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ISO and the World of Asset Management

Why should you care about all this? First there is the pragmatic: it will enable you to do your job better. It will provide opportunities for recognition of the contribution of asset management to the success of your organization.

We are not alone.

There are asset managers, consultancies, and professional organizations across the country and around the world managing assets. Amazingly, the way they do it is very much like the way we, the members of NPMA, do it. Now, for the first time, these asset managers are starting to talk to each other and work together. And we in the NPMA are important parts of both the conversation and the activity.

There is an increased awareness in the US and around the world of the importance of asset management to organizational success. We in the NPMA can be proud of our industry leading results and leadership roles. We all have the opportunity to benefit not only our organizations but the profession of asset management through awareness, involvement and leadership.

ISO 55000 Asset Management System Standard

Most of us have some familiarity with the International Organization for Standardization (ISO) Management System Standards for Quality Management Systems (ISO 9001) and Environmental Management Systems (ISO 14001). Certainly the leaders of our organizations are familiar with these standards, and soon they will have an additional ISO management system standard to help them manage organizational processes. ISO 55000 Asset Management System Standard is in progress, under ISO Project Committee (PC) 251.

Twenty-four countries are participating members in the ISO 55000 effort, and ten or so more are observers. A preliminary international meeting was held in London in June of 2010, where the decision was made to recommend to the ISO governing body to move forward with this standard. The first working meeting was held in Melbourne, Australia this past February. Comments from the participating countries were reviewed, and work on new drafts began. The next meeting

is here in the US – Arlington, Virginia – October 2011 to further discuss the documents and terms. Subsequent meetings are planned for next year in Cape Town, South Africa and Prague, Czech Republic.

“So what is the purpose of this standard? It is a declaration that the organization views its physical production assets not as sunk depreciating costs, but as competitive differentiators. It is a declaration of the organization's intent to establish a performance management plan supported by enablers, policies, contingency planning, and risk identification.”

—Marc Leplante,
Meridium Corporation

The standard will consist of three parts.

- 1) Overview, Principles and Terminology,
- 2) Requirements, and
- 3) Guidelines.

It is intended for use by those involved in the development, implementation, operation and continual improvement of management systems for the organization's assets. In general, it is a high level strategic document rather than an operational or tactical level document.

The initial draft of ISO 55000 is based on a British Standards Institute (BSI) publicly available specification (PAS) 55 that is being widely used in some industry segments around the world. Now experts from around the world are bringing additional insights to the document, and noticeably moving forward the state of the art of asset management. These new insights are helping to create a document that is most respected and useful to organizations and practitioners. After eighteen months developing the draft documents, it will require about as long to translate it into multiple languages and gain international consensus. Publication of the final standard is planned for February 2014.

The US is well represented by the US TAG (Technical Advisory Group) (<http://www.uspc251tag.org/>), which is

administered by ASTM International, under the auspices of the American National Standards Institute (ANSI). For NPMA members of the US TAG, our decade plus of work on standards through ASTM prepared us individually and collectively to be immediate contributors to this effort, and to be able to take a leadership role. Outstanding contributors from the maintenance and reliability world, utility asset management, manufacturing, mining and others have joined the effort. The strength and diversity of the US contingent brings great value to the ISO standard effort, and benefits us and our organizations individually through exposure to points of view outside of our current experience.

Why should you care about all this? First there is the pragmatic: it will enable you to do your job better. It will provide opportunities for recognition of the contribution of asset management to the success of your organization. We know there have been challenges in communicating the organizational value of our excellent, but tactically oriented ASTM Asset Management Standards - a receiving or disposition standard just isn't that "sexy" to a CFO or CEO. The strategic focus of the ISO 55000 Standard will quickly appeal to organizational executives familiar with the other well respected ISO management standards. You may not even need to do the PowerPoint to convince them! And be assured that the ASTM standards will not only retain their value, but will gain much wider use and respect through increased international and US exposure.

The International Asset Management Environment and Organizations

The genesis of ISO 55000 was PAS 55. PAS 55 was developed through the efforts of members of the Institute of Asset Management (IAM), based in London. As an organization, the IAM has been around less than ten years – but in that time has developed

an impressive array of intellectual capital, much of which found its way into PAS 55 and continues to inform the ISO 55000 process. I became a member of the IAM a couple of years ago, and have had the good fortune to be able to attend two of their annual conferences in the UK. I've found them to be an exceptionally fine group of folks, eager to share ideas and to contribute to the knowledge base of asset management. IAM is in fact a knowledge organization, rather than a membership organization. I think of it as a cooperative think tank. Its members are both individuals – typically senior “thought leaders” – and organizations that have an interest in improving asset management as consultants or service providers for others.



Another mature asset management culture exists in Australia. Asset management professionals there have joined together to form the Australian Asset Management Council, fueled mainly by major mining interests, public water commissions, railroads, and manufacturing. Much like the NPMA, the Council offers conferences and seminars, educational opportunities, certifications, and awards. For some years, the Australian Prime Minister even attended their formal awards presentation to recognize important asset management contributions supporting the national economy.

