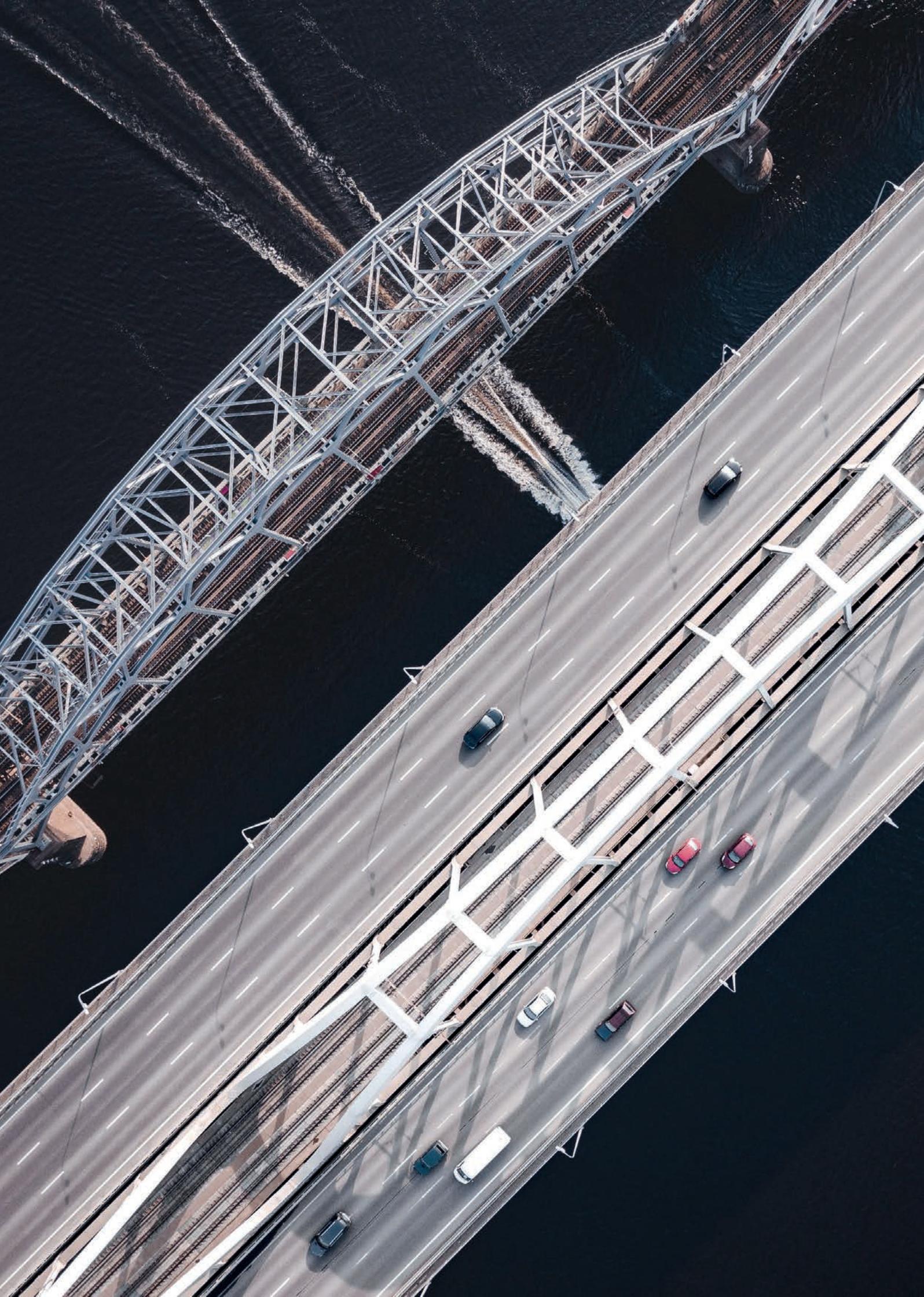




The Case for Excellence in Asset Management

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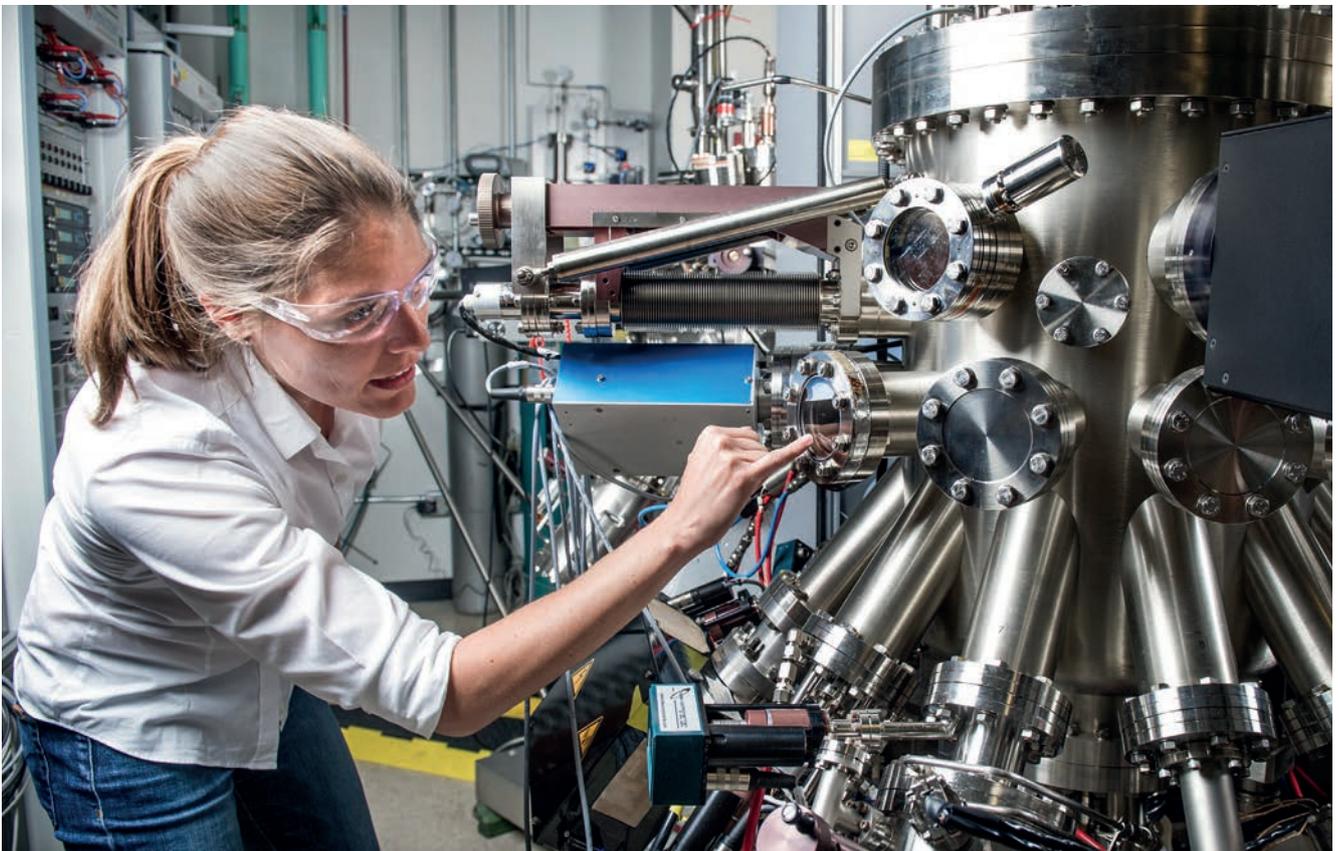


Introduction

Organizations across the world are increasingly recognizing that asset management is a professional discipline that has significant potential for improving performance. The subject has developed from niche areas of financial services and physical equipment maintenance into an holistic set of capabilities and practices needed to maximize the value obtained from any types of asset over their whole life cycles. This reflects the experience and successes of organizations in resolving conflicting objectives, meeting rising stakeholder expectations, resisting short-termism, managing risk and reducing siloed departmental behaviors.

This is an ongoing story and international collaboration has been successful in developing a clear understanding of what good asset management looks like. This has included the BSI PAS 55 specification and ISO 55000 family of asset management standards. However there is an increasing need for guidance that goes beyond the minimum requirements that such standards define.

Complex systems of assets are an ever more integral and critical part of our economies and society, so we increasingly need to demonstrate real excellence in their management if we are to meet current and future societal needs, deliver clean energy with net zero infrastructure, manufacturing, transport and services. This document sets out the case for developing and maintaining excellence in asset management, and what the IAM is doing to help.



