

the professional body for
through-life management of physical assets



Asset Management – and our Conceptual Model

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My own experience



- Chartered Electrical Engineer
- Background in railways: primarily signalling, control and other safety systems with responsibility for maintenance and performance
- Military (Army Officer) and some air traffic experience
- Over 10 years experience as free-lance consultant: business process and major projects (UK Channel Tunnel Rail Link)
- Full-time CEO of the Institute of Asset Management since Sep09
- Direct experience of behaviours and organizational processes in public and private sectors, military, volunteer / charity, professional not-for-profit
- Focused on selection, training and personal development, workforce organisation and culture change including evidence of competence to do safety engineering

What about You?

- What is your useful life?
- What is your remaining life?
- Do you have a strategy or even an asset management plan?
- Who for? Top management?
- Done a report card lately?
- What is your value!!!!!!

Asset Management is boring...



Today's talk is not about Asset Management!



- What is 'Asset Management'?
- Is it the same thing as 'Management of Assets'?

Scope of Asset Management



- What is 'Asset Management'?
- Is it the same thing as 'Management of Assets'?
- *Asset Management is the:*
coordinated activities of an **organization...**
...to realize value from **assets**
- **NOT the management of assets!**
- Business / purpose – centric NOT asset centric - The 'Line of Sight'

Asset Management is NOT just about the Management of Assets

**“A man who knows
the price of everything
and the value of nothing.”**

Oscar Wilde, Lady Windermere's Fan
Answering the question, what is a cynic?

Value



***Do you
know what
value your
stakeholders
want?***

John Ruskin (1819-1900)

It's unwise to pay too much, but it's worse to pay too little.

When you pay too much, you lose a little money ... that is all.

When you pay too little, you sometimes lose everything, because the thing you bought was incapable of doing the thing it was bought to do.



Other Colas are available...

The Coca-Cola logo, featuring the brand name in its iconic white script on a red background.

Conceptual Model



39 Subjects

<i>Strategy & Planning</i>	Asset Management Policy
	Asset Management Strategy & Objectives
	Demand Analysis
	Strategic Planning
	Asset Management Planning
<i>Asset Management Decision-Making</i>	Capital Investment Decision-Making
	Operations & Maintenance Decision-Making
	Lifecycle Value Realisation
	Resourcing Strategy
	Shutdowns & Outage Strategy
<i>Lifecycle Delivery</i>	Technical Standards & Legislation
	Asset Creation & Acquisition
	Systems Engineering
	Configuration Management
	Maintenance Delivery
	Reliability Engineering
	Asset Operations
	Resource Management
	Shutdown & Outage Management
	Fault & Incident Response
	Asset Decommissioning & Disposal

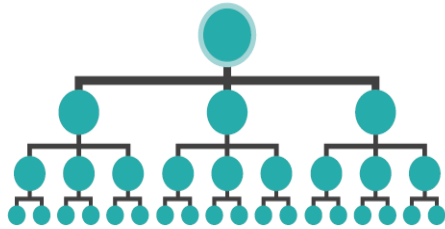
<i>Asset Information</i>	Asset Information Strategy
	Asset Information Standards
	Asset Information Systems
	Data & Information Management
<i>Organisation & People</i>	Procurement & Supply Chain Management
	Asset Management Leadership
	Organisational Structure
	Organisational Culture
	Competence Management
<i>Risk & Review</i>	Risk Assessment & Management
	Contingency Planning & Resilience Analysis
	Sustainable Development
	Management of Change
	Asset Performance & Health Monitoring
	Asset Management System Monitoring
	Management Review, Audit & Assurance
	Asset Costing & Valuation
	Stakeholder Engagement

Scope of Asset Management

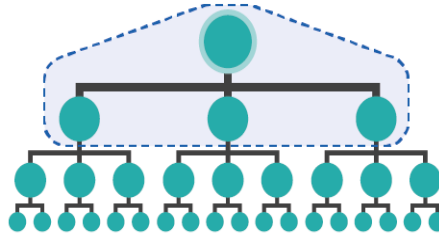


ORGANISATIONAL STRUCTURE

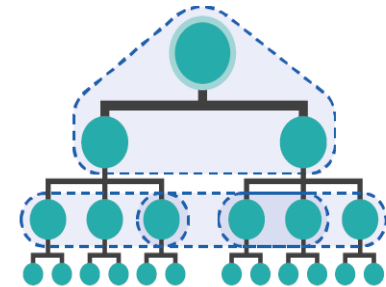
WHERE DO WE PUT ASSET MANAGEMENT?



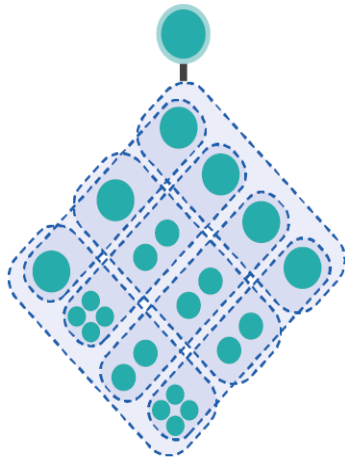
Model 1
Rigid Bureaucracy



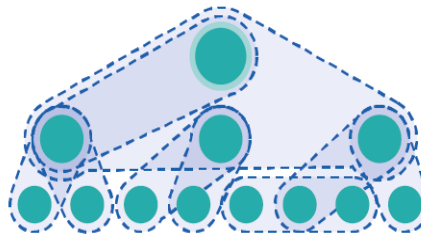
Model 2
Bureaucracy with a senior 'management' team



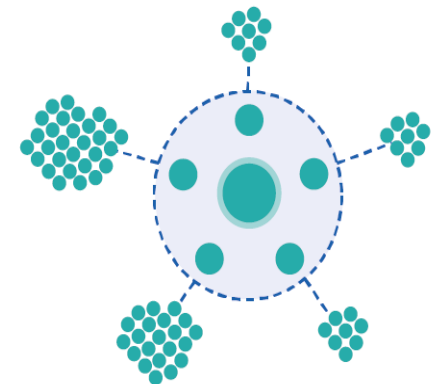
Model 3
Bureaucracy with Project Teams & Task Forces



Model 4
Matrix Organisation



Model 5
Project Organisation



Model 6
Loosely-coupled Organic Network

People do asset management



Leadership & Culture

- Good asset management is practiced by people who understand:
 - financial, operational and technical realities (of their business)
 - quality and price expectations of customers.
- And because doing asset management well **REQUIRES**:
 - listening to and convincing people...
 - with different agendas, at different levels, in different disciplines...
 - integrating a coherent and balanced plan.

