

'Asset Performance' Economy Readiness Framework
**Proposed ~~Circular~~ Economy Readiness Framework
for Asset Management**

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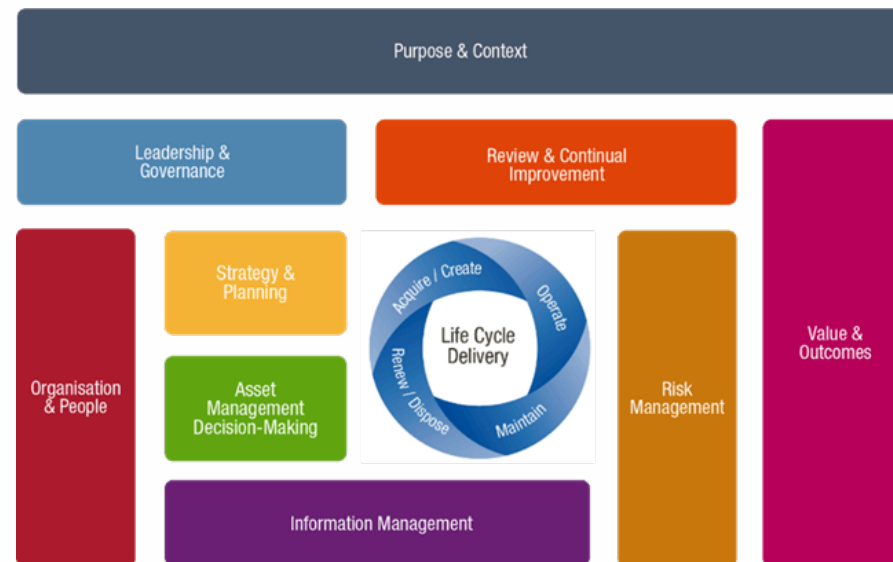
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The Challenge

1. How do you measure an organisation's Circular Economy Readiness?

2. How do you incorporate the exploitation of Asset Management?

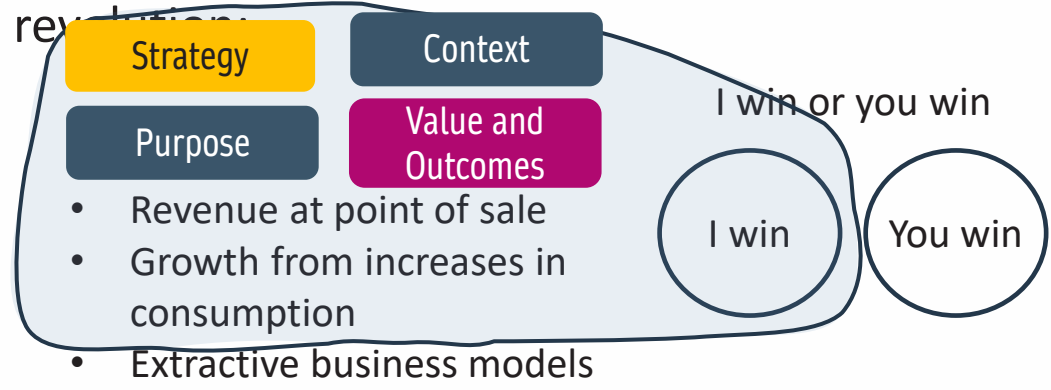
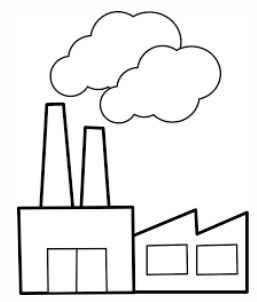
3. How do you apply Systems Thinking that results in increased asset performance?