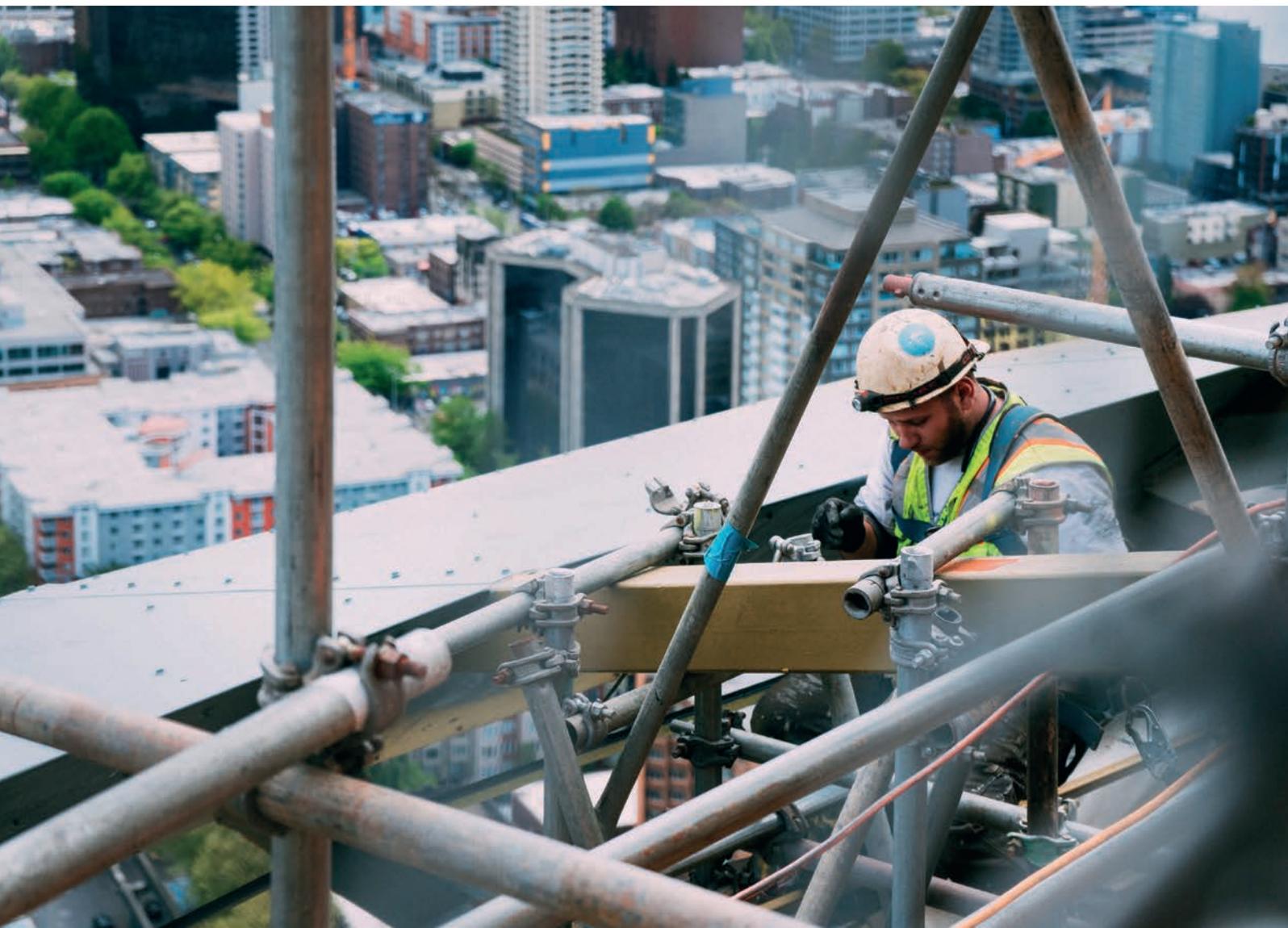
Why excellence?

Many take asset management for granted: in modern economies clean water flows, energy turns on at the flick of a switch and we travel across transportation networks without much thought to the infrastructure. When there are system failures, it is often seen as a failure to address the basics of investment or maintenance. Getting these organizational competencies right is therefore vital. But why bother doing any *more* than such basics? The answer is that there are big added value benefits from doing so. In particular, doing more than the minimum delivers very considerable increases in sustained performance outcomes.

The value invested in physical, intellectual and other assets is enormous; for a national economy it represents a significant proportion of gross domestic product (GDP). Just 1% improvement in Return

On Net Assets (RONA) for a major corporation can represent billions in additional value. For public sector organizations, the service quality, reliability, adaptability, maintainability, affordability and sustainability all represent big concerns - and very big prizes for finding the optimal asset management mix of what should be done, why, when and how.

Furthermore, assets are increasingly interconnected. The rapid evolution of technology and the escalating complexity of asset systems mean that greater sophistication and care is needed to understand, develop, maintain and exploit such systems safely and sustainably. This requires us to be fine-tuned, not just adequate. Excellence in asset management needs to be the goal of any organization that aspires to deliver best value in such an environment.