...there is a premium on personal and leadership skills.
- Who does this / is responsible for doing this well?

Organisational Culture?

It is intangible, affects everything and
has many definitions

“the way things are done around here” (Deal & Kennedy,
1982)

“a pattern of shared basic assumptions that the group
learned as it solved its problems” (Schein, 2010)

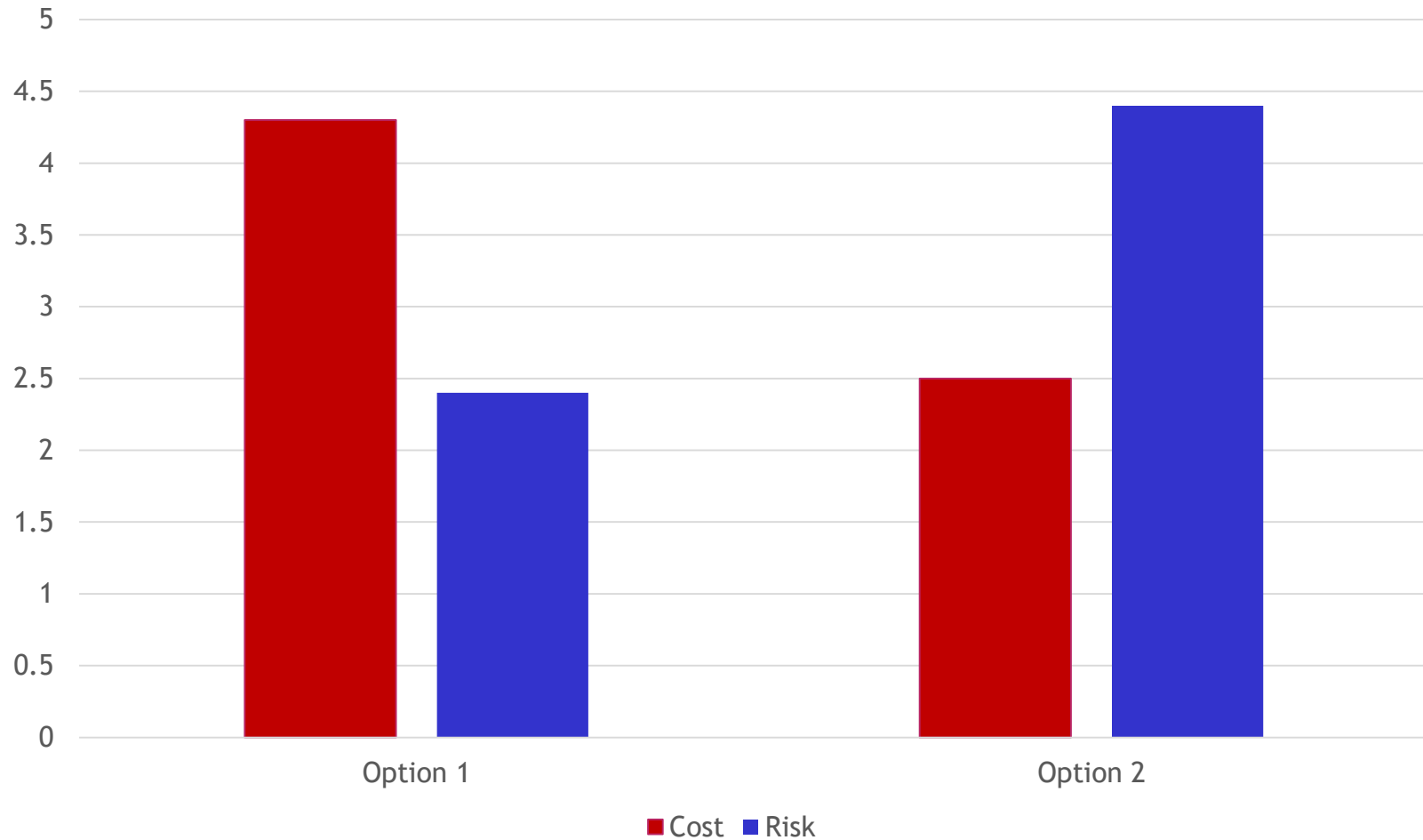
“a company asset that can be used to increase business
performance” (Peters, 2009)

