 20<sup>th</sup> September 2007**

- 09:00 - 12:00 **VDM Maintenance Workshop** - *Mainnovation*
- 12:00 - 13:00 Lunch
- 13:00 - 17:00 Workshop continued - *Mainnovation*

*17:00 - 18:30 All participants offered drinks and to enter into the Blue Lagoon*

*19:00 - 21:00 Dinner at the Blue Lagoon (optional)*

*Price per day, per person, is 45.000 IKR.*

*Inclusive conference notes, lunch, coffee breaks and ticket to the Blue Lagoon.*

*Exclusive dinner.*

## Day 1

### **Opening words – Guðmundur Jón Bjarnason, DMM Solutions**



*Guðmundur Jón Bjarnason received his master degree in Electrical Engineering from the Technical University of Denmark, DTU, in 1996. In 2007 he completed his MBA studies from Reykjavík University. Guðmundur has also taken courses on maintenance management at Manchester University. His professional carrier includes current position as the manager of DMM Solutions Ltd, a software and consulting company in the field of asset and maintenance management, and carrier as an engineer at Landsvirkjun which is the biggest producer of electrical energy in Iceland. Guðmundur has worked for numerous companies as a consultant on issues such as maintenance audits, maintenance strategies and implementation of the DMM software. The DMM software is a computerized maintenance and inspection management system.*

Our customers are from diverse industries, such as from the power sector, producing and distributing electricity and hot water, retail, communication, facility management, food production and bottle production. All of them consider maintenance and/or inspections to be important topics for their businesses. It is for example crucial for the power companies to offer very high reliability and for the retail companies to offer adequate service levels. In recent years, and in foreseeable future, many of our customers have been and are facing various changes, which are based not only on increased competition but also on changes in the external environment, such as deregulation and new energy laws in the power sector. As competition is increasing, performance management has become an important, but still somewhat clouded, management issue.

In the light of this, I truly believe that this basket of short management courses on change management, performance management and maintenance management will be valuable for our customers and provide them with new ideas and insight into important topics, which can be of value for their businesses.

### **Performance management – presented by Finnur Oddsson, Reykjavík University**



*Finnur Oddsson received his Ph.D. in Psychology from West Virginia University. He worked as a consultant for Aubrey Daniels International in the US for a few years before joining Reykjavík University (RU) as a professor in 2001. At RU Finnur has served various roles, most recently as the MBA Program Director and Director of Executive Education. Finnur's area of expertise is in human resource management, with an emphasis on performance management, measurement and feedback systems, compensation and implication for strategy implementation.*

Finnur will talk about the foundation of managing performance at the employee level, focusing on the environmental determinants of employee performance and implications for management in setting structures, policies and procedures that align employee activity and organizations' strategic objectives. The session will also focus on how to define performance, both at the employee and organizational level, and set up measurement and feedback systems that are likely to support the accomplishment of strategic objectives.

### **Change management – presented by Gerard Seijts, University of Toronto**



*Gerard Seijts received his PhD from the U. of Toronto in 1998. Gerard is teaching on several leadership programs with executives from organizations such as Scotiabank, Canada Post, Maple Leaf Foods, Xerox, Cara Ops., Hewlett-Packard Ltd., ING Direct, TransAlta Energy Corporation, Dofasco Inc., J.D. Irving, among others. He has worked with organizations such as Deloitte, Pink Elephant, Icelandic Civil Aviation Administration, Kaupthing Bank, Landsbankinn, Glitnir, and local government in Manitoba and Ontario – on issues such as leadership and change. His research has been published widely. In 1999, Gerard received the Associates Award for excellence in both teaching and research. In 2005, he received the Innovation in Teaching Award from the Richard Ivey School of Business.*

In today's business world, change is inevitable, except from a vending machine. Change is indeed a fact of life and how individuals and organizations adapt to change is a constant measure of success. How do we handle the perpetual alteration of our organizations' structure, people, processes, and technologies? In this session, Gerard Seijts discusses key factors for leading and realizing organizational change. Attendees will hear real life examples along with key actions for development and execution of business strategy.

