

Asset Leadership Network



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Company and Government/Customer Property Summit

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Impact of ISO55000 on Corporate and Government Assets

How does ISO55000 compare to ISO9000?

- Provides a framework for a systemic approach
- Considers what is needed to sustain/increase asset value
- Identifies assets not previously recognized as having value

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Impact of ISO55000 on Corporate and Government Assets

Helps organizations:

- Improve transparency, productivity, profitability and shareholder value
- Identify the future economic benefit the assets can have if cared for properly
- Incorporate good asset management in their strategic planning

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Three critical components to utilizing ISO55000 to the fullest extent:

- Understanding the structure of the standards
 - How to use them within your organization
- Performing a Gap Analysis
 - See where you are versus where you need to be
- Engaging Top Level Management
 - Support from the top down
 - Create a climate so good asset management practices will be embraced

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Why do I say: ISO55000 will be to Asset Management what ISO9000 was to Quality?

- Changes the culture of the company
- Provides a way to incorporate good Quality practices into the organization
- Drives our strategic plan, policies, procedures, practices and work ethic

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How does ISO55000 provide a framework for a systemic approach to asset management?

Provides a road map including:

- Initial context of the organization
- Understanding the needs of the stakeholders
- Identifying the scope of the asset management system
- What is required to establish, implement, maintain and continually improve an asset management system
- Processes needed to make the system effective

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Road Map

- Strategic Asset Management Plan (SAMP)
 - Documents the role of the asset management system
 - How it will support the organization's asset management objectives

- Commitment of the Leadership Team

Ensure that:

- The organization has an effective asset management policy
- A SAMP is created

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- Commitment of the Leadership Team

Ensure that:

- Asset management objectives and organizational objectives are compatible
- Asset management system requirements are integrated into the organization's business processes
- Proper resources are available
- The importance of adhering to the asset management system requirements is effectively communicated

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- Commitment of the Leadership Team

Ensure that:

- Intended outcomes of the asset management system are achieved
- Appropriate management and support personnel are appointed
- Cross-functional collaboration within the organization is established and maintained
- Continuous process improvement is promoted

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- The standard explains:
 - Policy development
 - Identification of organizational roles
 - Addressing responsibilities and authorities
 - Planning for risks and opportunities
 - Developing Asset Management Objectives
 - Including all roles, levels and functions

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- The standard explains:
 - Support necessary for the asset management system to be effective
 - Importance of good communication with all of the people who are involved with the process
 - Information and documentation requirements
 - Operational planning and control
 - Managing the change itself
 - Outsourcing

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- The standard explains:
 - Measuring performance including internal audit and management review
 - Non-conformance
 - Corrective action
 - Preventive measures
 - Evaluation necessary for continued process improvement.

ISO55000 set of standards covers everything that could affect the asset management system.

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How does ISO 55000 help to identify assets which previously have not been recognized as having value that is measurable ?

- Determine the scope of the asset management system
- identify the asset portfolio
 - Using certain criteria such as your organization's objectives
 - Stakeholders' needs and expectations
 - Reporting requirements
- Define the tangible as well as the intangible assets to include in your asset portfolio.

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How will ISO55000 assist organizations to improve transparency, productivity, profitability and shareholder value of their assets, and how will it give the organizations a view into the future economic benefit the asset can continue to have if cared for properly?

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Improving transparency is a result of:

- Standardization of recording of financial and non-financial information
- Stakeholder identification of requirements
- Identification of reporting requirements both internally and externally

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Improving productivity comes from:

- Ensuring that the assets are available and
- In good working order when they are needed
- Developing implementing a preventive maintenance plan

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Improve profitability, shareholder value and future economic benefit:

- Proper care of an asset extends the life of the asset and improves profitability.
- Assets kept in good working order and utilized to their fullest extent increase the value to the company as well as shareholders.
- Future economic benefit comes from increased productivity, improved utilization and the knowledge available from standardized reporting.

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How does ISO55000 enable organizations to incorporate good asset management in their strategic planning?

- The SAMP ensures asset management objectives are compatible with organizational objectives
- Leadership commitment ensures that strategic planning incorporates good asset management as a part of the process.

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Performing a Gap Analysis

- Starting point
- Good news! Most large companies address asset management to some extent.
- To what extent is the question

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Performing a Gap Analysis – How?