Scope of Asset Management



Stakeholder Engagement

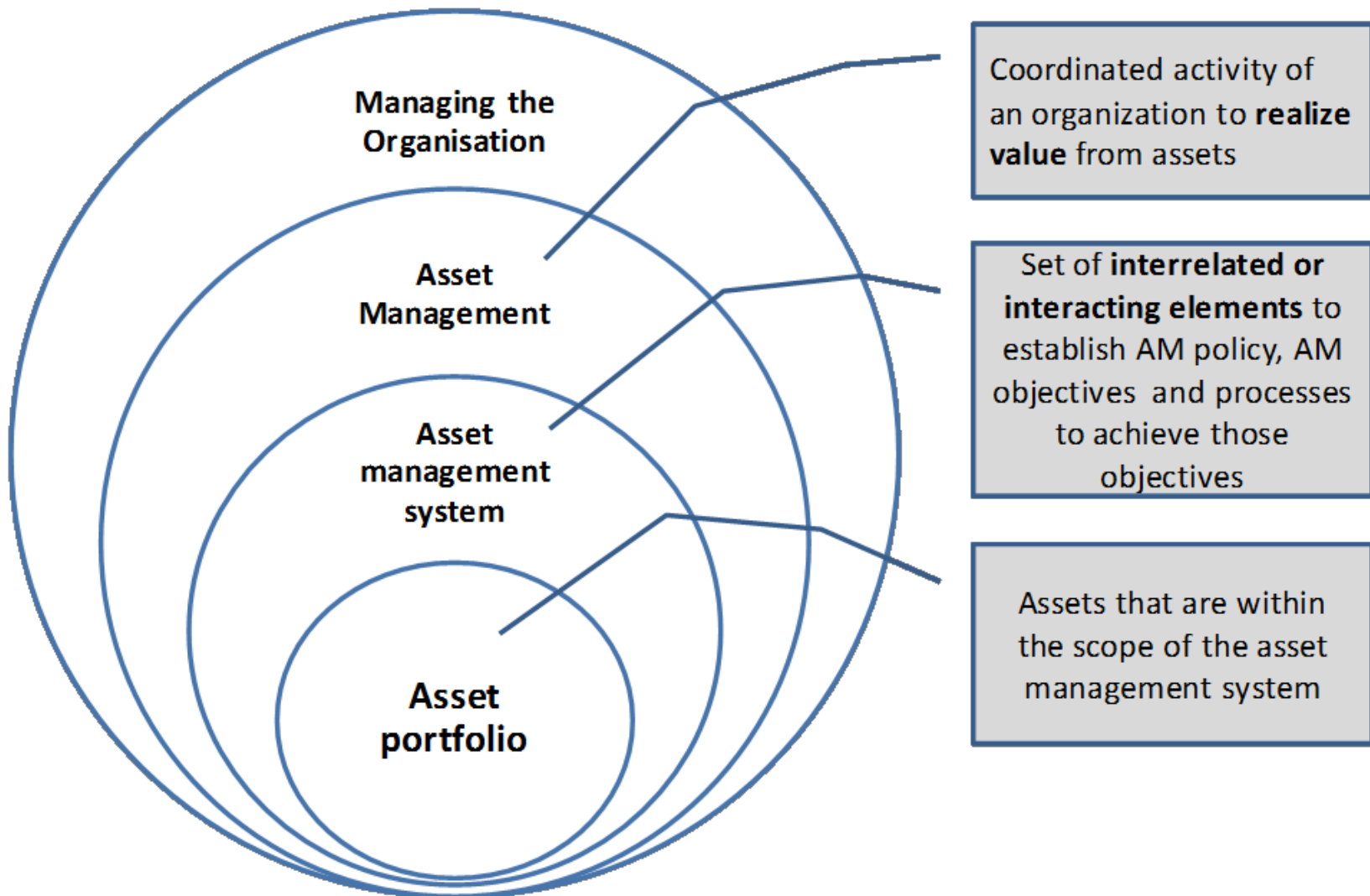
Strategic Choices



Business Drivers

- What asset costs can be reduced, deferred or eliminated?
- How can we spend less on assets and achieve our targets?
- How can we get better returns on capital employed?
- How can we avoid the risk of assets being unavailable when we need them?
- How can we demonstrate levels of asset related risk are known and appropriate?
- How can we improve the deployment and maintenance of assets?
- How can we achieve our aims better?

