



ASSET MANAGEMENT  
COUNCIL



# Value and Benefits from Asset Management

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## Abstract

For the past 2 years, the Asset Management Council (Australia) in conjunction with the Asset Leadership Network (United States) partnering with AM Reflections ([www.amreflections.com.au](http://www.amreflections.com.au)) have been preparing and delivering a webinar series titled “Value and Benefits from Asset Management.” The series highlights successes organisations have realised from the application of a structured approach (or a systems approach) to asset management.

The most recent web program attracted more than 600 registrants.

This series highlights the efforts of both Australian and the U.S.-organizations in a number of industries, including Power Generation and Distribution, Defence, Aviation, Healthcare, Higher Education, State Government, and Local Government, to both identify and deliver measurable value and tangible/intangible benefits.

The series uses a presentation template so all content is categorized in defined sections so the information presented can be collected in an accessible, global database to encourage adoption of a structured approach to asset management by all organisations – an endeavour imperative to address issues of global sustainability and resiliency.

This presentation uses the collected information from those webinars to:

1. Summarise consistent challenges faced by organizations who establish and deliver value.
2. Showcase the considerable achievements of organisations that use a structured approach to asset management.
3. Share insights gained and highlight the development of the concept and measurement of “value”.

Of the many issues faced by organisations, a consistent first step is to establish a common and agreed view of the “value” to be achieved and why it is important to the mission of the organization. Then discussions turn to how that value is to be measured/assessed.

As a result, most organisations nearly always embark upon improving their approach to asset management. Some organizations improve an existing system, others develop their first ISO 55001 initiatives or some other approach to asset management. Almost inevitably, the focus on “value and benefits” leads to significant

improvement in the manner in which asset management is conducted and resulting in asset management being viewed by the organization, as a key enabler of success.

Most organizations realise that having established an asset management system, improving asset management maturity provides a continued path to success. In this context the relevant aspects of maturity include:

- A. The role of Leadership in establishing a culture of asset management;
- B. Learning and building from failures, or avoiding failures;
- C. Use of standardised processes, data standards and associated metrics;
- D. The critical role of managing information as an asset; and,
- E. The interfacing or integration of the asset management system with other management systems and/or systems of management.

The Value and Benefits database, containing all the presentations and relevant data, will be available at the AMPEAK 23 conference presentation.

## Background

There has been a long-term interest in establishing an international repository of asset management success stories to encourage organizations to adopt an structured approach to asset management – or continually improve their existing system. Since May 2021, the Asset Management Council (Australia) and the Asset Leadership Network (United States) have partnered with AM Reflections ([www.amreflections.com.au](http://www.amreflections.com.au)) to facilitate a webinar series highlighting the value and benefits organisations have realised from the application of asset management principles and practices.

Organisations are asked to fill out a standard PowerPoint template so consistent data can be collected to answer to the question “Why should our organisation improve the management of assets?” The template requires organisations to address:

- Context of the Organisation;
- Asset Management Project Objectives;
- Scope;
- Challenges;
- Activities;
- Measurable Value – Intended and Unintended; and
- Lessons Learned/Insights.

This format allows the creation of a database searchable by these categories, industry type, organisation, presenter name, title, and other fields to be determined.

Organisations can look at the collective information from many organisations, see there is consistent value and benefits being delivered by asset management and understand why establishing an asset management culture will help dramatically improve organisational mission success.

This series highlights the efforts to identify and deliver value at Australian and U.S. organizations in a number of industries including Power Generation and Distribution, Defence, Aviation, Healthcare, Education, State Government, and Local Government. Over time, the goal is to have multiple presentations from all major industries.

Information will be presented from the U.S. Air Force, AMPOL, University Health, Brisbane International Airport, Atlanta International Airport, Transgrid, University Health, Western Area Power Administration (U.S.), Washington, D.C. Government, and others.

This presentation uses the collected information from the webinars held so far to:

- Showcase processes that attendees can replicate;
- Generate an interactive discussion to encourage more organisations to adopt asset management best practices.

## A Webinar Success Story

Interest in the webinars (conducted every three months, with each webinar including two presentations from differing organisations) has gradually increased over the last two years.

The last webinar (January 2023) attracted over 600 registrations – reflecting how many people (in both Australia and the US) are interested in the subject of the Value and Benefits from Asset Management.

As a result, the authors believe that within the asset management community, success stories that document the actual Value generated, reflects a genuine need to be able to successfully argue that, as a discipline, asset management can and does, actually deliver!

## Challenges

Given the wide range of industries and regions represented so far in the Value and benefits webinars and their varying approaches to organisational design and objectives, there is naturally a wide selection of challenges that were met and addressed in the Value and benefits stories.

It is useful, however, to note some of the recurring challenges that the organisations faced.

Many challenges were internal to the organisation. Issues with management accountability and organisational culture were often at the heart of problems.

Many of the Value and Benefits stories commented on departmental silos. A typical result of the silos was a multitude of different asset management systems, asset registers and information that was unlinked and inaccessible. This directly impacts other key challenges, discussed below. Organisational culture also may impart a set and forget mentality.

Like most systems within an organisation, the asset management system is dynamic and needs to be monitored and evaluated appropriately. Problems and challenges arise when the asset management system is treated as “set and forget.”