- Look at your existing processes, procedures and policies
- What elements do you have
- What elements you need to work on
- Develop a plan to address deficiencies
- Determine how and when to implement changes

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Performing a Gap Analysis – How?

- Create a cross-functional team of stakeholders
- Review the gap analysis
- Ensure that what was not previously addressed gets addressed
- Document everything
- Get buy-in from all of the stakeholders

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Engaging Leadership

- The most difficult but important component
- ISO55000 is an Executive Summary of the standard
- The benefits are described in detail
- It identifies things that speak to CEOs and CFOs such as:

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Engaging Leadership

- Improved financial performance
- Informed asset investment decision making
- Risk management
- Improved services or products which meet or exceed customer expectations
- Demonstrated social responsibility
- Demonstrated compliance

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Engaging Leadership

- Enhanced reputation
- Improved organizational sustainability
- Improved efficiency and effectiveness

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Engaging Leadership

- Fundamentals of Asset Management
 - Value
 - Alignment
 - Leadership
 - Assurance

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Fundamentals

- ISO55000 describes the relationship of the asset management system to asset management.
(An asset management system is not only talking about a computer system to maintain the records in, it is talking about everything that surrounds it – the procedures, processes, forms.)
- The ISO55000 standard discusses the same areas described in ISO55001 in “CEO speak”.

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Fundamentals - Value

- Focus is on what the value of the asset is to the organization, rather than the value of the asset itself.
- Can be tangible or intangible, financial or non-financial
- Determined by the organization based on the organization's objectives
- Uses life-cycle management approach

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Fundamentals - Alignment

- Ensures that organizational goals are achieved through technical, operational and financial plans, activities and decisions which are based on asset management processes which are :
 - Information driven and evaluate risk
 - Aligned with functional management processes
 - Compatible with the design of the asset management system which supports them.

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Fundamentals - Leadership

- How leadership translates asset management into organizational culture
 - Roles, responsibilities and authorities are clearly defined
 - Commitment from all levels of management
 - All affected employees are aware, empowered and trained (competent to do their jobs)

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Fundamentals - Assurance

- Assurance is manifested by making sure that assets fulfill their intended purpose through:
 - Connecting the performance and purpose of the assets to the organizational objectives through well thought out processes
 - Ensuring that all life-cycle stages are accounted for in the processes

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Fundamentals - Assurance

- Processes are created which cover continuous process improvement and the methods by which the asset management processes will be monitored
- Ensuring that the resources necessary for proper asset management are available, competent and can operate the asset management system and the processes contained within it.

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Integrated Management Systems Approach

An integrated management systems approach:

- enables improved integration
- coordination across other functions
- reduces expense of development of multiple independent systems
- reduces time and resources required
- reduces associated risks

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Summary

What I have described will assist in convincing your leadership.

While I think this is important, I don't think we need to rush into this the right way.

We need to take the time necessary to do it right –
What does that mean?

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Summary

- Do your homework
- Understand the standards
- How will it provide the best benefit to your organization?
- Gap Analysis - where are you currently and where you want to go?
- Support and buy-in from your leadership and stakeholders.
- Communicate with all involved.
- Workplace culture takes a long time to change

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ISO55000 Related to Government Property

- Government Contractors may be thinking: “how can this standard impact Government Property?”
- Some companies are putting both their Capital assets and their Government and Customer property into the same system
- They are applying similar policies and procedures to the management of the assets.

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ISO55000 Related to Government Property

- Many of the practices of Government Contractors can help our companies
- These practices provide savings to the company including: money, time and resources.
- Practices on the Capital side could benefit the Government Property managers too.
- Help your companies find those economies.

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QUESTIONS????

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Corporate Implementation

- Pacific Gas and Electric is the only company to complete implementation and certification.
- Other companies are implementing the standard without getting certified.
- It will be a slow roll out until companies see that it works.
- One impetus will be if the government regulates that industry comply.
- Another would be if the insurance companies require certification for them to insure the company, or provide reduced rates if a company is certified.

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Corporate Implementation

- No US Certifying bodies yet
- A couple of European ones with people in the US who are certified assessors
- The US TAG was very involved with the ISO committee that determined what the certification of the assessors and certified bodies should be.
- Beware of Consultants who say that they can help your company become certified. Make sure you investigate their claims. There are some questionable ones out there.