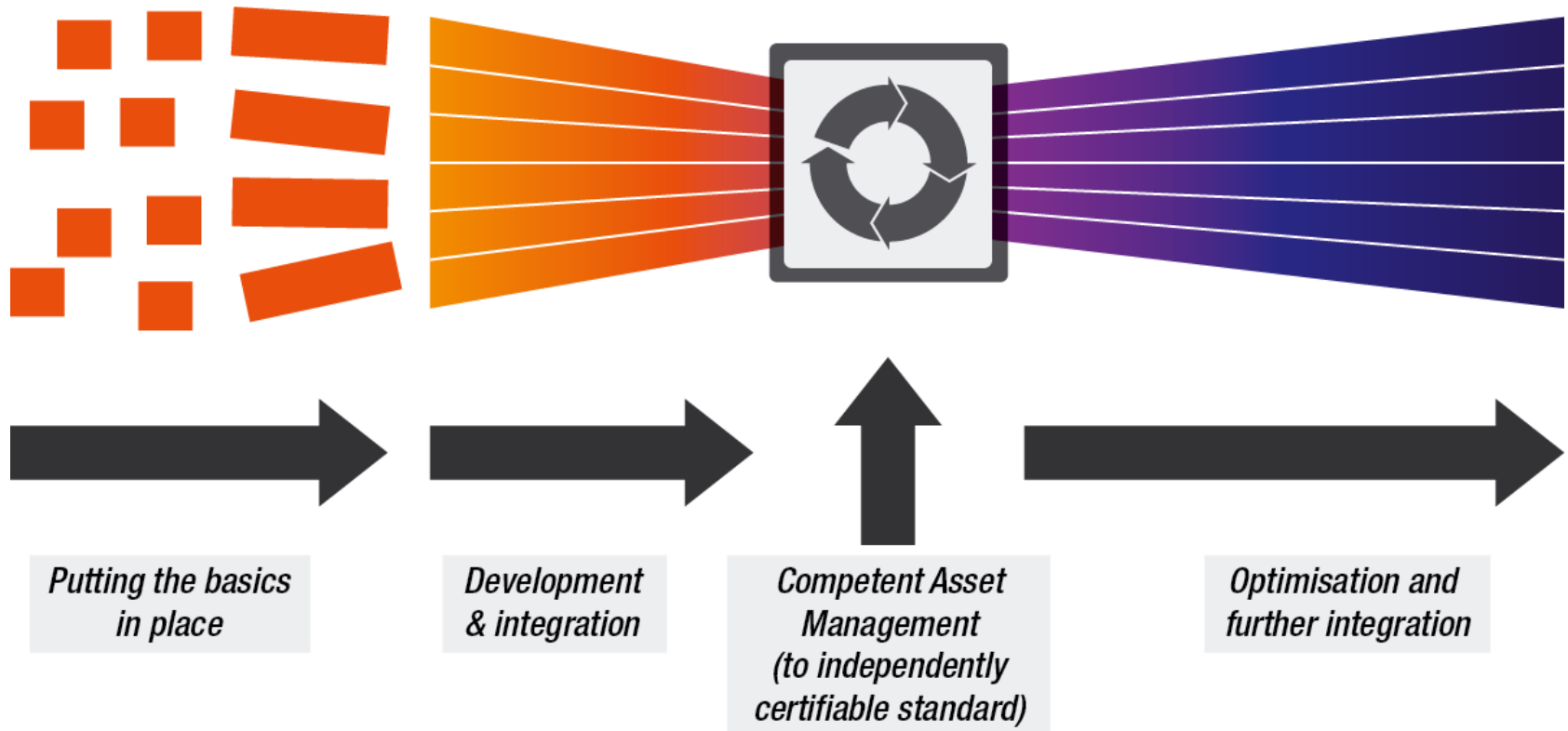
ISO55001 is the start of a journey



Asset Management Maturity

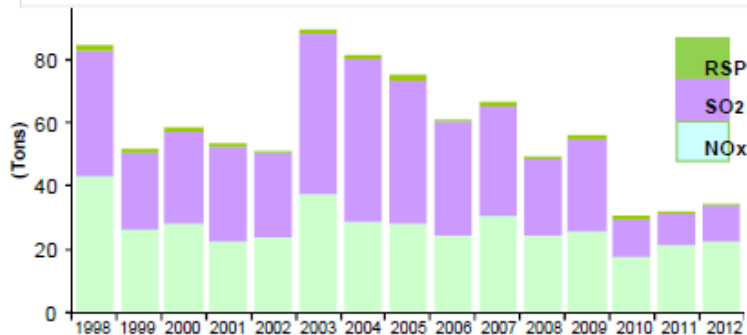
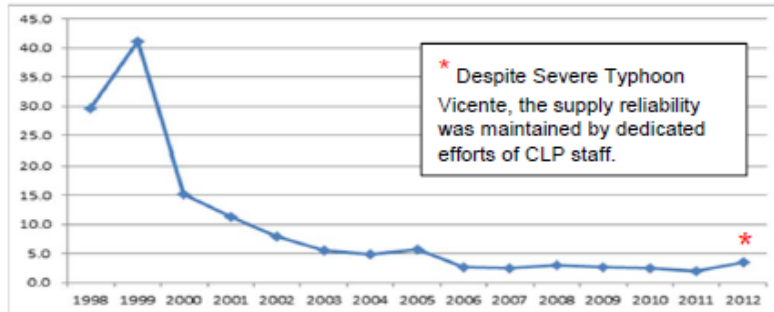
Convergence to a joined-up, managed
system for Asset Management

Divergence best appropriate
practices (context-dependent)



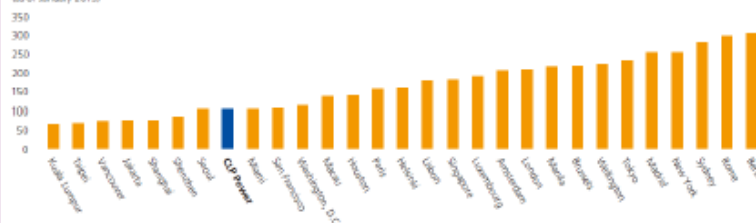
Paul Poon - CLP

CLP performance since adoption of Asset Management



2013 Residential Tariff Comparison

Residential Tariff HK cents / kWh
(as of January 2013)



Notes: Comparison based on annual domestic consumption of 1,000 kWh.
Tariff and exchange rate at January 2013.

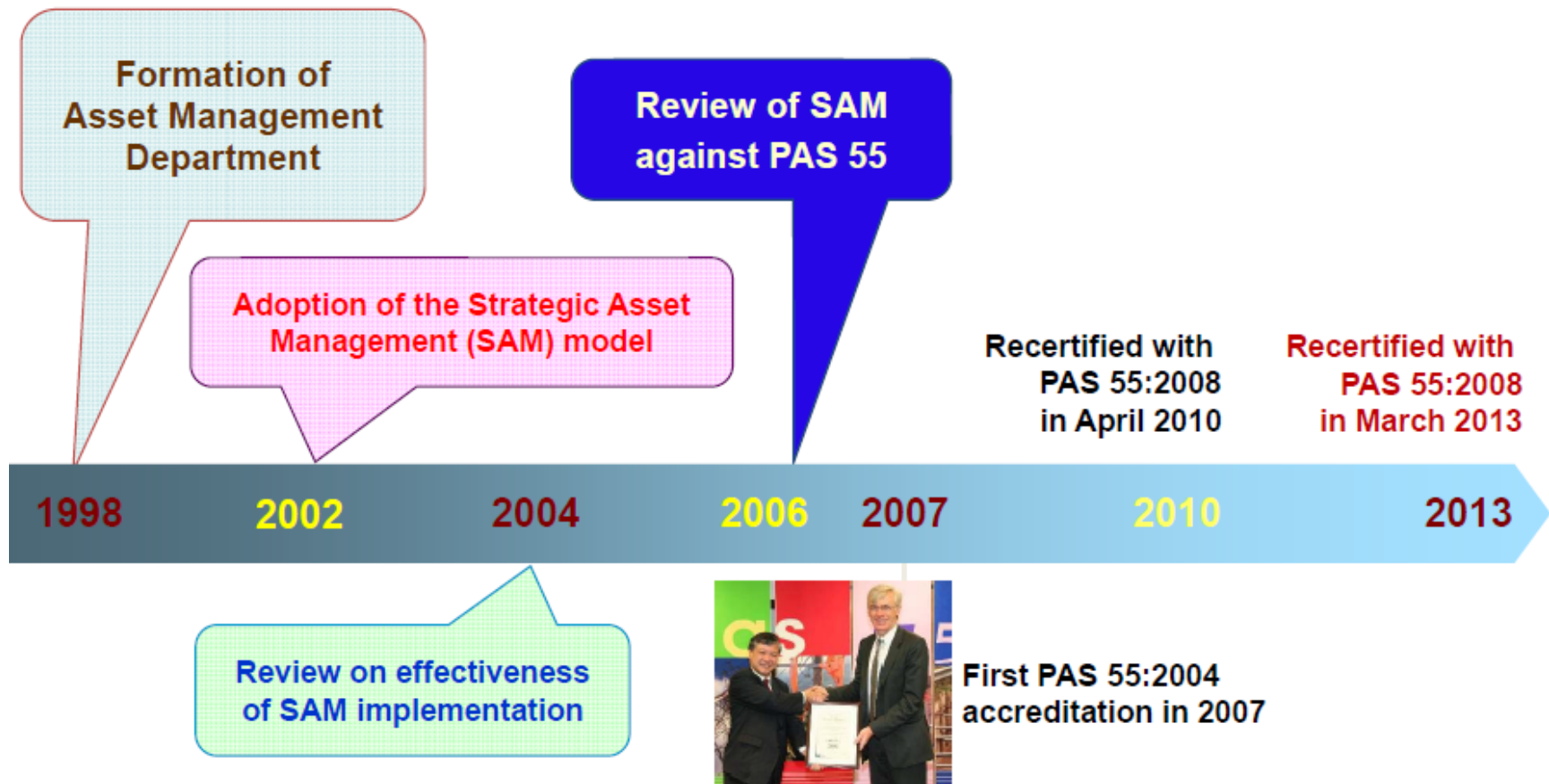
Source: Web search

- Significant improvement in supply reliability (Unplanned Customer Minutes Lost reduced from ~30 minutes in 1998 to ~3 minutes in 2012)
- Despite growing electricity demand, emission levels have improved (e.g. SO₂ emission was reduced from ~40 tons to ~11 tons over the same period)
- CLP's tariff is among the lowest in metropolitan cities