'You can't improve what you don't measure' (Drucker)

Circular Economy

How we are working since the Industrial revolution:



Consequences – increases in raw material demand



Consequences – reduction in capability



Consequences – Short term focus

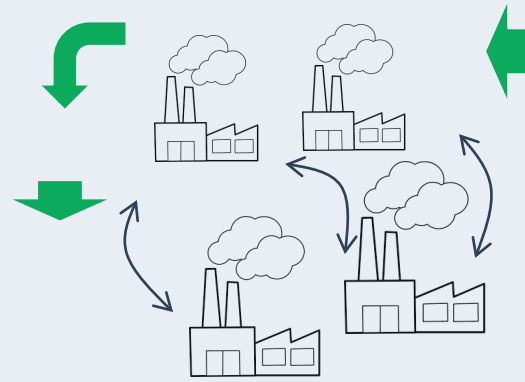


Consequences – zero-sum game



Consequences – increases in waste

More circular:



Strategy

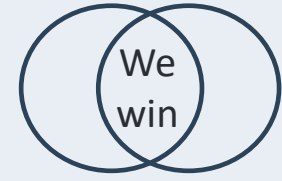
Purpose **Context**

- Reoccurring revenues
- Loyal customers
- Circular business models (Asset Performance)

Outcomes – more robust and resilient economy (flow of money)
Long term focus

Value and Outcomes

We both win



Outcomes – non-zero-sum game



Outcomes – significant reduction in raw material demand



Outcomes – increase in capability



Outcomes – more robust and resilient economy (flow of money)
Long term focus



Outcomes – non-zero-sum game

Outcomes – significant reduction in waste

Barriers to Circularity

Since the industrial revolution, our business models have followed a "take-make-waste" approach, and ever-increasing levels of consumption.

Barriers - Organisations don't think the future is important enough.

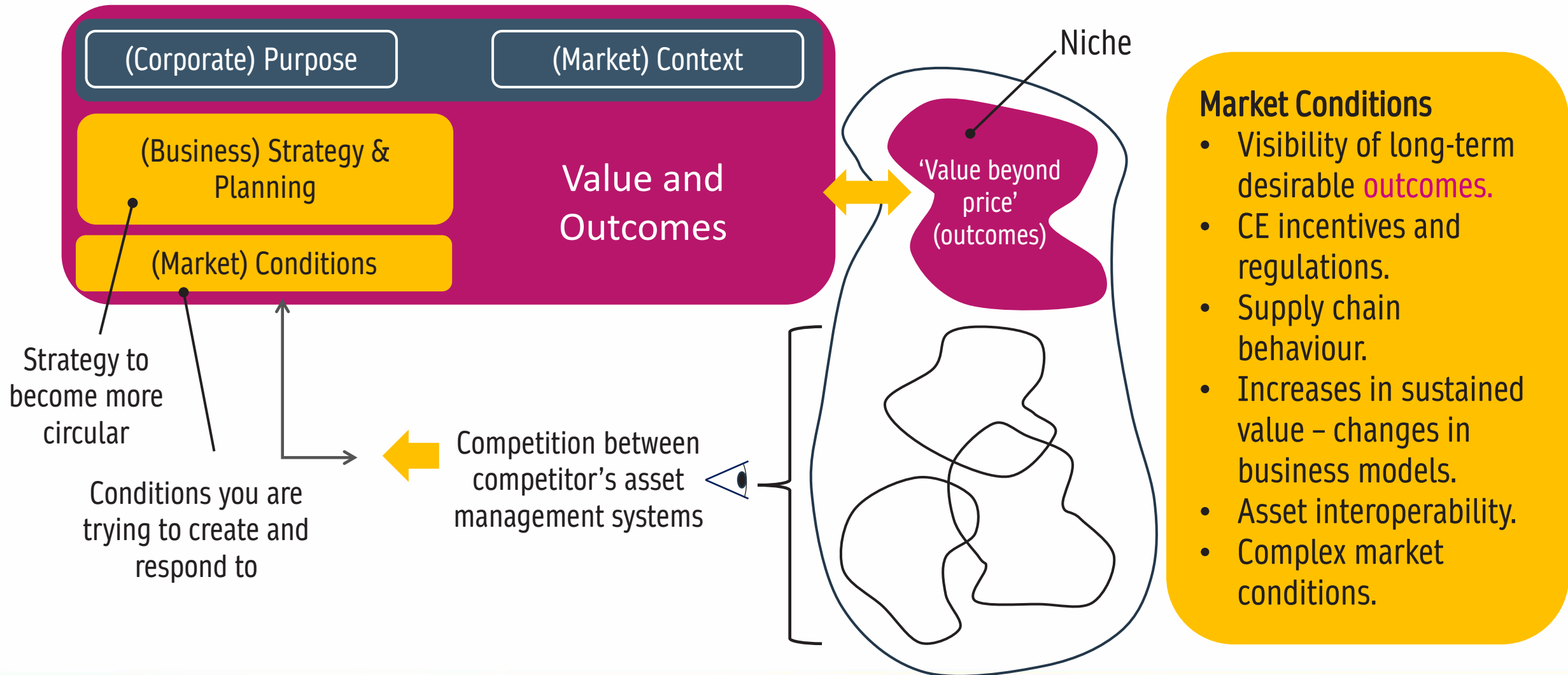
Existing business models are 'baked-in'.