“The Asset Management Council Ltd is a non profit organisation committed to the promotion and education of optimal asset management practices in industrial, commercial, academic and government organisations. Our mission is to create a broad awareness of the value of asset management, nurture a common understanding of asset management, and provide a portal to asset management knowledge and resources.” —The Website of the Australian Asset Management Council (www.amcouncil.com.au)

The IAM and Australian Asset Management Council have joined with organizations from other continents in forming the Global Forum on Maintenance and Asset Management. As an umbrella organization, the Global Forum consists of one or two representative organizations on each continent. Starting from a maintenance perspective, their vision has expanded to include asset management. I've been told that one reason the maintenance community has grown to embrace the asset management designation is because it garners more respect within their organizations, a testament indeed to the reputation of our trade. The Global Forum expresses on its website these broad tenets:

“Vision: To be a worldwide community of organizations providing leadership for maintenance & asset management communities.

Mission: Develop and promote knowledge, standards and education for the maintenance & asset management professions.

With one voice, collaborate on the development and means to share advancements, knowledge and standards in main-tenance and asset management.” —www.gfmam.org

Similar stories could be told of asset management organizations from Brazil, Japan, the Euro Zone, the Middle East, and more.

US Asset Management Environment and Organizations

The US representative on the Global Forum is the Society of Maintenance and Reliability Professionals (SMRP), a group that only last year added the words “asset management” to their vision and mission statements. Here is how they describe themselves:

“SMRP is a nonprofit professional society formed by practitioners, with a mission to serve leaders and advancing Reliability and Physical Asset Management. We provide value for individual practitioners as well as companies practicing and sustaining Maintenance and Reliability (M&R) best practices. With nearly 3,000 certificants and nearly 3,800 members worldwide, our community is dedicated to provide you benefits such as international affiliations, domestic public and private partnerships, education opportunities, M&R Body of Knowledge resources, ANSI accredited certifications and many local and global networking events.” —www.smrp.org

There is no mistaking their continuing focus on maintenance and reliability, nor their move

toward asset management. SMRP seems to take a more conservative or traditional approach with emphasis on long term established strengths. Other US maintenance and reliability professionals have been quicker and more enthusiastic in embracing asset management to the advantage of their organizations. Reliability Web and the Association for Maintenance Professionals (AMP) are leaders in this area, and have been knowledgeable and enthusiastic contributors to the US TAG for ISO 55000.

"The Association for Maintenance Professionals is a Florida based not for profit organization with a mission to support the evolution of improved Asset Management practices through information sharing and professional networking." —www.maintenance.org

The University of Wisconsin-Madison Engineering Department has brought a facilities management and retail perspective to their participation in the ISO effort. Representatives of asset owners from utilities and power generation, pharmaceutical production, and mining have also brought valuable and unique insight to the process, as have service and consulting interests. IT Asset Management interests, such as the International Association of IT Asset Managers (IAITAM), Gartner, and Forrester have been advancing thinking on asset management, both hardware and software, for some years.

"International Association of Information Technology Asset Managers, Inc. ("IAITAM") is the professional association for individuals and organizations involved in any aspect of IT Asset Management ("ITAM"), Software Asset Management ("SAM"), Hardware Asset Management, and the lifecycle processes for IT Asset Management in organizations of

every size and industry across the globe. IAITAM officially incorporated in 2002, after years of research and discussion. Starting in 1998, a group of software and hardware asset managers began meeting to discuss the need for a centralized organization devoted to expanding and codifying information and knowledge within the IT Hardware & Software Asset Management fields." —www.iaitam.org

IAITAM and NPMA have an established cooperative agreement, and some folks are members of both organizations. IAITAM members have spoken at NPMA events, including the National Education Seminar (NES), and NPMA members have spoken at IAITAM events. To this point, neither IAITAM nor other ITAM interests have gotten involved in the ISO Asset Management effort – perhaps they will in the future. Certainly the ISO standard will impact the ITAM world.

The big take aways from the mutual discovery and joint efforts to date in the US can be summarized in three statements:

- There are remarkable similarities in theory and practice.
- Each sector has insights and strengths that are of interest and use to the other sectors.
- There is amazingly little overlap of "territory."

The result has been great cooperation and teamwork on the ISO effort, and willingness to reach out to organizations and interests that are not yet involved or connected.

The NPMA Advantage – How We Fit into the Environment

Now that it's been discovered that there are others out there (hence "we are not alone"), we can refocus our attention on what differentiates our vision and realization of the asset

management profession from that of others. The first thing to note is that great similarities exist. This is very reassuring. It's also good to ask the question of "approach." What approach is taken to standards? Certification? Training? Conferences? Association management? Membership? Dues? Background of practitioners? The answers provide great new insight into the choices we as the NPMA have made and will continue to make.

