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The Asset Management Vacation

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SUMMARY

When you hear Asset Management, what do you think of? The ISO 55000 series, the international standard for Asset Management, defines it as “the coordinated activity of an organization to realize value from assets.”[1]. There are many interpretations of the term “Asset Management”, many classical interpretations are narrow in scope, often focused on the primary “Asset” type of an organization (finance, IT, etc.). Modern practice in Asset Management puts forth the concept that an “Asset” can come in several different forms and often organizations have multiple asset types and activities that Asset Management can and should apply to. The Asset Management discipline, as defined in global, professional spaces (IAM, GFAM, ISO), sets forth a foundational structure and way of working that, in successful practice, results in favourable outcomes for any organization. Asset Management elements work harmoniously with all the elements that make an organization successful. Such elements as process, organizational structure, vision, leadership, talent, culture (and many more) are all part of the recipe of that success. Often the elements are focused on individually, however, Asset Management is what binds and connects these elements together in what is labelled as the “Asset Management System”.

Becoming a ‘good’ Asset Management organization is often described as a journey where that organization moves through the various maturity stages of Asset Management (innocent, aware, developing, competent, optimizing, excellent; Institute of Asset Management Maturity Guide[2]). As straight forward as it might seem, navigating through Asset Management maturity stages has many complexities and challenges that are often unique to an entity. Though the circumstances a single organization experiences are unique, one of the common challenges that an organization will face is raising awareness and educating the workforce on what Asset Management is and what the key principles are.

This paper will make parallels between Asset Management and the journey of planning and going on vacation in hopes to support you as a reader understand Asset Management and/or help you share what Asset Management is to colleagues of your own. The intent of this paper is to provide a resource to readers and other entities that are pursuing improvement of Asset Management in hopes of helping them overcome, navigate, and deal with the challenge of workforce transformation related to Asset Management.

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KEYWORDS

Asset Management, Asset Management System, Culture Change, Workforce Transformation, Ways of Working, Insights and Lessons Learned

The Asset Management Vacation

Since being professionally engrossed in Asset Management, I constantly make connections and apply it to various aspects of my life. Why? Because Asset Management makes sense, not just for a business, but for everyday things in life too. As a reader, you probably practice some form of Asset Management in your life, but may not have made the connection, yet! Modern practice in Asset Management points to coordinated & collaborative activities of an organization to achieve favourable outcomes of its overall business objectives by optimally balancing cost, risk, and performance of assets. The coordinated & collaborative aspects Asset Management are the critical elements that make Asset Management work. They are also the most challenging to be good at.

Though the up-front concepts of Asset Management are easier to grasp it is often in the unfolding of how far reaching and how deep Asset Management goes where light bulbs are turned on in people's minds. In my experiences working in Asset Management, I've found that not everyone has the same view of Asset Management that I have come to know and understand after being introduced and learned in the discipline. This is not to say that I have a perfect view and understanding of Asset Management, but more as an observation that many people are not fully immersed in how the Asset Management discipline has evolved over the last couple decades. For those who are well seasoned, the concept or idea of what Asset Management is has often been established by their past career & life experiences; usually focusing in on a specific asset family. The misaligned understandings of Asset Management often lead to the situation where talking about Asset Management gets misinterpreted in context. The following are some of the obstacles you might run into when talking about Asset Management:

- Asset Management is just a department or group
- Asset Management is just looking at the health or condition of Assets
- Asset Management is just the upfront planning part of the bigger end to end process
- Asset Management is someone else's job, not mine

These ideas paint Asset Management as a siloed element of the business and fall into the space of 'dated thinking'. The modern practices of Asset Management do not resonate with these ideas. Just like how safety or cyber security are concepts that many employees of an organization need to apply and keep in mind for their everyday activities, Asset Management needs to be understood in the same style in order to be truly effective at the broadest level. Sounds simple, but as we know Asset Management is easier to understand up-front as the idea of coordination and collaboration of people and activities to achieve favourable outcomes.

To help you understand Asset Management, imagine you are going on a family vacation. What defines success of a family vacation probably varies a bit based on personal preference; free flowing or rigid and focused or a mix of both. Regardless of what defines success of your vacation there are a few key things to do to make it successful. A simplified list of activities might be:

1. Plan the vacation
2. Go on the vacation
3. Enjoy the memories
4. Start dreaming about your next vacation

In your planning step, you might consider the following [Plan]:

- Where do you want to go?
 - o How will you get there? By Car? Train? Plane?
 - What risks are involved in the mode of transportation?
 - Is the car you will rent reliable? Will there be enough space?
 - Is the train/plane company you will take reliable? With good service?
 - o Do you have enough money?
 - What is the trade off in spending a lot on travel vs excursions vs accommodations?
 - o What activities do you want to do at your destination?
 - What are the priorities of things to do?
 - What do your family members want to do?
 - o Are you experienced in booking elements of the trip?
 - Do you need a travel agent to organize and handle things?
 - Can you improve your planning skills to achieve your result?
 - o How are you going to remember all new memories experienced?
 - Photos? Videos? No distractions and just take it all in?

Then when you're experiencing your plans in action [Do]:

- How is the trip going?
 - o Are you getting to do all the things you planned to do?
 - Is it ok to miss a few activities you planned for? Even if you paid for them in advance?
 - o How are you handling things when things don't go as planned?
 - o Is your family enjoying the trip?
 - Are there any adjustments to be made to your plans?
 - If there are, is the family still happy?
 - o Are you on budget? Spending too much or too little?
- Create new memories!