This framework indicates how much an organisation values the future and relies upon business strategy and asset management to achieve that.

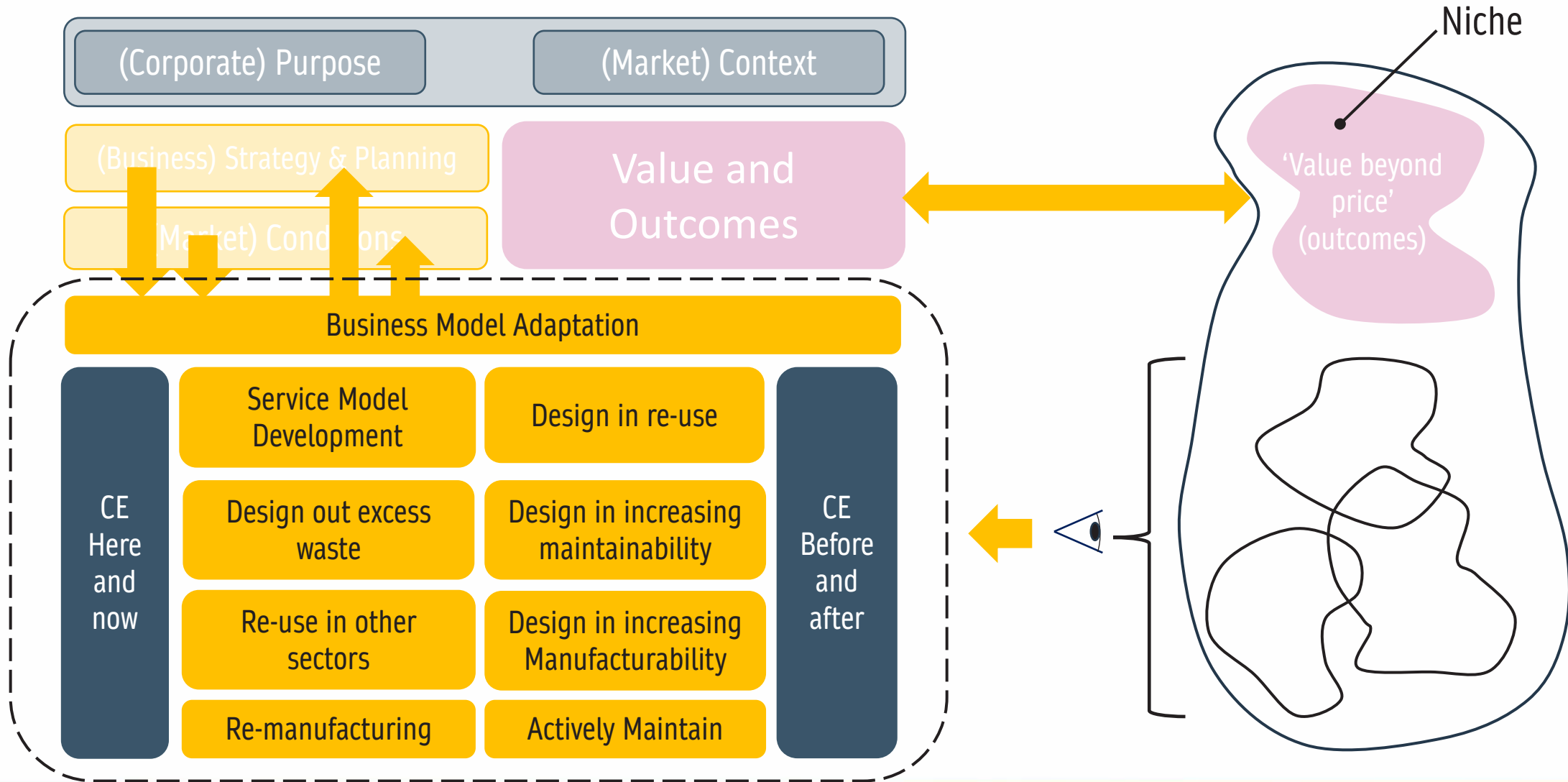
Some organisations have overcome these barriers and are not impacted by volatile economic conditions - We need to be more sophisticated

