Blog 7: Don't Confuse an EAM (or CMMS) for an Asset Management System

(Getting Ready for ISO 55000 – Part 7 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.*

One of biggest mistakes that is made in trying to improve asset-intensive businesses is the thought that an asset management system is simply a software solution. Yet is it surprisingly common to find people who think that because they have EAM or CMMS software that holds a register of assets and helps to plan and schedule work orders for maintenance, that this somehow equates to an "asset management system" (a coordinated and integrated *system of management*—like a quality management system).

While it's good to have an EAM or CMMS tool, because you want to be able to track assets and control work, an Asset Management System is a much higher level construct—a governance and coordination layer that involves alignment of strategic business objectives with the contributions you're getting from each of the asset systems and the life cycle activities that are worth doing. Asset management is about getting best value-for-money from assets, not just maintaining them. So by looking at things from a maintenance perspective, you're leaving a lot of the opportunities and benefits of asset management on the table. Here are a few things that asset management does that go beyond what asset maintenance can do.

Asset management looks at the whole asset life cycle, such as considering at the design stage how to eliminate the need for maintenance, how to improve operability, or how to extend the achievable life cycle. And in the environment of aging assets, when a maintainer's concerns are usually "*How do I keep these assets going*?" an asset manager's viewpoint would be "*How should I manage the risks?",* and, *"Is enhanced maintenance worthwhile or should I replace the assets, and if so, when, and with what*?"

Asset management makes *value realization* the primary, shared goal for everyone, in contrast to the siloed objectives of separate groups fighting each other (e.g., operations 'sweating' the assets, finance trying to cut costs, and project management seeking 'on time and under budget' whatever the consequences for others). And value manifests itself not just with asset performance and financial success, but also through

satisfying other stakeholder expectations—such as safety assurance, brand reputation, and environmental responsibility. So value realization involves handling competing priorities, and asset managers have to understand and deal with various trade-offs to find and demonstrate the optimal compromise. Such trade-offs include costs versus risks versus performance, short term versus long term, capital costs versus operating costs, and so on.

An effective asset management system aligns business objectives with what gets done day-to-day. Values are clearly defined and quantified, including risks, criticalities, and decision-making criteria. The entire organization has the same agenda: everybody is part of asset management. Asset *care* (maintenance) is an important contributor to this, but is only one dimension of asset management. Similarly, while an EAM or CMMS system can be a powerful tool for information management and work control, such technology is just one of the enablers for better activity and resource coordination, process integration, and data-driven decision-making. A management system for asset management includes all these and a whole lot more—as identified in the PAS55: 2008 and ISO55000 standards (see www.ISO55000.info).