The IAM's maturity scale

In 2015, the IAM published a maturity scale for asset management (see figure 1). The 6 maturity levels range from innocence to excellence, with a mid-point representing evident competence, as would be recognized by international standards such as ISO 55001. This scale has been widely adopted internationally and has proven very helpful in the early stages of understanding gaps and required improvements to *converge* on a joined-up, whole

life cycle approach to asset management. The right side, in contrast, recognizes the *divergence* and personalization needed for each organization to truly optimize what it does, given its unique combination of assets and circumstances. This is where we need to understand the goal (what is excellence for us, in our context?), the available benefits and the path forward.

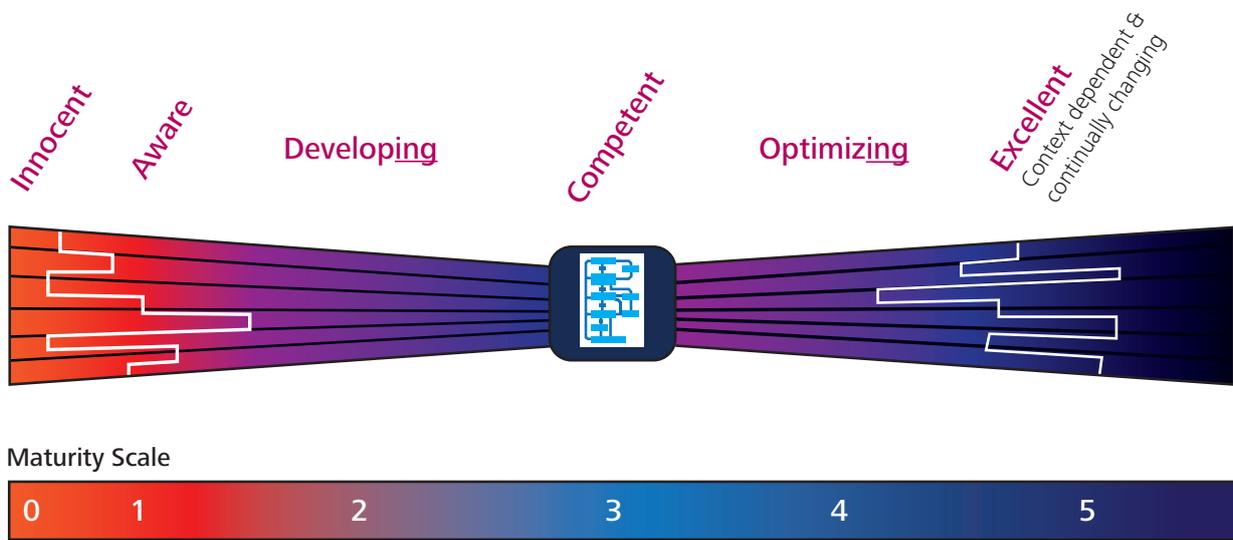


Figure 1: IAM maturity scale for asset management



From competence to excellence

It is particularly important that competence (with or without ISO55001 certification) is not seen as the endpoint in the asset management journey. It is clearly valuable to celebrate the achievement of milestones, such as an independent recognition or certification of capability. However, there is a risk of subsequent complacency, with a sense of mission accomplished. Yet the achievement of competence is really just the starting point. Once a stable platform of joined-up, whole life cycle asset management is in place, with a robust management system to direct, coordinate and improve it, the scope for optimization is great. However this optimization needs to be specific to the organization. Every asset portfolio is different and every organization has a unique operational context of regulations, geography, financing, politics, social and other stakeholders. So the appropriate goals of excellence in asset management are context-dependent (and continually evolving).

The context dependency and the moving goal-posts make it very difficult to recognize, objectively, the achievement of excellence. It is generally not difficult to recognize that an organization is further advanced than simply competent. However, the evidence that excellence is being achieved can only be interpreted with an understanding of the organization’s internal and external context, the capability to adapt to changes in that context, and the results being (sustainably) achieved. The IAM maturity guidance has recently been extended, therefore, to assist in understanding, recognizing and demonstrating the organisational characteristics of maturity Levels 4 and 5. These are organized into an extended conceptual model of asset management topics (see figure 2).