Circular economy = Good asset management

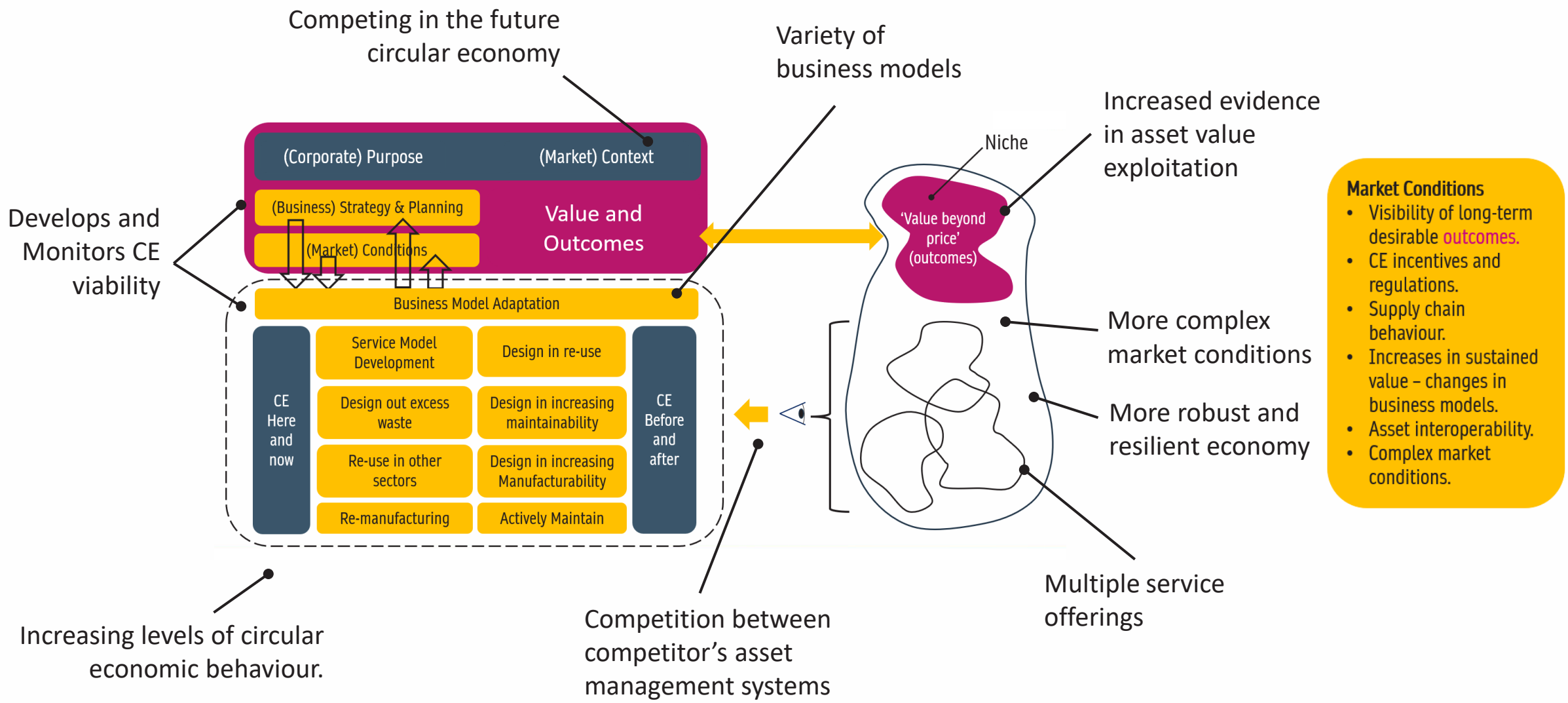
The Solution (Top-Down)