Once you're back home from vacation [Check & Act]:

- Was the trip a success?
 - o Is your family satisfied?
 - o What went well?
 - o What didn't go well?
- Is it too early to start thinking about your next trip?
 - o What will you do differently?
 - o What will you do the same?
 - o What does your family think?

The end-to-end journey of planning and going on a family vacation is a simplified version of how Asset Management works. It is no coincidence that the primary steps of a vacation follow the well-known Plan-Do-Check-Act (PDCA) cycle as it is one of the key components of Asset Management. As straight forward and simple as the four steps might be, we all know it can get very complex the deeper you dive into any of those steps as presented in the thought processes outlined above. The essence of Asset Management is seen throughout the entire

journey of the family vacation. If we took the same types of questions and applied it towards a business context, they would not look too different, but the answers would be more complex.

Just like a family vacation needs a plan so does a business. In the family vacation context, it can be simpler with just your family involved, but in a business, there are often an endless number of stakeholders to involve in the many decisions that must be made in strategizing and planning activities throughout the business. Similarly, going on vacation itself, traveling, staying at hotels, and going on excursions is a much simpler activity than operating a business with a fleet of assets of varying performance and condition, servicing customers, and satisfying the wide range of stakeholders that are keeping a close eye on operational outcomes. What often gets overlooked or brushed aside are the opportunities to learn from and apply lessons from planning and executing itself. While the reflection exercise for vacation can often be a nice walk down memory lane, looking back and applying lessons learned in a business context is a challenge as many the operators meant to learn lessons are constantly looking at the next thing in the pipeline to execute upon, which leaves little room for continuous improvement.

If you take all these things and add into the mix the fact that those involved in these activities are people with different backgrounds, educations, and styles, the complexity rises even higher. This is where the coordinated and collaborative elements of Asset Management come into play. Asset Management provides a specific and broadly applicable set of principles and ways of working that help support the overall effectiveness of an organization. While there are probably many approaches to influencing ways of working in an organization, Asset Management is just a piece of that puzzle. The way I like to think about it is, Asset Management provides the flavour to an organization's way of working. It augments the "how" when a vision is cast on 'what' to do. Every organization's way of working is different, but there is probably a place for some slice of Asset Management to influence it.

Now, anyone can go on a vacation, but the inputs that go into making a vacation from good to great can vary significantly from family to family. Same goes when comparing a business that practices Asset Management versus one that does not. The inputs to an Asset Management system are many, a few notable ones are people/talent/capabilities, process, line of sight, data/information, stakeholder needs, and risk appetite. Each of these elements and their level of maturity dictate the quality of the outcome of the system they are feeding. In the vacation example, if you have not, say, travelled internationally you might not know the ins and outs of what to expect at customs both inbound and outbound or the tricks to renting a car or hotel. Once you experience it, your ability and comfortability to handle such situations increases. Same goes for any business capability like long-term planning, prioritization, or financial controls, all of which can vary significantly in quality based on the people involved and their talents and capabilities. Some maturation might be seen organically as the workforce conducts the work and learns from their results, but there also might be room for formal training or certifications (FE, PE, PMP, etc.). The same comparison can be made to other inputs into the Asset Management system (or even family vacations!).

- A process can be bad, ok, or great depending on how well it is optimized (e.g. through value stream mapping).
- Line of sight can vary significantly depending on how well the layers of management take ownership over it.
- Data & Information are critical in making good decisions, but availability, accuracy, and quality are often the obstacles to enabling good decisions.

- Understanding stakeholder needs is necessary to ensure you are delivering the best possible product or value for them, but needs can be interpreted differently, or stakeholders might have certain expectations that do not match the reality of your service or product.
- Risk appetite can influence many things, from planning, to prioritization, to design, to overall risk management. However, risks change over time and when they do, plans, priorities, or designs need to adapt.

As we've explored so far, it is an arduous effort to unpack the Asset Management discipline given how broad of a spectrum it covers in multiple dimensions, which cannot be explained or understood so easily in one or two sentences. I see Asset Management as the sum of two parts: system and people.

Asset Management is a system for optimally delivering on business objectives, that ensures traceable line of sight to all plans, decisions, and activities within the system. It calls for formal documentation for strategies, decision-making, collaborative processes, performance management, risk management, and much more so that the system can run efficiently, and the workforce can concentrate on innovating rather than firefighting. It gives confidence to those outside the 'system' (leaders, executive board, regulators, customers, etc.) that things are being done to achieve the goals of the business as they change (important for internal leadership, executive board, etc.) and done in an optimal way (important for external regulators, auditors, customers, etc.).

At the same time, Asset Management will not succeed without the people, talent, and capabilities in-place to support the system. The workforce is ultimately what makes things happen and they are to be empowered by the Asset Management system to make the best decision for the circumstances the organization finds itself in. Though the workforce makes the decisions, how well they are coordinated & collaborate will define how well their efforts pay off to achieving favourable outcomes. Their efforts to work together with the system in hand are what results in as an Asset Management culture; leveraging the system and tools put in place and working together to come out on top.

Both the established system and the people involved are the core elements of Asset Management. Together they must be coordinated and collaborative to be successful. By no means is Asset Management the secret recipe to success, but what it calls for will guide how one might succeed consistently and sustainably in dealing with the constant bombardment of changes organizations face today.

Explaining Asset Management to others is a unique challenge that takes time and effort to unpack. Though it may be a small part of any journey in evolving an organization or business to one that is 'good' in Asset Management, it is one of the highest barriers to overcome when transforming your workforce to think in the Asset Management way. If at first someone does not get what Asset Management is all about or how they play a role in it, keep trying (through videos, talks, examples, etc.) and when they realize what Asset Management you'll be one step closer to creating an Asset Management focused workforce.

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