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Decision governance

Susan Lattanzio, PhD PCQI, Research Associate for TREND (TRansdisciplinary ENgineering Design) at the University of Bath, explains a new approach for improved organisational decision governance by treating decision support tools as assets

To make decisions, businesses use a range of tools. These can include manual processes, locally held spreadsheets and databases, or enterprise-wide software. The performance of these tools, and whether over time they continue to identify the optimum decision choice, can have significant financial and non-financial implications.

In collaboration with National Grid, the University of Bath has created an approach to improve the governance of decision support tools (DSTs) by treating them in the same way as you would a physical engineered asset. That is, an organisational process is put in place which ensures they are managed and maintained throughout their operational life.

The challenge

National Grid Electricity Transmission owns the electricity transmission network in England and Wales. The transmission network comprises the overhead lines, underground cables and substations that connect the electricity generators to the electricity distribution system.

As such, National Grid is rich in physical assets with a declared regulated asset value (RAV) in excess of £40 billion, and a planned spend programme of more than £16 billion over the period 2013 to 2021. For both National Grid and the nation, ensuring the optimum decisions are made about what assets to buy and how to maintain them is vital.

National Grid employs more than 200 different decision support tools to help support their asset decisions. More than 95 per cent of these are Excel spreadsheets held locally. The challenge for National Grid is ensuring that, in a dynamic environment, these tools are, and remain to be, 'fit for purpose'.

The solution

The solution to this challenge was to create a Decision Support Tool (DST) Performance Management Process, which treats decision support tools in the same way as physical engineered assets. That is, these tools are managed throughout their life to achieve the optimum balance of performance, cost and risk.

The requirements for the quality management of assets are defined within the international standard ISO 55001:2014 Asset management - Management systems - Requirements. ISO 55001 has a focus on physical engineered assets and it is within this domain that it is generally applied.

However, under the standard an asset is defined as anything that has potential or actual value for an organisation to achieve its objectives. Consequently, the standard can equally be applied to natural and non-physical assets, such as decision support tools.

The DST Performance Management Process applies the standard requirements undertaken in the management of physical assets. That is:

- Create a register of assets.

- Identify the critical assets from within this register.
- Measure the performance of the critical assets.
- Apply a treatment.

The DST Performance Management Process

The DST Performance Management Process is shown in Figure 1. The design was based on the risk management process seen within ISO 31000:2018 Risk management - Guidelines.

This approach was important for two reasons. First, in managing risk ISO 55001:2014 specifically references ISO 31000. Second, the risk management process meets the requirements for a quality-managed process defined by ISO 9001.

Within the DST Performance Management Process, 'communication and consultation' and 'monitoring and review' mirror the activities conducted as part of the risk management process.

Establishing the context, also seen within the risk management process, is where the generic process is

“By treating tools used to support decision-making in the same way as physical assets, their performance is systematically managed across their operational life”

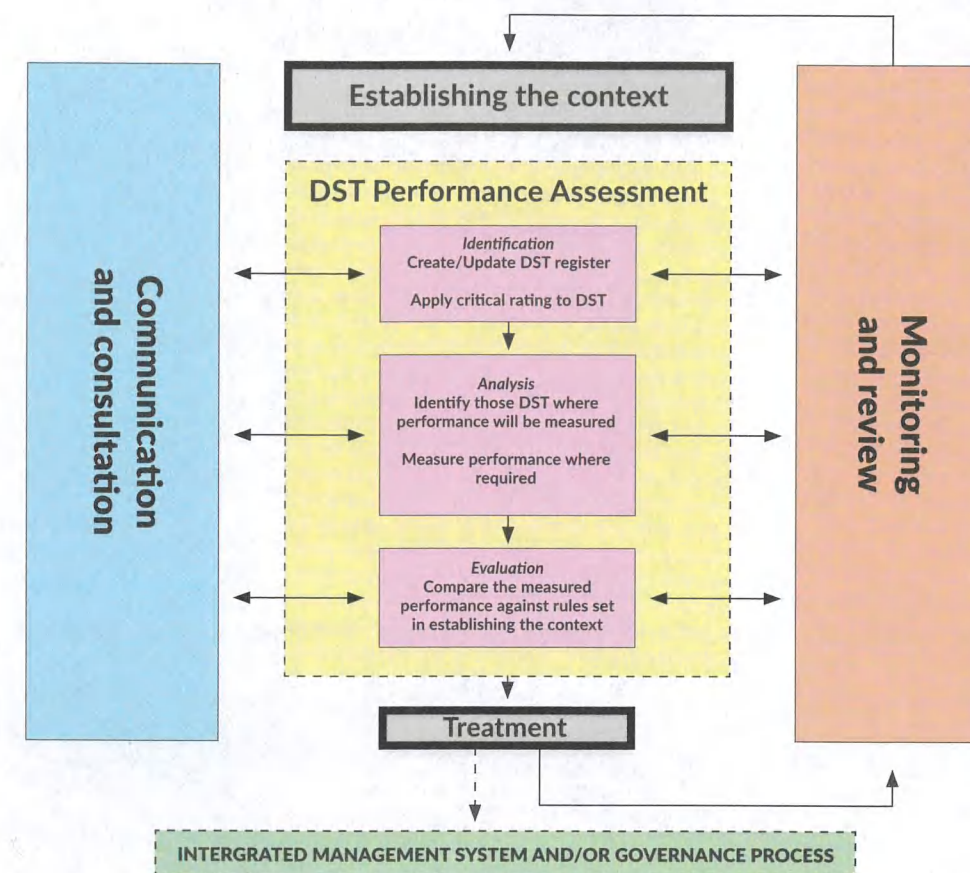


Figure 1. Decision support tool performance management process

tailored to meet the needs of the organisation. The rules for undertaking the DST Performance Assessment are defined within the DST Performance Management Process.

The DST Performance Assessment provides the specific steps for managing the performance of decision support tools. This has three stages:

- **Identification:** This is the point at which the DSTs falling within the scope of process are identified and recorded in a register. Each tool is allocated a rating for how critical they are to the business in achieving its objectives.

- **Analysis:** Using the rules defined by the organisation, the tools considered to pose the greatest risk to the business are identified and their performance measured. Performance is a measure of both whether the tools are performing as intended (verification) and whether the tools are meeting the needs of the users (validation).

- **Evaluation:** At this point, the results of any assessment are comparable to the rules defined within establishing

the context, and a course of treatment is identified.

Transferability

National Grid has validated the approach to improve the governance of decision support tools as both logical and useable. They have expressed their intention to implement this approach within their business. We believe that this approach also has the potential to be transferred outside of the infrastructure sector. Within all sectors and organisations tools are used to support decision making. In a dynamic environment, unless these tools are maintained, they will experience a decline in performance. By treating tools used to support decision-making in the same way as physical assets, their performance is systematically managed across their operational life.

Susan Lattanzio, PhD PCQI, is a Research Associate for TREND (TRansdisciplinary ENgineering Design) at the University of Bath

3 top tips

1

Identify your decision support tools

2

Analyse their performance with the DST Performance Management Process

3

Treat your decision support tools to assure they are fit for purpose.