A major challenge is ensuring critical assets are correctly identified and prioritised, and that investment in solutions delivers a return on investment. The management of data and information obtained from the data for decision making was often a key block to meeting this challenge.

Culture, behaviours and lack of skilled employees also often were challenges that needed to be addressed. The transitioning of roles and capabilities as a result of the inevitable changes also was a challenge.

External challenges varied much more widely, depending as they do on industry sector, market expectations, regulatory requirements, community and taxpayer expectations, environmental and Occupational Health and Safety requirements. It is worth noting, however, that cybersecurity is rapidly becoming a recurring challenge.

## Value Delivered

Asset management programs delivered tangible and often very substantial improvements in financial results for organisations. Typical improvements included:

- Lower insurance premiums;
- Improved financial rating and bond availability;
- Savings in staff cost and/or time;
- Revenue from re-purposing or selling assets;
- Allocation of required resources due to clear articulation of need;
- Streamlining of systems to eliminate waste and reduce space requirements; and,
- Improvements in output and reduction of downtime that improve outcomes.

For publicly listed companies, these financial outcomes often translated to higher share price and/or market share.

Intangible results covered a wide range of benefits, although often the benefit had not been quantified. The more common intangible values delivered included:

- Assured safety performance;
- Alignment of the asset portfolio to service delivery demands ensuring better use of resources;
- Improved communication that included understanding of and recognition for the various important roles contributing to outcomes. A common language developed in some organisations;
- A reduction in organizational silos and increased access to useful data that allows development of defensible proposals and submissions; and,
- Alignment and integration of management systems.

## Insights

### 1. Differing notions of Value and Benefits.

This is, of course, understandable as the Value should represent the Business Plan/Stakeholder value. However, not all presentations noted the Value and Benefit in terms of Business Plan/Stakeholder value, some did develop agreed methodologies for determining acceptable ROI criteria.

The conclusion that may be drawn from this, is that in a number of examples, the relationship between the AM activities and the enterprise Business Plan was a step too far, hence a purely financial perspective was adopted.

However, the template does allow organizations to reveal their own interpretation of Value and Benefits, thereby encouraging others to establish their own criteria for moving forward with an advanced asset management approach.

### 2. The fragility of improved outcomes

In a number of the stories, and indeed, in case studies outside the Value and Benefits presentations, the improved values and benefits accruing from implementation of asset management were diminished as a result of senior management changes and loss of 'project sponsors'. Of course, this issue is not limited to asset management. The consequences of such changes on the types of Value delivered to the organisation by asset management need to be articulated clearly, with appropriate communication and indicators for senior management to clearly understand the impact of their decision making. Policy is seen as a means to ensconce a culture of asset management that survives changing leadership.

### 3. Differing notions of the Asset Management System as either an "Open" or a "Closed" System

This insight reflects a view of what issues are relevant for the AMS. Some presentations noted that their AMS was indeed an Open System. In this sense, the term "Open" or "Closed" refers to what issues (Internal and External) that are relevant and affect the AMS – where "Closed" is where only Internal issues are relevant and where "Open" refers to the fact that both Internal and External issues/factors are relevant to the AMS.

Based upon the respondent's information overall, the authors noted that an Open Systems approach, can provide additional long term Value to organisations.

### 4. Both the philosophy and the application of risk and risk based techniques.

Whether the AMS is Open or Closed, this insight reflects the idea that risk can/should be viewed as providing both a negative and a positive effect on the business. As a result, the risk based processes within the organisation needs to reflect that approach and, in particular, the risk based decision making processes should view risk as both negative and positive terms - with the associated decision making techniques in place to support both.

### 5. The AM Fundamentals should reflect the business circumstances that is, the Stakeholder Needs.

ISO 55000 notes a number of AM Fundamentals. Based upon some of the respondents approaches to the design of their AMS, the authors noted that an additional Fundamental was both identified and applied. That Fundamental is Adaptability. Adaptability reflects the need to be able to change to meet changing business circumstances, both internal and external. This idea of adaptability applies to the organization itself, the AMS and the assets of the business. All of these may need to be adaptable/changeable in an agreed timeframe, in order to meet current and emerging business circumstances, particularly in the long term.

## Conclusions

Despite all the provided information and insights above in this paper, the authors note the difficulty finding organisations that actually do measure/assess the Value and Benefits from asset management and, of course, are also willing to publicly share such info!

This may not seem obvious from the data the authors have collected – but it is a challenge to find organisations who measure/assess the delivered Value and Benefit from the asset management function.

There may be a number of reasons for this, but the obvious first conclusion to draw is that:

1. Firstly - that many organisations either have not thought about and/or do not know what that 'value or benefit' might be; and
2. Secondly – There is a general perception in the community, that compliance with ISO 55001 (that is, certification) is good enough. With any implementation of an as asset management system, what is not evident and perhaps should be, is the answer to the question – *If the cost of the compliant Asset Management System is \$X per year (possibly for the next 10 years?), what Value does the business derive from the fact it has a compliant Asset Management System, and does that Value represent Value for Money, to the business and Stakeholders?*

While the authors would be very happy to discuss the above points at AMPEAK23, it is clear though that from the numbers of webinar registrations, this subject is of intense interest to many!

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