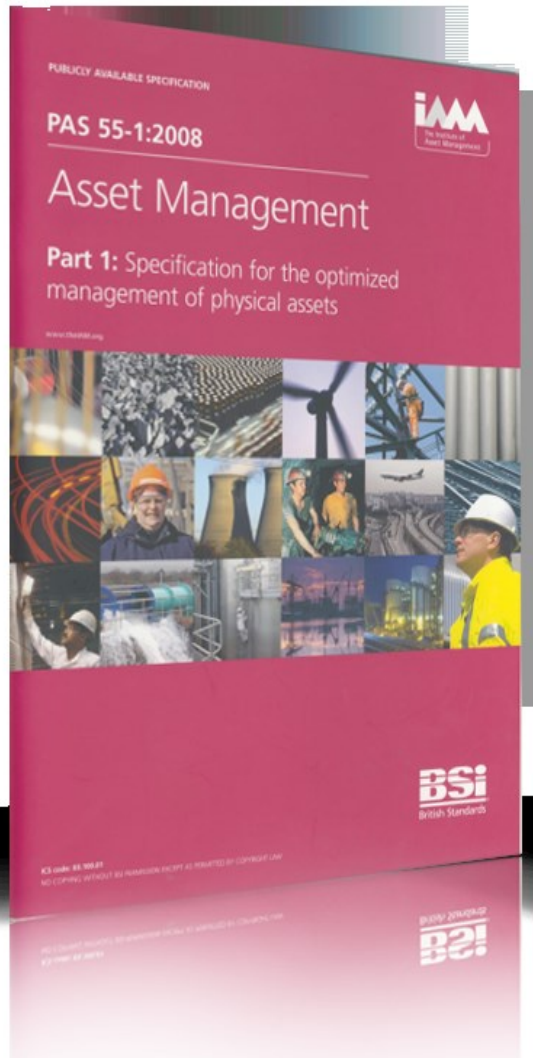
Paul Poon - CLP

Asset Management Journey of Network Business

Over a Decade of Asset Management Experience



BSI PAS 55:2008



- BSI PAS 55:2003 effective April 2004:
 - Part 1 – The Specification Part 2 – Guidelines
- PAS 55 : 2008 effective September 2008
- Key principles:
 - Inclusive
 - Whole Life
 - Optimized
 - Risk-based
 - Data-supported
 - Continuous improvement
 - Pragmatic
- BSI ‘best seller’ – global default ‘standard’ – still needs improvement (eg ‘infrastructure’ -v- the rest)
- The IAM Toolkit:
 - PAS55;
 - Competences Framework; and
 - PAS55 Assessment Methodology.

PAS55 to ISO55000



Background

- The IAM wrote PAS55 in 2000 – published in 2004 – developed by 49 organisations from 15 industries in 10 different countries
- UK submitted NWIP in July 2009 for an Asset Management ISO
- London Meeting resulted in formation of a Project Committee
- BSI PAS 55:2008 adopted as the 'Base Document'

ISO/PC251

- Melbourne Mar11: Initial Plenary Meeting - 40 representatives from 14 countries
- Calgary (last meeting) was biggest ever with 80 delegates approx

ISO/TC251

- Now 29 participating countries with 13 observers
- Latest meeting last week in Redlands, CA

Asset Management

- We don't know it all yet!
- But doing Asset Management is simple, ***not easy***
- Culture & Leadership as much as the system...
- Challenges:
 - Compliance driven or 'project'
 - Proprietary names & confusion (physical/enterprise/etc)
 - Short term costs and other measures
 - Focus on assets not value

Simplifying the Vision

Asset Management is:

Clarity of Purpose

Thinking Long Term

Foreseeing Outcomes

Consistent Collaborative Behaviour

Everybody's Job

The Institute



**“To be recognised as the leading,
international, professional body for asset management”**

Individual & Corporate Members

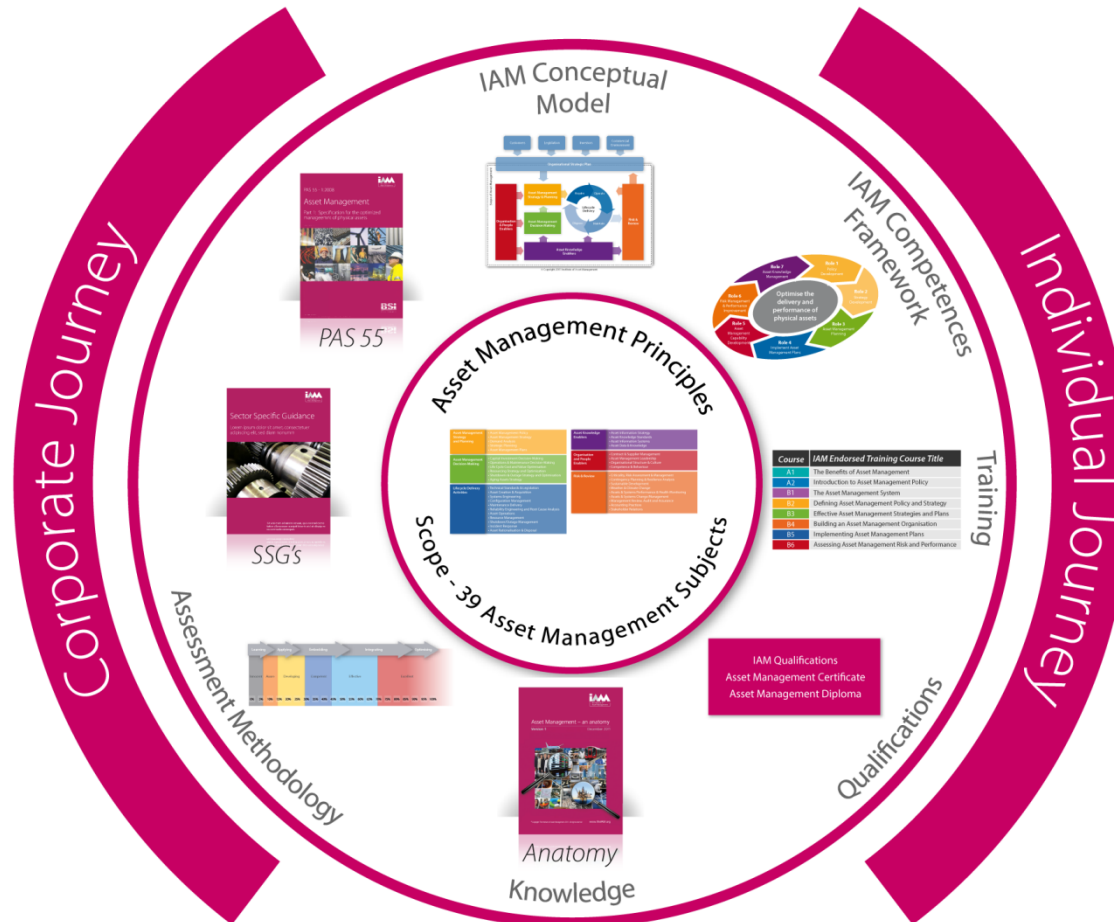
Finance / accountants as well as engineers

Source of good practice & cross-industry thinking.

