

Blog 2: Asset management requires both assets and management

(Getting Ready for ISO 55000 – Part 2 of 10)

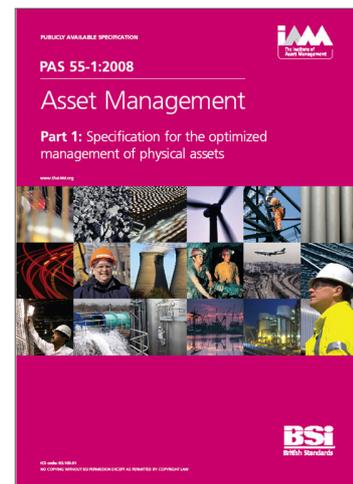
Insights from the "Asset Management for the 21st Century - Getting Ready for ISO 55000" Seminar, May 2013, Calgary: *This blog is based on a series of interviews with John Woodhouse from The Woodhouse Partnership (TWPL), who delivered this well-received seminar. John Woodhouse is CEO and Managing Director of asset management consulting firm TWPL, is a founder member of the Institute of Asset Management. He chaired the development of the PAS 55 standard and is UK Principal Expert in the development team for the ISO 55000 standard.*

Too often, asset management programs focus on asset information systems and a few sets of narrow work management processes that surround those systems. That's not asset management; it's asset maintenance or asset *information* management. Asset management is not a software tool—it's a system of how we manage things (assets) and also encompasses the way we work and the mechanisms of coordination, governance, control, and value creation. To make progress in asset management, you have to operate at two levels of thinking at the same time: establishing good processes for what needs to be done to the assets (buy, build, operate, maintain, renew, dispose etc.), and processes for improving the management practices and capabilities.

According to the [PAS 55](#) definition, asset management is *"systematic & coordinated activities and practices through which an organization optimally manages its physical assets and their associated performance, risks and expenditures over their lifecycles for the purpose of achieving its organizational strategic plan."* [ISO 55000](#) defines asset management as, *"the activity to realize value from assets."*

Put these together and you realize that asset management is a structured approach for aligning the business direction (which defines what 'value' represents) with the best whole life cycle combination of acquiring, utilizing, maintaining and renewing/disposing of assets to deliver that value. In other words, seeing asset management as just asset *maintenance* leaves out the most important parts, such as choosing the right assets in the first place, using them in the best way, or knowing when (and how) to get rid of them.

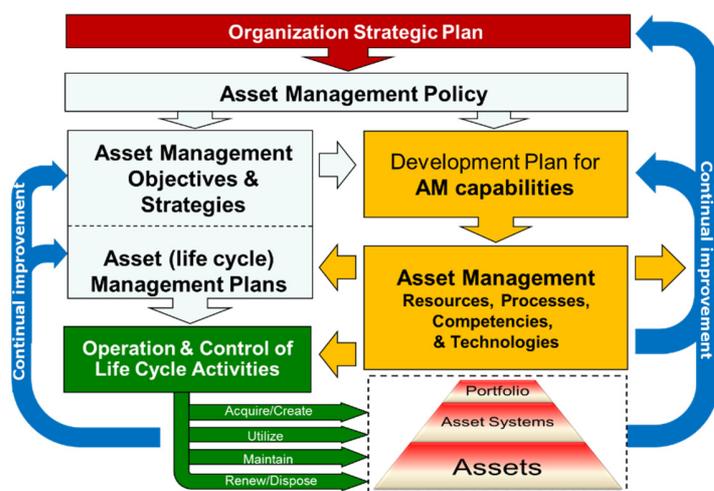
To reap the benefits of asset management, the processes used to manage assets must be improved and better coordinated to find the optimal mix of costs, risks, and performance over the whole life cycle. For example,



taking a life cycle view in the design stage would consider options for designing out the need for maintenance or designing in greater operability or asset life.

The list of asset management guidance and documentation is too detailed to include here. But it can be found in [PAS 55](#) and [ISO 55000](#) standards, as well as on the [Institute of Asset Management \(IAM\)](#)'s [website](#).

Appropriate practices are highly variable from one sector to another—and even within a business—for critical assets compared to less critical assets and at different stages in organizational maturity. Knowing which practices to apply and when is a core asset management competence.



In essence, a skill that you will learn as you increase your asset management competency is how to select methods and management approaches appropriately to solve the particular problems your organization faces. Remember: it's not just about assets; it's about management and improving your asset management capabilities.