The Solution (Bottom-up)

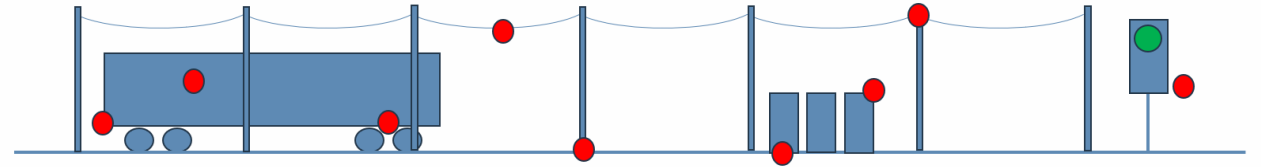


Framework Key Measures – ‘Top-Down AND Bottom-up’



Evidence from the Rail Sector – it works.

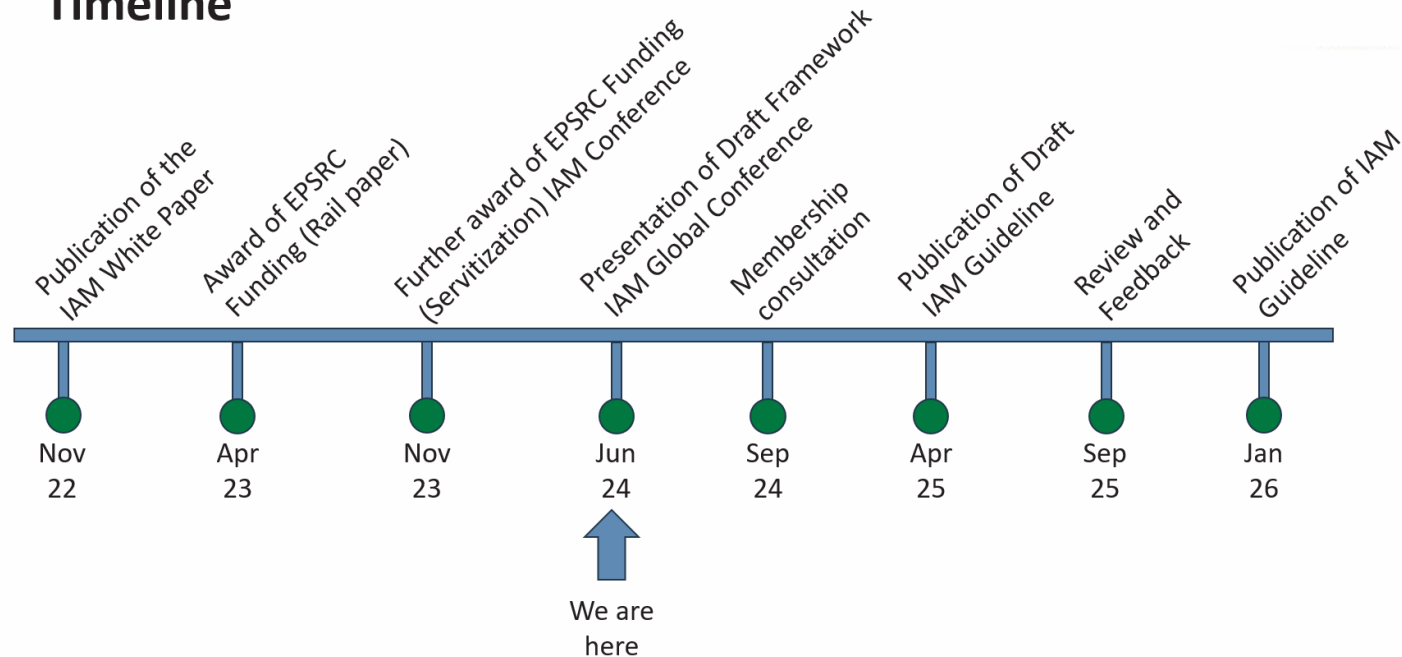
- Visibility of long-term desirable outcomes.
- Governments pledging to adjust standards, incentives, and regulations to support the future circular economy.
- Changes in supply chain behaviour, asset interoperability, more 'circular products and services'. More reliable, upgradable, more durable.
- Evidence of moving towards increases in sustained value. (It's not how much the railway costs, it's what it enables) e.g. Social Value.
- Market conditions that enable expanding opportunities. E.g many companies, multiple sectors, different operating models, varied interactions etc. Profit from flow across multiple actors.
- Nothing stopping the supply chain competing on asset and systems performance and developing alternative product/service models.