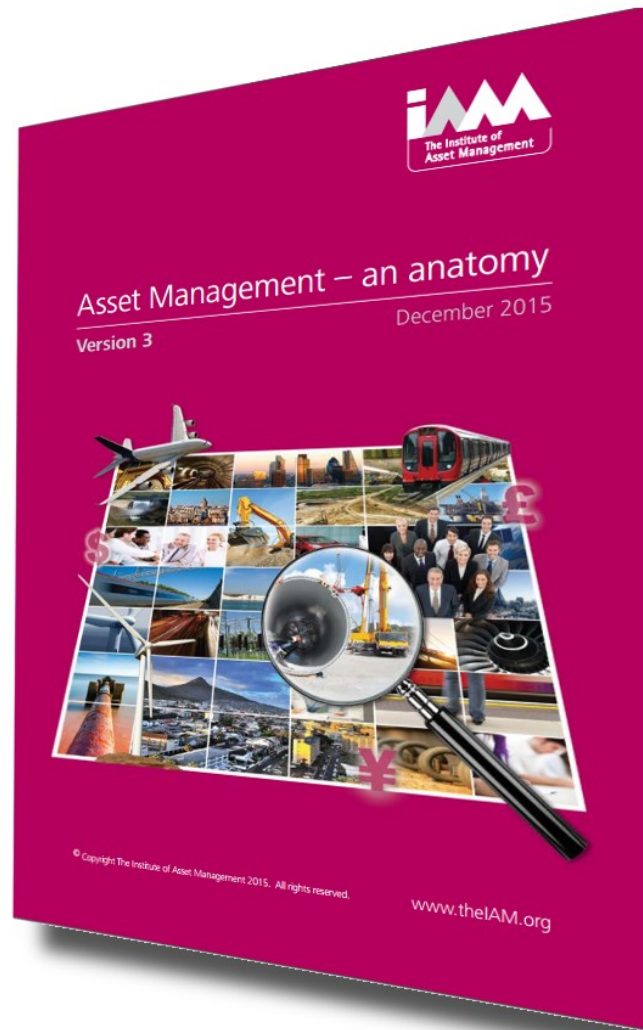
Alliancing and collaborating world-wide



IAM Framework



Asset Management Anatomy

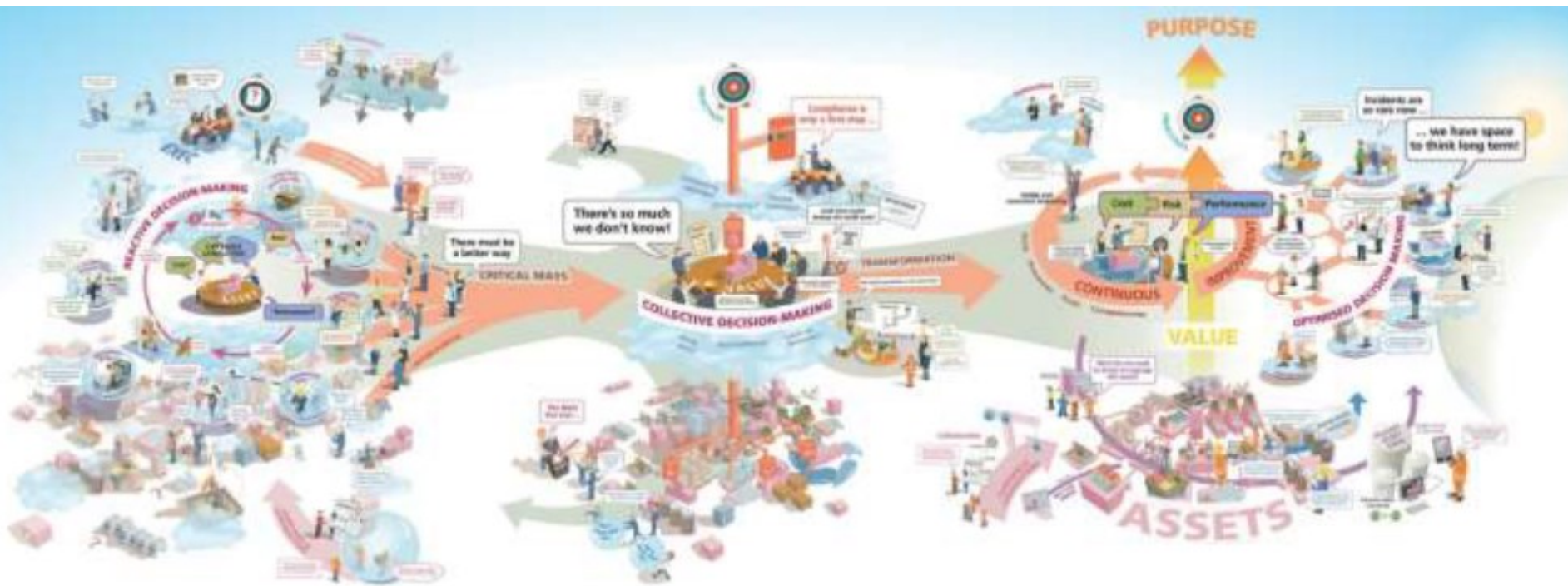


- Introduction
- Principles & Philosophy (history, PAS55, ISO uses PAS55) and using the ISO Principles;
- Scope of Asset Management (uses model and similar diagrams – linking strongly with LoS etc;
- 39 Subjects

Download free of charge:

