Asset Management is defined by ISO55000 as the ‘coordinated activity of an organisation to realise value from assets’. But what does that look like?

At the simplest level, it means an organisation is making the best decisions it can about its assets, based on a clear understanding of its long-term objectives and purpose. Asset Management is the discipline that seeks to achieve this. Let’s look at what it involves.

Traditionally, asset decisions were bound to the lifecycle of the asset in question, from its initial creation, through its working life, to its eventual disposal. These are not straightforward decisions: For example, how do you build cost-effective maintenance into the initial design? How do you measure the criticality of this asset to the rest of your portfolio? How can you be sure you even need the asset to begin with?

Too often we see these kinds of decisions being made in isolation from the rest of the business. With Asset Management, the plans that are made for each asset are always part of a bigger system which is aligned to the organisational strategy. This alignment must reach down to the people doing the day-to-day work on the assets themselves, including outsourced contractors.

Asset Management decisions are always part of a learning cycle, that constantly monitors and reviews performance based on past decisions, and stays abreast of the evolving landscape of risks and opportunities that inform future decisions.

So what do these decisions actually look like? Although there is variation between businesses and industries, typically they will involve balancing the costs, the risks and the performance of an asset or assets over a particular timescale. The discipline has amassed a huge array of tools and techniques that allow each factor to be understood, measured and traded with the other factors, giving senior management a ‘menu’ of options to choose from that they know have taken all relevant information into account.

Decisions are only as good as the information they are based on, so an asset managing organisation needs to treat its data as a core asset in its own right. There needs to be a simple process for agreeing what information is needed, capturing it, and storing it in one place so that there is only one version of the truth.
It’s equally true that decisions are only as good as the people making them. This isn’t just a matter of capability – at its heart, asset management is about collaborating across disciplines to make the best decisions using all the information and insights available. This is often as much a cultural challenge as a technical one.

Organisations that have embraced this way of working have realised phenomenal benefits – in terms of cost savings, risk reduction, improved performance and so on. The IAM is at the forefront of helping organisations realise these benefits for themselves, giving investors and senior management the assurance they need that they really are maximising value for themselves and their stakeholders.