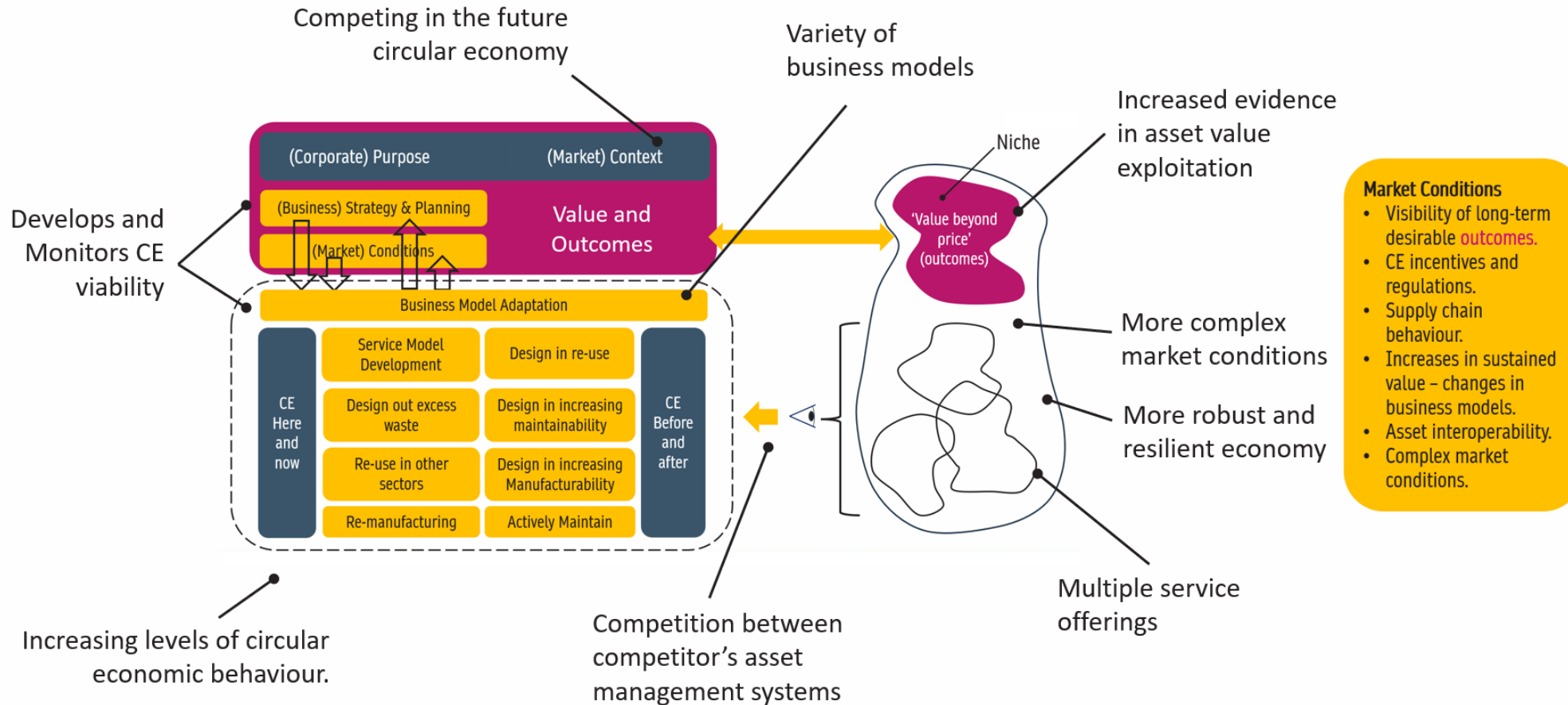
Consultation

- Outline framework will be presented to membership to gather feedback.
- Questionnaire will be developed for members to respond to.
- Feedback will be presented back to the membership.
- Production of the Guideline.

Timeline



Thank you.



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