### **Value Driven Maintenance – presented by Guy Delahay or Andries Luiten, Mainnovation**



*Mr. Delahay graduated in Industrial Engineering and Maintenance Management at the Eindhoven University of Technology. He started his career as a maintenance consultant for the Ministry of Defense optimizing capacity planning and spare part logistics for military equipment. In 1991 he joined Ernst & Young Consulting, where he conducted over 20 projects in the area of production and maintenance improvement. At the end of 1996, Guy was appointed Managing Director for PDM Consultants, an agency specialized in maintenance and shutdown consultancy. In the beginning of 2000 he was the co founder of Mainnovation and the Value Driven Maintenance®-philosophy. Guy has been involved in projects with customers like Mars, Philips, Essent Energy, NedCar, Daf Trucks, Akzo Nobel, Sara Lee, Volvo Cars Manufacturing, Johnson & Johnson, BASF and Pepsico. Guy has been (vice-) chairman of the Dutch Maintenance Association for 5 years.*



*Mr. Luiten graduated in Mechanical Engineering at the Twente University of Technology. He started his career in 1980 as a project engineer in the Cement and the Tyre-industry in the design, commissioning and construction of capital intensive process machinery. In 1989 he joined Coopers & Lybrand, where he conducted short and long term implementation projects in the area of Supply Chain Management, Production and Maintenance improvement for industrial customers. In 2005, after two years of consultancy in Russia for IBM, he joined Mainnovation in the role of senior consultant. Andries has been involved in many projects. Long term projects include customers like the Ministry of Defence (maintenance), MMK (Magnitogorsk steel works) and recently Port of Rotterdam (harbour authority) and ProRail (railways).*

"What is actually the added value of maintenance?" is a frequently heard question in boardrooms the world over. Even though maintenance is often critically important, few maintenance managers are able to answer the question convincingly. Especially when they are asked to express the benefits in terms of economic value added or shareholder value – the language being spoken in boardrooms.

For this reason Mainnovation developed the Value Driven Maintenance® methodology, which is implemented in leading maintenance organizations like DSM, Smurfit Kappa, Sara Lee, GlaxoSmithKline, Akzo Nobel and Volvo Cars. VDM builds a bridge between traditional maintenance philosophies and managing by shareholder value. Not only does VDM simplify the boardroom discussion, it also shows that far from being a cost center, maintenance is actually a major economic value within the overall business performance. See also VDM white paper.

## Day 2

### **MAINTENANCE BUSINESS EXPERIENCE** *Value Driven Maintenance® Workshop*

#### **Just a game or powerful tool to support change?**

##### **Value Driven Maintenance®**

Value Driven Maintenance® (VDM) is a new maintenance method that builds a bridge between traditional maintenance thinking and managing by economic added value. VDM shows where the added value of maintenance lies and how maintenance organizations can best be structured to materialize the value. For this purpose, VDM builds on established best practices like RCM, TPM and RBI. VDM does not replace these methods, but places them in the right context, the context of economic added value.

##### **Learning by doing**

Besides defining the maintenance strategy using benchmark information and value calculation, VDM also supports the implementation of the strategy. One of the main challenges is to get the people on board to drive the strategy at operational level. People need to accept the burning platform and be able to translate the strategy to their specific role. The main driver to develop the Maintenance Business Experience is therefore to encourage people of all levels in the organisation to adapt to the upcoming changes and, if applicable, to use the VDM philosophy. You have to experience the power of the concept by applying it, learning by doing.

The Experience addresses various learning objectives not only to show the value of a certain strategy but also how it impacts the 'day-to-day' way of working. The simulation has been applied at different companies with great success, among which Volvo cars and Port of Rotterdam. This article explains how the Maintenance Business Experience works, what the added value is and how it could be used as an essential element in change management.

##### **Fun to play**

The Maintenance Business Experience takes place in a competitive environment: teams are faced with true life maintenance problem situations, limited information and conflicting demands. During the simulation all kind of events are introduced. Each team defines its maintenance strategy with variables such as number of mechanics, number of critical spares, number of planners, number of optimized preventative maintenance schedules, number of updated drawings and number of performance contracts. Beside these variables a team can implement best practices (RCM, TPM, Equipment Based Budgeting, Gatekeeping, etc.) in the coming year. Implementing these practices, however, requires investments that will not always create value. Due to the limited budget available for investments the teams learn to make choices and to focus.

The effects of the team's decisions are measured against the 10 VDM KPI's and benchmarked every playing round. The overall result, the maintenance performance of a team, will be translated in the added value for the fictitious company. After each playing round, the facilitators bring in a limited amount of maintenance and VDM 'theory', explaining how decisions relate to value, under which conditions known maintenance best practices really create value and making the participants aware of the pitfalls when applying these best practices.

As the eagerness to beat the other teams grows, the teams will be teased to find the real trade-offs in maintenance. They can use benchmark reports, created value and changing market conditions to optimize or to continue their maintenance strategy in the next playing round. Also other events can trigger a team to make other choices such as research reports, publications, and incidents. The team that creates the most economic value after a number of playing rounds wins the prestigious simulation award.