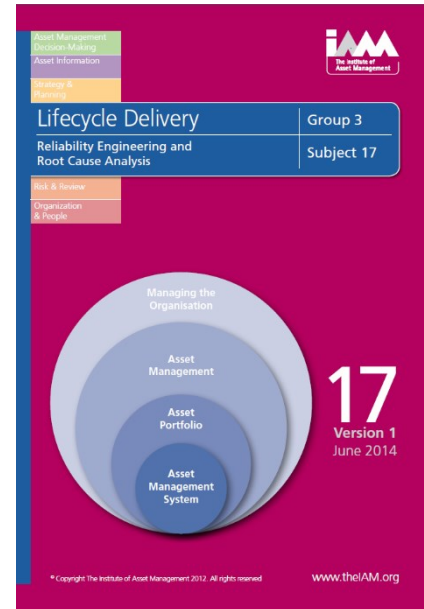
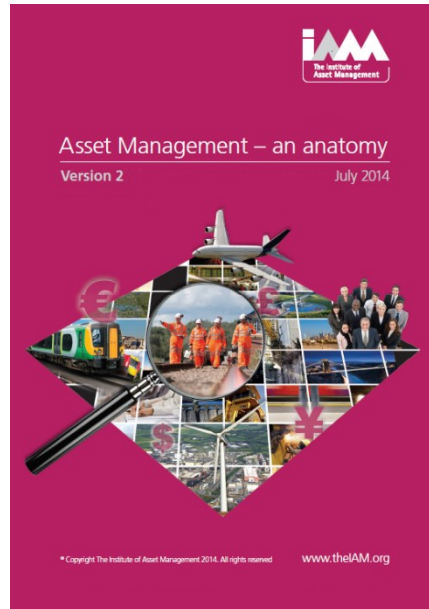
www.theIAM.org/AMA

Spreading the Word – Big Picture



www.theIAM.org/BigPicture

Corporate Journey – 'How To' and 'How Much To'



Takeaways...

You're not the first...
Be encouraged – you can do this!

Takeaways...

You're not the first...
Be encouraged – you can do this!

Value – not assets

TOTEX (CAPEX + OPEX)

Line of Sight AND merge silos
Everyone! (Culture & Leadership)

It's a philosophy, not more work!

You can make this complicated...

Takeaways...

You're not the first...

Be encouraged – you can do this!

Value – not assets

TOTEX (CAPEX + OPEX)

Line of Sight AND merge silos

Everyone! (Culture & Leadership)

It's a philosophy, not more work!

You can make this complicated... ***DON'T!***

Thank you for listening

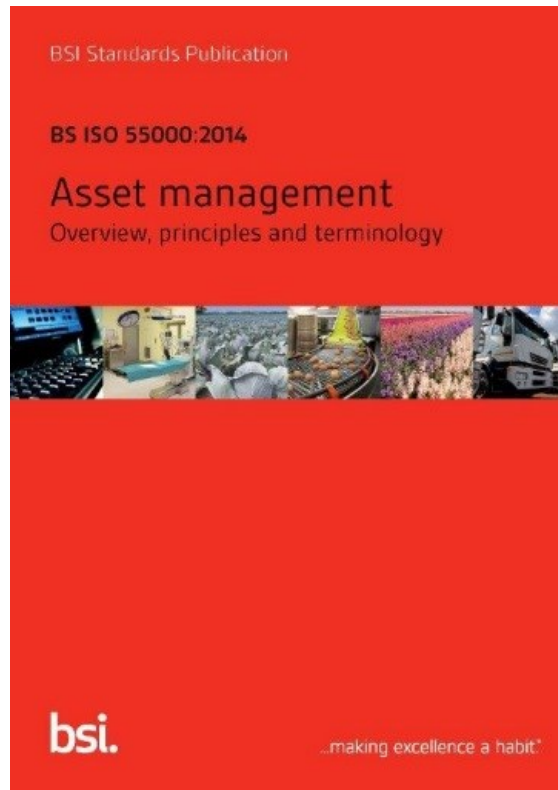


CEO@theIAM.org

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ISO55000



“coordinated
activities of an
organization to
realise value
from assets”

Do we agree?

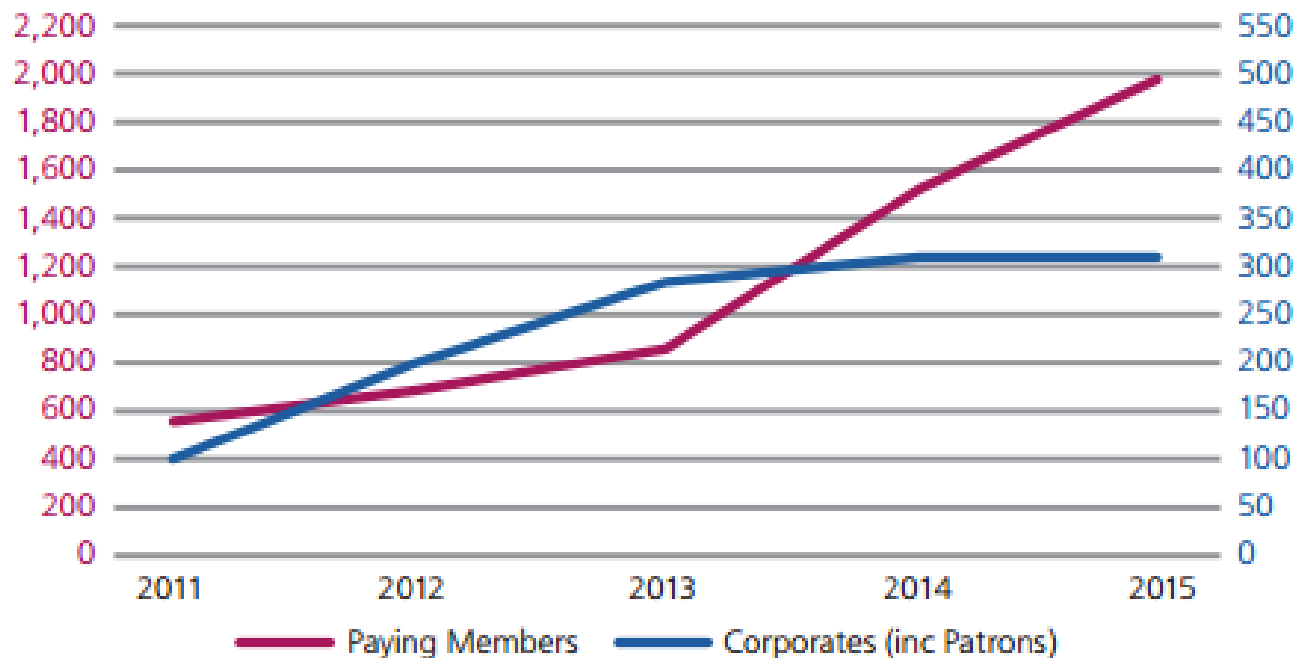
Asset Management is...

- Transformation rather than a Project
- Long-term Thinking
- Clarity of Purpose
- Line of Sight
- VALUE - centric (not assets or system)

Member Growth

Paying Members

Our Monthly Newsletter
goes to over 20,000 people



Paying Members include: Fellows, Members, Associates, Students.

The IAM has not actively marketed or recruited members

IMAGINE....

