



Global views

Is it too easy to simply re-label existing activities as asset management, instead of genuinely changing the way things are done?

AUSTRALIA

Without understanding and support from leaders, it is all too easy to misrepresent maintenance as asset management, says **Ernst Krauss**, editor of the Asset Journal.

Asset management is about the value that can be derived from managing assets in the best possible way. That requires applying some thought to how the whole organisation responds to the challenges of asset management and how it operates to achieve that value.

That would require leadership teams to be on board with the proposition of asset management underpinning all business functions. When the leadership team is not on board, it becomes easy to consider maintenance as a substitute for managing assets. After all, isn't that what is enabling operations and achieving production? Managing the assets so that they can remain in service?

The real added value derives from actually balancing all aspects of assets, across the whole lifecycle. Without the appropriate mindset and focus from the board and the leadership team (CEO and others), there is little chance of "getting asset management right". It requires, vision, focus and determination to turn around an organisation that thinks it does asset management to one that actually understands and practices asset management.

In the first instance, that would require a more thorough treatment of asset management subjects in MBA courses or similar. That in turn would require forging links between conventional governance activities and primary elements of an asset management system – establishing the focus on the significance of balancing risk, cost and performance.

NIGERIA

The term "asset management" has to be communicated clearly to senior management, says **Chidi Umeano**, Principal Consultant at Codub Consulting Ltd.

It was Nathaniel Branden who said: "The first step toward change is awareness. The second step is acceptance." So the starting point, when ensuring that the term "asset management" is not diluted, is proper education and awareness.

Top executives need to understand that asset management is cross-disciplinary and brings immense value (monetary as well as good corporate image) to an organisation. If they can be shown the cost associated with asset failure due to a lack of planned maintenance, then change is likely to happen. We know from historical analysis that reactive maintenance costs at least three times more than planned maintenance. Financial directors need to see real figures like these, which demonstrate clearly how they can increase return on investment.

But while the CEO is accountable, every single person within an organisation should be clear on what is expected of them as regards asset management – otherwise presenting the maths to the top executives may not have the expected impact. This demonstrates the holistic approach of asset management.

The introduction of the ISO55000 standard should usher in a new change in corporate attitudes to the value of assets. Hopefully this will bring the powerful people in an organisation to the table and not just the maintenance team. While this is beginning to happen in developed countries like Australia, UK and the US, in developing countries – particularly in Africa – such a change will take a few more years.



PERU

National and international standards are making it harder to inaccurately claim to be doing asset management, says **Manuel A. Vergara** from Newmont.

The widespread use of the term "asset management" has led organisations to believe that improving existing activities such as maintenance, reliability or project engineering, or refocusing improvement strategies such as total quality management or lean six sigma, is enough to say they have an asset management philosophy in place.

However, these disciplines, whether applied as stand-alones or in a joined-up manner, fail to achieve the objectives of asset management as identified in standards such as ISO55001 or PAS55-1. True asset management entails adopting a holistic approach to different organisational, management, financial and technical aspects to maximise value-for-money through the assets system's lifecycle.

First, organisations should implement key enablers such as reviewing their organisational structure and the integration level of their functions, and assessing their culture alignment and staff competences towards asset management. Afterwards, asset management key subjects such as strategy and planning, decision-making and risk management should be interrelated and aligned towards lifecycle delivery to sustain the organisational strategic plan.

To discourage organisations from mistakenly using the term "asset management", we must remind them that the above mentioned standards set the criteria that any process must comply with in order to be called "asset management". These organisations might conduct an asset management maturity assessment to find out where they stand on the achievement of these standards' elements. Achieving a competence status within the asset management maturity scale demands all their elements are in place and applied in an integrated manner.

CANADA

The temptation to re-label instead of truly transforming has a lot to do with saving face, theorises **John Rivenell**, President of SageData.

To change the way we do things, we have to adopt the "something new" in preference to the "something old" we have always done. To justify the difficulty and disruption of change we have to say that the new way is much better, which must mean that the old way was worse, and that we have been "doing it wrong" all those years.

But surely that can't be true? Not us! To avoid this little difficulty we

construct the following story: that we have been doing it correctly all along, and that the new way is the same as the old way, but all dressed with strange names to look different. When "upper management" (or The Consultants) force us to adopt the new process we update the surface appearance, while leaving the underlying processes as they were. From the outside this at least looks good. But if nothing changes, we still have the same risks, the same unnecessary costs, and we are denied the benefits obtained by the true believers.

So how to avoid this? For effective programme transformation all participants must see and understand both the

carrot and the stick: the benefits of a properly administered asset management programme, and the poor consequences of not following one. The focus must change from defence of the past, to the potential satisfaction (and glory?) of future success. So yes, there will be resistance to change, but effective demonstration of the benefits can turn the unwilling into evangelists for the new way.



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