

# Workshop 3F:

Planning to fail: how to raise tenant satisfaction through demand led replacement

Speaker: Brent O'Halloran (Hyde Housing)  
Chaired by: Jon Cross (Essenjay Associates)  
Room: **Queens Room**



The centre of excellence for improving property performance  
[nhmf.co.uk/conference](http://nhmf.co.uk/conference)



@NHMFOfficial  
#NHMFConference



**Hyde**

*Planning to fail; how to achieve the  
maintenance sweet-spot and improve  
tenants' satisfaction through;  
**Demand Led Replacement***

*Brent O'Halloran  
Director of Asset Management*

# The Florida Keys





# Public information – American style



How do the locals dry their clothes in the Florida Keys?



How do the locals dry their clothes in the Florida Keys?



How the British dry their clothes in the Florida Keys?

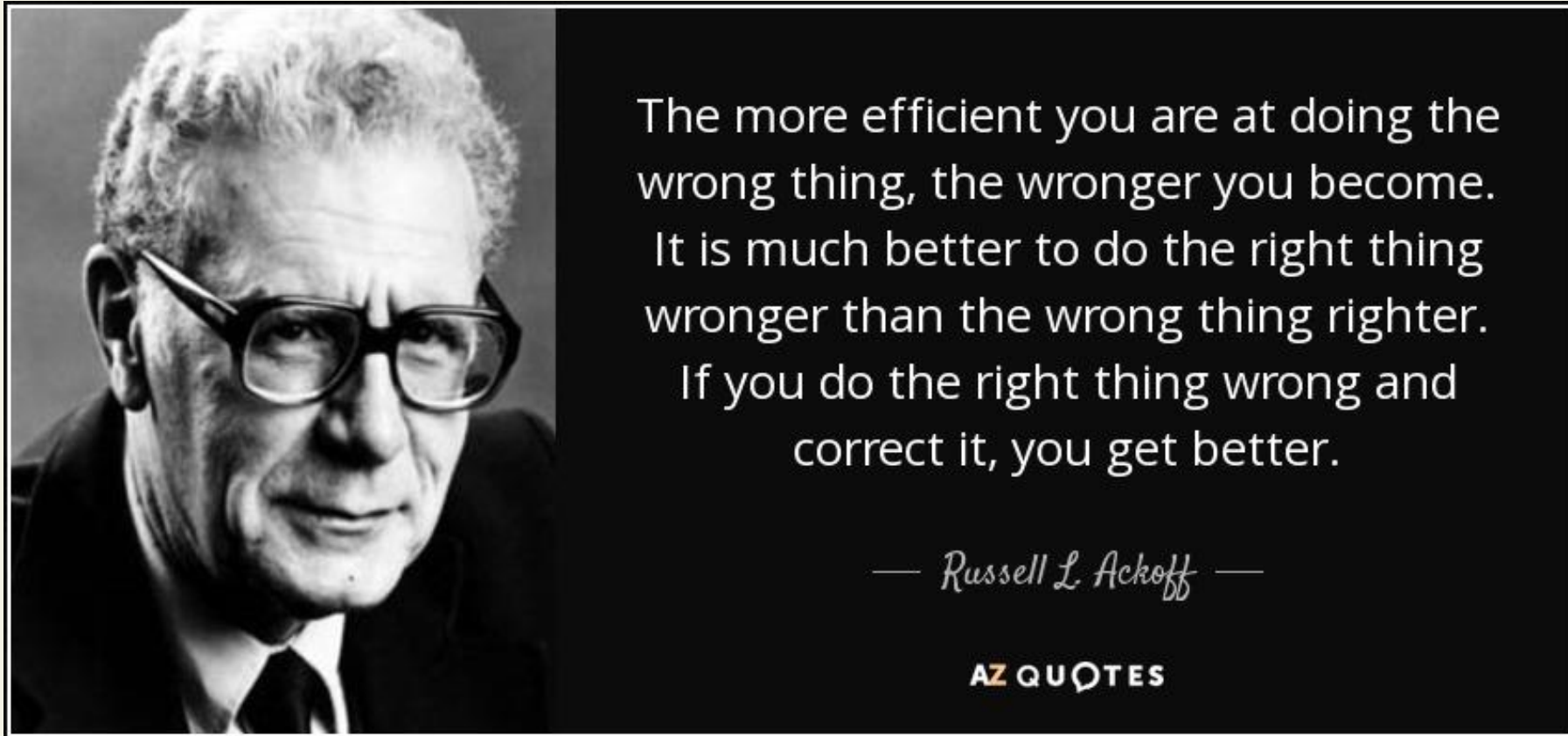


Context; It's all about breaking the mind-set





# Stop doing the wrong thing righter



The more efficient you are at doing the wrong thing, the wronger you become. It is much better to do the right thing wronger than the wrong thing righter. If you do the right thing wrong and correct it, you get better.

