

Asset Management in High Performance Organizations White Paper: An Overview

New White Paper Claims Asset Management is Roadmap to High Performance. Who Knew?

Several years ago, someone coined the term “high performance organization” as the goal organizations should aspire to become. Simply stated, high performance means being successful at what the organization is trying to do, i.e., meeting customer and stakeholder expectations for financial performance, service levels, quality, reliability, and achieving other organizational goals. The several articles and books written about this subject focus on the behavioral characteristics of such organizations. A recently published white paper makes a compelling case that the roadmap for becoming a high performance organization is provided by an international asset management standard.

This white paper was published in April 2018 by 4tell Solutions, an asset management technology company, and the Asset Leadership Network (ALN), a not-for-profit trade association. The paper’s title is “Asset Management in High Performance Organizations,” but the sub-title reveals the paper’s core message “A Roadmap to High Performance: ISO 55000 and a Management Systems Approach to Asset Management.”

At first that might sound strange and unconvincing. What does asset management have to do with high performance organizations? According to the white paper, it’s critical.

Assets are the resources available to organizations to accomplish their missions. High performance organizational behavior is important, but effective management of the resources, or assets, is also required to accomplish those missions.

Depending on your education and work experience, you may already think you know something about assets and how to manage them. People who manage railroads, airlines, trucking companies, utilities, oil and mineral extraction companies, and similar enterprises rely on buildings, machines, and other equipment to do their jobs. These items show up on balance sheets as “assets,” more specifically as “property, plant, and equipment,” also known as “physical assets.” Governments at all levels think about the assets that comprise their facilities, roads, bridges, airports, waterworks, sewage systems, etc. These assets are collectively known as infrastructure. Banks and other financial institutions manage financial assets such as cash, loans, stock, bonds, and other financial instruments, but physical assets are the main focus of the discipline widely known as “asset management.”

Asset management includes managing assets, but also much more. That’s both the theme of the introductory section of the paper, and the inspiration for its title. This section introduces the international management systems standard called ISO 55000: Asset Management and gives a short explanation of what a management system is. All in all, the introduction gives a concise overview of the rest of the paper and a good reason to read it.

The white paper is clear that its main audience is C-level executives whose organizations rely on physical assets. However, it broadens the paper's potential audience to include high level managers who control or oversee some part of their organizations' assets as well as others whose jobs impact, or are impacted by, asset-related decisions. The paper also argues that the principles of ISO 55000 apply equally well to the management of non-physical assets, although it provides no examples.

The first major section of the paper discusses the evolution of ISO 55000 that began in the 1980s with a convergence of business and safety challenges in the UK that lead to development of new thinking about asset management. During this general timeframe, the International Organization for Standardization (ISO) also began to develop a new approach to management standards. The paper describes how these efforts converged first into a UK- specific guidance document published in 2004 for the management of physical assets and evolved over the next ten years into the international asset management systems standard published in 2014 as ISO 55000. The paper makes a clear distinction between previous asset management guidelines that addressed specific asset management functions or specific industries with the new standard that addressed entire organizations regardless of industry type.

The next major section presents an alternative way of looking at the requirements of the standard. This alternative "conceptual model" highlights the key elements of the asset management system recommended by ISO 55000 in a way that makes the implementation of the standard more logical than just reading the standard itself.

Subsequent sections of the paper highlight some of the known users of ISO 55000 and summarize the significant benefits that such organizations have realized. Among the known "early adopters" of the standard in the US are several Federal government agencies and a few private sector companies. It's clear from the paper that most of the early adoption of ISO 55000 has been by organizations outside of the US and the paper urges its readers to do something about that.

The paper concludes with a series of next steps that organizations should consider if they decide to implement the standard.

The paper is available for download from the 4tell Solutions website at: <http://bit.ly/2HCr4Qt>.

The Asset Leadership Network is a non-profit organization focused on promoting the benefits of asset management, specifically the ISO 55000 management system for asset management.

www.AssetLeadership.net