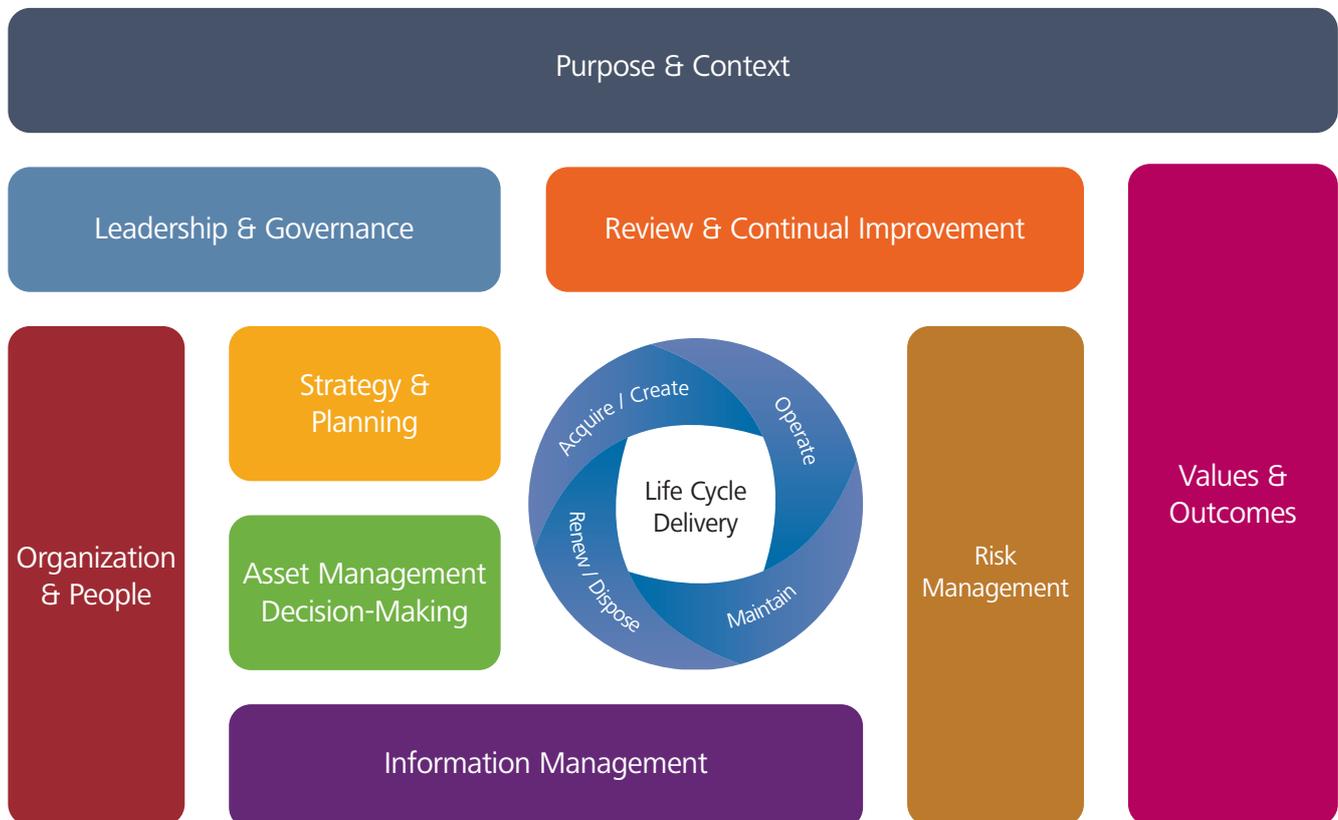


Figure 2: Extended coverage of topics needed to recognize asset management excellence

Applying the model on the pathway to excellence

The route for an organization seeking to rise from competence to excellence requires careful consideration. There is no universal formula or checklist to be satisfied, because the unique assets and context of each organization generate opportunities for some and constraints for others. The 2022 IAM Maturity Scale and Guidance¹ document provides, however, some typical attributes and example questions that can be used to explore the extent of progress. However, the assessments of progress or attainment in the upper levels of maturity are recommended only to be performed by very experienced assessors who can recognize fitness-for-purpose, potential added value and the context-dependent opportunities and constraints. Such assessors need to recognize and understand what excellence would represent *for the specific organization* and how value could be maximized in such an environment. The IAM provides a validation and recognition scheme for such experts: IAM Endorsed Excellence Assessors.



Our call to action

The case for excellence in asset management

We believe that the need for, and benefits from, excellence in asset management have never been stronger. Our society and organizations rely on increasingly complex, critical asset systems and we face ever-greater demands, uncertainties, constraints and new opportunities. The holistic, value-centric discipline of asset management is itself maturing in response, with an extensive body of knowledge about what can be done to sustain and maximize value. And much of this lies beyond the scope of the merely competent – it is time to raise our sights to achieve and deliver *excellence* in asset management.

1. "The Pathway to Excellence In Asset Management: IAM Maturity Scale and Guidance" available from www.theIAM.org



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