What is our niche market? The recent NPMA member survey confirms that our efforts to broaden the base of the NPMA have succeeded - to a point. A decade or more ago our membership was almost exclusively centered on US government property. Today approximately 50% of our members self identify as being involved in contract property management and 25% self identify as being involved in federal property management. Ongoing NPMA membership efforts continue to extend our reach and influence into universities, laboratories, state and local governments, and medical institutions, expanding that remaining 25%.

In explaining our "niche" to other folks, it becomes apparent that the niche of the NPMA is the US public sector. That really encompasses all of the interests just mentioned, and leaves room for plenty more opportunity for growth in those areas and others, including museums, parks, police and fire departments, and many others. Not that we would ever turn away from individuals or opportunities to broaden our base, but the bottom line is that we're focused on the US public sector. And this is a great, interesting and enviable niche to have!

Is our approach different than that of others? The IAM consists largely of engineers, consultants, and

representatives of large asset holding organizations. There is a dominant maintenance and reliability perspective that is very high level and strategic. The portfolio of assets is more in question than actions around individual assets. Topics like “physical inventory” and “receiving” for example are not on their conference agendas. The maintenance folks obviously have maintenance and reliability as their foundations and starting points, as they make their organizations increasingly aware of the benefits of asset management.

Any examination of the NPMA related literature – presentations, articles, standards, etc. – reveals that our approach is operational and accountability focused. We are a very pragmatic, hands on, real world,

“get the job done” group. We are very knowledgeable about relevant laws, regulations, executive orders, standards and other documents that inform and bound our efforts.

Through discussions with folks from other sectors in the US and around the world, I’ve personally reached the conclusion that we can be very, very proud of our accomplishments - particularly of our property and asset management systems. When others hear that our systems are audited to an accuracy of 98% or better, they react with disbelief. While I am not aware of any documented comparative statistics, anecdotal evidence is overwhelming that typical accuracy rates are in the 60% to 80% range. From this perspective, we can perhaps rightly and proudly claim

to have the world’s best asset management systems!

We would of course say this with great humility. We have much to learn and gain from these newly identified kindred organizations – and they from us. We will continue to realize the value we have brought to our organizations and profession, and accept the responsibility to take a leadership role in the new, expanded and expanding world of asset management.

Awareness, Involvement and Leadership

Everyone has the opportunity to be a leader in this effort. We all have the opportunity to benefit our organizations by being the conduits for information about this opportunity, and to be leaders

National Education Seminar

June 25-28, 2012, Hyatt Regency New Orleans, New Orleans, LA

Call for Presenters!

We are looking for presenters for the 2012 NES, and encourage both returning and new speakers to share their expertise and knowledge. New ideas are encouraged (i.e. outcome training, best or new practices, case studies, employee development, industry-based topical info, etc). Submission Forms must be received by December 2. Please visit www.npmaconferences.org/nes for details and submission instructions!

Educational Tracks include:

- ✓ Contract/Contractor Property
- ✓ Executive/Management
- ✓ Federal Property
- ✓ Introduction to Property Management
- ✓ Professional Development
- ✓ Standards and Best Practices
- ✓ State & Local Government
- ✓ Subcontract Management
- ✓ University and Research Property



in embracing new approaches and ideas. Be the one to inform your management that ISO 55000 Asset Management Systems is in the pipeline and on the way. There are multiple levels of involvement available to all. For those who would like to get involved:

- There is a plethora of information available on the web – much of it extremely useful. And as always, sorting fact from fiction, sales pitch from reality, can at times be challenging.
- Through NPMA membership you'll be aware of major developments through articles like this and presentations at chapter meetings, conference series events and the NES.
- Those looking to be closer to the action can join ASTM - speci-

fically ASTM subcommittee E53.10 ISO Asset Management System Standard – and have an opportunity to get more frequent updates and information on the documents and the ISO process.

- The US TAG will still consider additional members. There is an initial fee to join and ongoing dues for members. These are the folks doing the work of reviewing and commenting on the draft documents, recommending additions, and attending the international conferences as US delegates.

Increase your awareness and readiness, and ensure that your organization has the information it needs. It is actually quite exciting and invigorating, and at times

challenging, to find out that we are in fact not alone! ■

BIOGRAPHY:

Jim Dieter, CPPM, CF is the Director of Strategic Programs for Sunflower Systems™. An internationally recognized leader in the development of asset management standards, Jim is a founding member and subcommittee chair for ASTM Committee E53 on Property and Asset Management Standards. Jim is also the American National Standards Institute (ANSI) Head of Delegation representing the United States on the international committee developing an ISO Management Standard for Asset Management. Jim has been an NPMA member for 25 years. He is currently the NPMA Executive Vice President and is a past recipient of the Jack E. Griffiths Memorial Award - NPMA Property Person of the Year.