*Departments
are not silos*

*Accountancy
fits the real world*

*Maintenance is
also 'investment'*

*People are our
greatest asset!*

*Politicians
are strategic!*

*Organisations have clarity
and enduring purpose*

'Investment' = OPEX and CAPEX

David's perception!

Barriers to implementation

- Lack of awareness (why?)
- Senior management hard to convince
- Hard to demonstrate 'value' (maybe the same as above?)

End Game

Initially it will be process and hard graft
Then comes 'culture' and dawning realisation

Then it will be every leader's natural approach

Then everyone will expect it - everywhere

Then everyone will claim it as common sense!!!
(or that it was their idea in the first place!)

What about **your** assets?

- When you maintain your home, what are your criteria?
 - Performance?
 - Level of Service?
 - Spend the money on a holiday instead!
- Do you do it out of OPEX or CAPEX – with a loan?
- How do you value it / cost it?
 - Historic / Fair Value?
 - Or outcomes more than valuation?







ISO55000 – a Brief History



Background

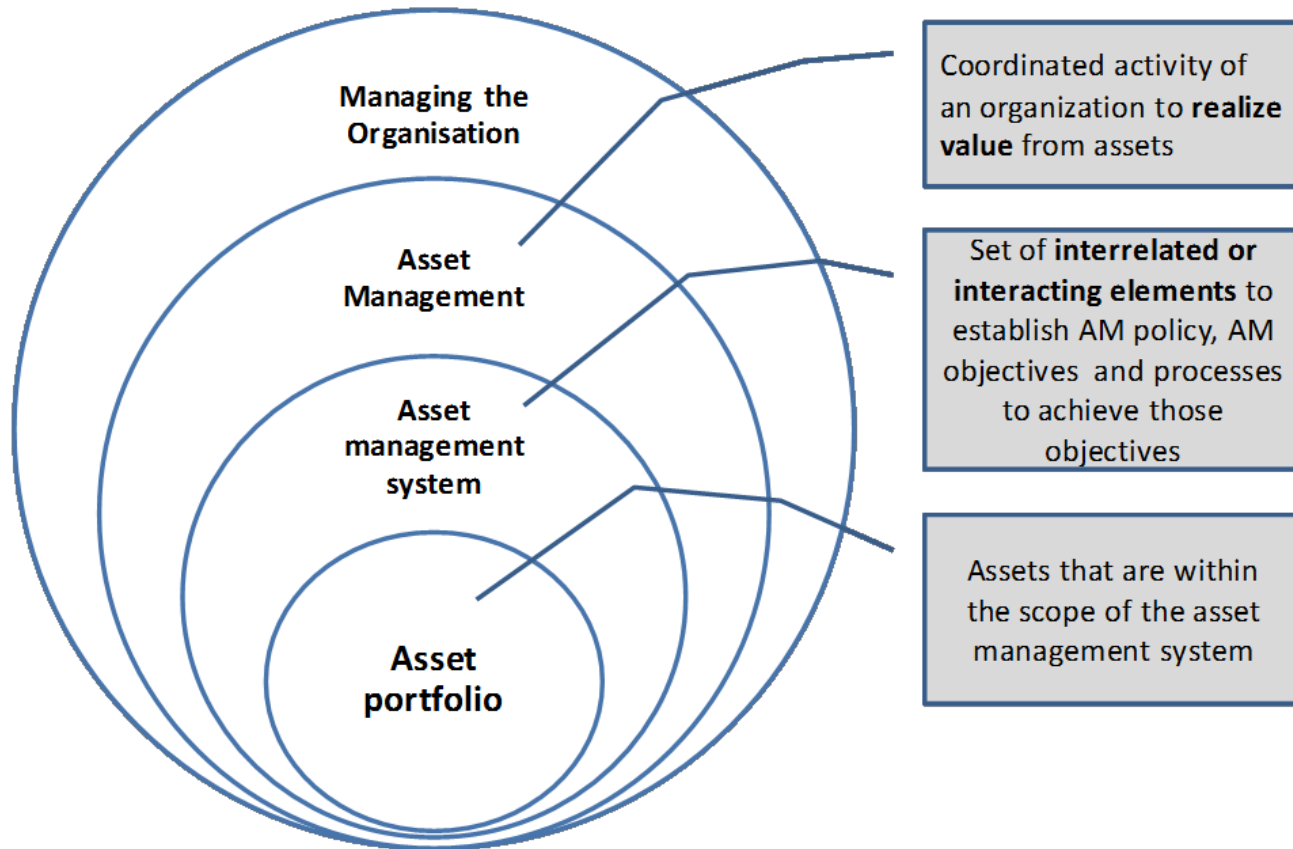
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David's perception!

ISO55001 is not enough



Culture & Leadership is of fundamental importance - over and above Management System itself (but significant range of views!)

Limitations of ISO 55001

- Can encourage a ‘compliance culture’ where certification becomes the goal – not actual business **results**
- Provides the benchmark for competent Asset Management, but no more
- Does not help organisations determine ‘best appropriate practice’ for their business – what they really need to do in order to deliver stakeholders’ objectives
- It deliberately says nothing on ‘how to’...
- etc

Strategic Priorities



- The IAM is a Professional Association comprising a ***Learned Society*** complemented by a ***Membership Body***
- Our focus is therefore the discipline as well as competent people
- We need to develop and disseminate ***knowledge, training and good practice*** to support the Corporate Journey and the Individual Journey
- We need to support people and organisations ***at all stages*** of this journey
- We need ***better engagement*** with all our members and the wider Asset Management community
- We need to ***develop the Institute*** to enable our objectives to be achieved

Developing the Institute



- Our priority will remain the development and dissemination of Asset Management knowledge, products and services
- Increasingly this requires funding to support volunteers
 - in order to deliver our ambitious programme of work
- We are looking to our commercial activities to support this
- Membership fees will support member services only
- We are reviewing office resources worldwide to ensure we can adequately support committees and projects (Virginia office)
- We are looking at the governance of the Institute (including the effect of an application for Chartered Status)

Enduring Objectives

1. Collect / Collate / Disseminate existing knowledge and good practice
2. Generate and extend knowledge and good practices
3. Influence public policy and stakeholder expectations
4. Promote capability and excellence in asset owning organisations or their suppliers and structured schemes for recognising these achievements
5. Promote knowledge and competence of individuals and objective schemes for recognising these achievements
6. Deliver Member publications, engagement and networking opportunities and other valuable Member Services
7. Raise profile and respect for IAM and the profession
8. Collaborate and support other bodies having similar objectives
9. Develop and maintain an appropriate and sustainable organisation

Value

Purpose / Line of Sight

Long term