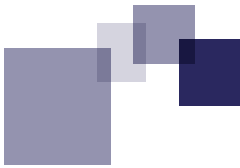




REALIZING THE BENEFITS OF ASSET OPTIMIZATION



The field of asset management and asset investment has moved into the spotlight. No longer on the fringes of business awareness, it has become a top strategic objective for organizations of all sizes. A key driver of this change is the spreading belief that optimizing asset plans will deliver tangible benefits to organizations as well as the adoption of ISO 55000 across the globe. However, these drivers also create the challenge of living up to expectations as new, risk-based asset management practices are implemented and then supporting technologies to achieve the standards. Companies can meet that challenge by forecasting two futures, one based on how the organization used to make decisions, and one based on the principles of advanced asset optimization.

Benefits of ISO 55000

ISO 55000 stakes out two primary areas of benefit, financial performance and stakeholder value. Some of these benefits have direct dollar impacts, while others such as reputation and social responsibility are harder to quantify, though they clearly link to asset management activities. Most of the benefits are reliant on the hypothesis that an organization can make better decisions by using risk as the basis for optimization. This includes balancing short- and long-term goals, managing risk, improving sustainability, efficiency and effectiveness. All these benefits require an investment in process, data and software. The list of benefits from ISO 55000 may be long and seem obvious to asset managers, but eventually the investment in processes, people and technology will have to be justified to executives who are interested in more quantitative proof.

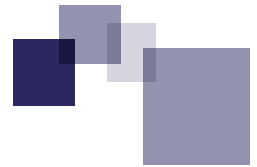
Financial Performance

- ✓ Balance Short- and Long-Term Goals
- ✓ Improve Decision Making
- ✓ Manage Risk
- ✓ Improve Sustainability
- ✓ Improve Efficiency and Effectiveness

Stakeholder Value

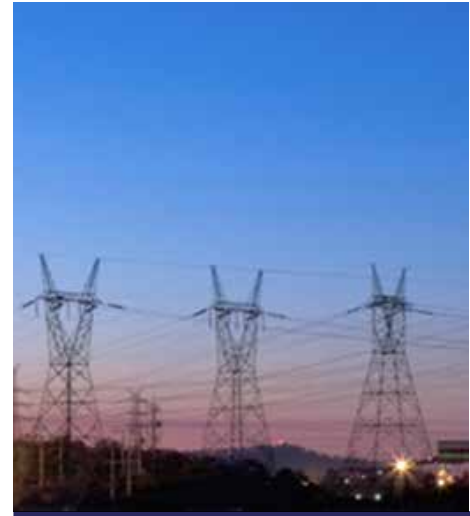
- ✓ Enhance Services and Outputs
- ✓ Demonstrate Social Responsibility
- ✓ Demonstrate Compliance
- ✓ Enhance Reputation

Organizations need measurable benefits to reinforce behaviors. But in a world with so many moving parts, how do you prove the benefit of a specific approach? Listing benefits is one thing, but allocating and measuring them has significant challenges. For example, it could take years to alter the trajectory of failures and levels of service in many organizations. If the benefits are not clear, then the will to continue the effort of re-engineering the business may be



lost and the entire initiative could be abandoned. The leaders of an asset management initiative need to include frequent demonstrations of benefit in their plans to mitigate this risk.

When an organization starts on the journey toward improving asset investments, it makes a decision that will impact future performance dramatically. What would have happened if the organization had just continued on with its old policies? When Robert Frost wrote about two roads diverging he was reflecting on this dilemma. In the end when we choose a path we do set the range of possible outcomes and this can obscure our view of any other possible futures, like the one where we turned left instead of right.



If comparing past performance to current performance is misleading, how can an organization show the benefit of the path it has chosen? It takes a shift in approach. Instead of judging asset management by metrics that compare current performance to past performance, organizations need to compare current performance to a forecast of past performance. This will demonstrate how decision making has improved and how this is benefitting the organization. To achieve this, organizations need to ensure that their asset management system and supporting tools are designed to support this approach from the beginning or they may face an unpleasant surprise later.

It is not uncommon that in the rush to improve asset management, many organizations forget to document where they have come from historically. This may be driven by excitement and focus on the future or by an unwillingness to highlight which practices needed significant change to stakeholders. The best way to avoid this trap lies in managing corporate messaging around the initiative. Leaders need to focus the change management messaging on improvement instead of transformation. Transformation implies disowning the past while improvement treats past practices as a foundation. So, during the exercises that define future best practices, always start by embracing and documenting the current practices as your starting point. Only after you do that should the organization turn its attention to the future by identifying how the historical practices could be improved by applying a risk-based and asset-centric approach that aligns with corporate objectives.

When working with organizations we ask and record their “As Is” asset management practices even as they re-imagine their “To Be” world. This historical context is essential. During the first configuration project for decision support, organizations should spend almost as much time forecasting what would have happened if they had not embraced asset management as they do capturing their new, risk-based approach. For example, if poles are being inspected and replaced based on their age today, then set up a strategy that will use risk to optimize the inspection frequency.

ISO 55000 & PAS 55: Leverage PowerPlan Asset Investment Optimization to align with global guidelines.

PowerPlan aligns closely with ISO 55000 and PAS 55 specifications. Through performing strategic, long-range asset, risk and budget management, the solution manages various aspects of the asset lifecycle – from construction, ongoing maintenance and operation to its eventual retirement or decommissioning. Your organization can leverage PowerPlan to confidently support your management framework and processes.

Comparing the enterprise-wide results of the two sets of rules will quantify the impact of embracing asset management, thus showing the change in planned and unplanned costs over the full life of the assets. Once you finish this exercise, you are ready to move on and repeat this process for your other types of treatments and assets.

It is a great victory when an organization publishes its first automated and defensible asset management plan. In that moment the organization is looking forward to a brighter and better tomorrow. If your organization gets there, enjoy the moment! But after publishing that first asset management plan, take the time to generate a shadow plan that shows what the

previous approach would have recommended. The differences between these two plans demonstrate the quantifiable value of improving asset investments to the organization, in reduced planned and unplanned costs over the long term, in improved service levels in the form of risk reduction, and in their delivery of value to stakeholders. Celebrate these differences, both inside and outside the organization. That first automated asset management plan should be just the first step in an ongoing journey of continuous improvement. The benefits you demonstrate will keep delivering for years, and even generations, to come.



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