Defining “Assets” for ISO 55001

The new Asset Management Standard (ISO 55001:2014) is promoting an interesting array of ideas, concerns, and discussions among maintenance and reliability professionals. ISO 55001 has been gathering momentum in numerous conference sessions and workshops for the better part of a year.

Two themes keep popping up in formal sessions as well as in a growing number of sidebar discussions:

- What exactly is meant by the term “asset” in the context of the new standard?
- What is the relationship between asset management and an asset management system?

Recently, these two topics have prompted yet two more questions about the softer side of asset management:

- Are our highly skilled people an asset in the context of the new standard?
- Is a high-performing asset management work culture a value-adding asset?

What’s the management system?

Before venturing into assets, let’s remember that ISO 55001 is a management standard for an asset management system. Let’s try it another way: ISO 55001 defines the requirements for a management system for managing assets or a management standard for an asset management management system.

Contrary to the way we often think about maintaining our physical assets, this new management system standard is not exactly about the managing assets themselves but rather managing “the value that the asset can provide to the organization” throughout the asset’s life cycle (ISO 55000:2014; 2.4.2a).

The ISO 55001 Asset Management Standard requires the identification of the organization’s value-adding assets and the opportunities as well as risks to be managed. Then, a systematic approach must be established to manage these assets throughout their life cycle—from design through operations, maintenance, and disposal and/or asset renewal—an asset management system.

Unfortunately, when we hear the word system, it often conjures up a computerized information system. In actuality, the asset management system is not easily seen. It’s almost invisible to the untrained eye. The system is comprised of the collective behaviors (responsibilities and accountabilities) of the people who make decisions and take actions throughout an asset’s life cycle—an asset management work culture, to be sure. This asset management system will, of course, use a whole host of business processes, hardware, information systems, and software to achieve the organization’s goals.

Assets and Asset Management

Now let’s look at assets. “An asset is an item, thing or entity that has potential or actual value to an organization” (ISO 55000:2014; 2.3). Given this definition, anything that has actual or potential value to an organization is an asset. The keyword here is “value.”
“Value: Assets exist to provide value to the organization and its stakeholders.” (ISO 55000:2014; 2.4.2)

And the organizational objectives provide the framework for determining the value that selected assets provide.

**Are highly skilled people assets?**
In our world, we tend to think about physical assets as relating to machines and facilities. Let’s broaden our thinking a bit. Recently, at the SAP-Centric EAM conference, several sessions hit on ISO-55000. One of the keynote speakers briefly introduced the “human asset” concept.

In his preliminary musings about the highly successful German football (soccer) team, SAP’s Achim Krüger made the point that the team is a big business. And considering the organization’s goals, these “players” are the primary assets. Aside from the debate as to the players being “items, things, or entities,” their health, well-being, and deployed skills have a significant value (or risk) impact on the organization’s goals.

**Are high-performing work cultures assets?**
The highly variable people side of an asset management system and the requisite work cultures are not clearly governed inside the ISO Standard as stated in the documents:

Not all asset management activities can be formalized through an asset management system. For example, aspects such as leadership, culture, motivation, behaviour, which can have a significant influence on the achievement of asset management objectives, may be managed by the organization using arrangements outside the asset management system. (ISO 55000:2014; 2.4.3)

However, in the ISO standard, top management plays a fundamental role in establishing, reinforcing, and improving the people side of asset management. It’s called leadership. An asset management system will not just happen without leadership. For the most part, the leadership of an organization establishes and maintains the work culture. The new ISO standard points out the importance of leadership and culture:

“**Leadership:** Leadership and workplace culture are determinants of realization of value.” (ISO 55000:2014; 2.4.2c)

So, would that make a functioning “asset management work culture” an asset that has actual or potential value to the organization?

**The people side of asset management**

**A Parable**
Once upon a time, a homebuilder received a set of plans for a fast-tracked project. The builder quickly developed a plan and schedule and estimated materials and costs. He gathered all of the tools and supplies that would be needed and placed the necessary orders. Within a few days, the entire bill of materials was delivered to the site. He explained to the new project leader that even though all of the plans, tools, and materials arrived at the job site, a house does not just materialize. It takes people.
Since the regular crews were busy on other projects, they began tracking down another crew. Ten workers recruited by a regional agency arrived on site the very next day and hit the ground running.

But these experienced workers were not working well together. Some were highly skilled while others were sorely lacking. And some simply had bad attitudes. The trades did not seem to be working together very well.

The builder went on to explain to the project leader that no matter how loud or how often you communicate instructions to this group of people, the house could not be built and their business goals would not be met. The crew needed to be more of a team working toward the common goal of building the house. Pondering what he just said, the builder quickly recognized that something truly was missing—an essential part of the project: The right people with the right skills, at the right time, doing the right things, with the right leadership at all levels to build the house according to the plans and schedule.

While the builder had never experience this dysfunction with his normal crews, he realized that his business depended as much on the people side of home building as it did on the plans, materials, and tools. The builder quickly recognized the missing link: a plan for selecting, training, retaining, deploying, and continually improving the collective abilities of these highly skilled people and their interdependent groups.

The builder set to work developing an overall strategic plan to assure that all of the hardware, software, and people-ware variables were addresses so that his business would prosper. This would soon form the basis for his new house building management system.

**Lessons learned**
To properly manage our organization’s assets and establish a systems to manage the value that these assets provide, we must find ways to formalize all activities for a successful asset management system. Leadership, culture, motivation, and behavior, which can have a significant influence on the achievement of asset management objectives, must be formalized as an integral part of the asset management system.