— *Russell L. Ackoff* —

AZ QUOTES

# Making decisions at home compared to making decisions when you come to work



What drives your decision to replace something in your home?



For example; your central heating...

Thinking about the last time you had it replaced;

***What was your prime reason for replacement?***



***If you haven't had your heating replaced, what do you think would trigger it?***



# For example; your central heating...

## *Reasons for replacement;*

- It's unsafe
- It's broken and can't be fixed
- Its beyond economic repair
- The parts and labour to fix it are high
- It's unreliable
- It's no longer fully functioning
- It's inefficient
- There's a newer model with wizzy controls
- It's old (at the end of its lifecycle)



What drives your decision to replace something at work?

**Planned Preventative Maintenance?**

# What drives your decision to replace something at work?

## **The Decent Homes Legacy;**

### *Lifecycle replacement*

- Kitchen 20 years
- Bathroom 30 years
- Windows 25 years
- Doors 40 years
- Rewire 25 years
- Heating system 15/30 years
- Roof 60 years

Why do we use different criteria in our home life, compared to our working life, for replacement decisions?



# The planning fallacy

## **The perceived 'merits' of planned preventative maintenance (PPM);**

- Planned works are cheaper - economies of scale?
- Planned works reduce responsive repairs?
- Standardisation and consistency of service?
- A smoother programme of works with lower prelims?
- It's fairer?
- Better to replace before it breaks down?

*Assumes that identical components deteriorate at the same rate*

# The hidden cost of lifecycle replacement

When considering VFM we tend to focus the replacement cost, not whether or not we should replace it at all.

- New Heating system £5,000, lifecycle 10 years
- Depreciation  $\text{£}5,000/10 = \text{£}500$  per annum

If we replace under a PPM regime when the heating still has residual life, it costs the business **£500 per annum** in lost utility.

# The wrong thing righter?

- We focus on marginal savings – Doing things right
- When we should focus on unit savings – Doing the right thing

## **Conventional VFM approach;**

- Heating £5,000 – Heating value engineered; £4,500  
- saving; **£500**

## **DLR approach;**

- Heating £5,000 – DLR engineered saving; **£500 per annum x its residual life**

# Introducing; Demand Led Replacement (DLR)

- *'When am I due a new kitchen'?*



- JIT JOT JOOT
- Refocus your supply chain on agile working
- Agree volumes with contractor but not addresses



# How we adopted a DLR approach...

- Conducted a stock condition survey
- Set the baseline as if we were applying lifecycles
- Committed to out perform the baseline budget
- Set a minimum standard (Decent Homes)
- Set up a referral system
- Sat back and waited for the phone to ring
- Carried out validation surveys on every component replacement request
- Replaced only those beyond economic repair
- Monitored demand, identified trends and repeated

# Savings

- On Capital expenditure we out performed our financial plan by 25%
- £22m savings over three years
- No increase in revenue repairs
- Non-decency remains at 0% after 3 years.

# Everything to gain, nothing to lose

- Are we storing up trouble for the future?
- *Collateral replacement and Uber collateral replacement*

- No more over programming  
*The end of early replacements*

- Are tenants less satisfied?  
*No more 'computer say no!'*



- What about tenants who look after their homes?

*The Hyde Quality standard – Nudge - no rent arrears, no ASB*

# The Hyde Quality Standard













**Hyde**

Thank you

**Brent O'Halloran**

**Director of Asset Management**

[www.hyde-housing.co.uk](http://www.hyde-housing.co.uk)

07918 057352

[brent.o'halloran@hyde-housing.co.uk](mailto:brent.o'halloran@hyde-housing.co.uk)