



# Asset Management Leadership

## A White Paper

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ISO 55000 defines asset management as the “*coordinated* activity of an organization to realize value from assets.” Therefore, leadership of asset management can be defined as *coordinating* the activity of an organization to realize value from assets by influencing and coaching continual improvement based on asset management good practice.

The Asset Leadership Network calls leadership of asset management *Asset Leadership*, but for this paper, we will refer simply to leadership.

Fatal failures of infrastructure, money wasted on mishandled personal property, and a dire need for sustainable environmental outcomes desperately call for improved leadership in asset management. Leaders need clarity of purpose and certainty in outcomes to inform and coalesce a consensus of decisions. For leaders seeking dramatic improvements to mission success, a structured approach to asset management has proven effective in many industries.

Following the ISO 55000/1/2 structure of asset management can significantly assist private and public organizations of every size in almost any market. Understanding a few key concepts will help leaders know how to best continue their organization’s path to mission success through a structured approach to asset management where the line between asset management and organizational management disappears. This paper outlines key characteristics of leadership as a beneficial skillset to assist with asset management that moves organizations along their path to mission success.



# Introduction

The Institute of Asset Management and the Asset Leadership Network are non-profit organizations that promote the benefits of an asset management approach to successful operations and the importance of leadership in establishing this approach.

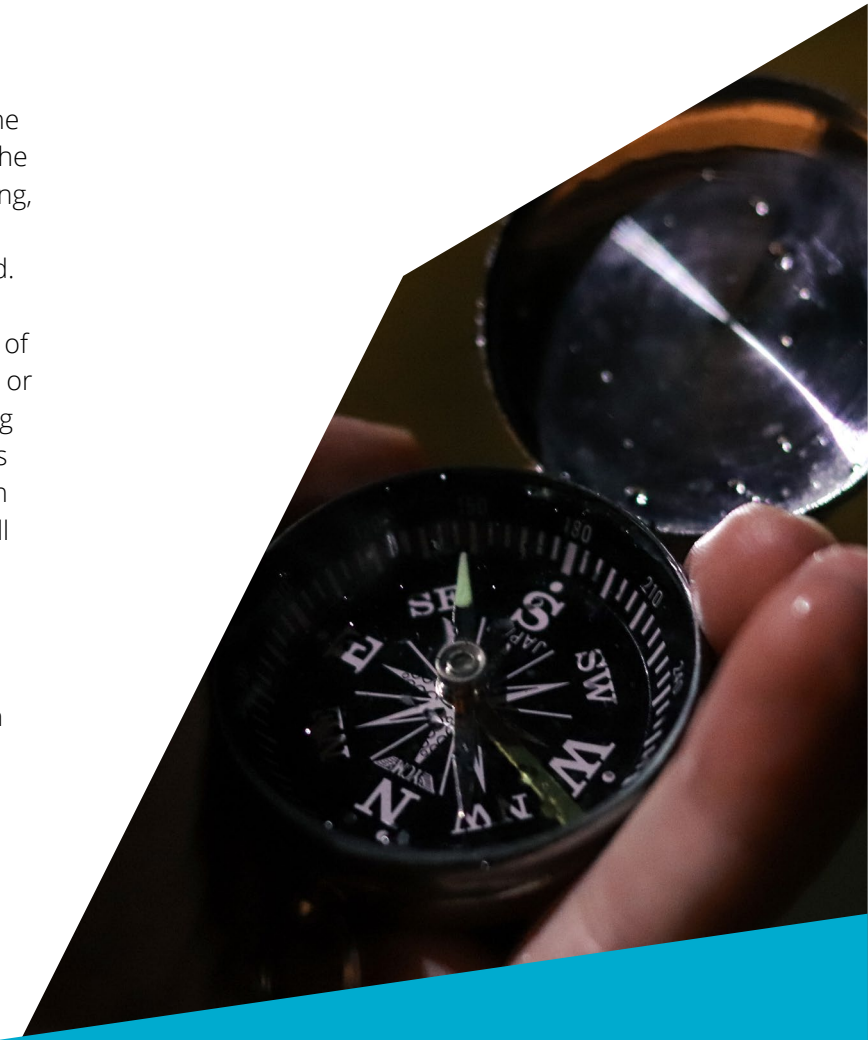
A structured approach to asset management can help leaders make decisions that reduce risk, increase resilience, and address many issues facing organizations at this challenging time. An organization's top managers and staff, who use proven asset management tools and processes to advance mission success, demonstrate leadership.

Effective leadership can address many challenges at one time. There can be challenges to vertical coordination across the breadth of organizational functions. *Vertical* coordination is also known as "line-of-sight." The Institute of Asset Management defines line-of-sight as "the clear connectivity between the organization's strategic plan (commonly called the business plan) and the boots-on-the-ground daily activities of individual departments (planning, engineering, procurement, operations, maintenance,

performance management, IT, Human Resources, etc.)." Line-of-sight is aligning the top-down aspirations of an organization with the bottom-up realities and opportunities of the assets and work environment. It assures that the focus remains on outcomes, information sharing, and asset optimization before an asset is purchased and continues until after it is retired.

Effective leadership can address the challenge of *horizontal* coordination by breaking down silos or stovepipes. This can be facilitated by promoting the value chain in asset-intensive organizations and showing how each part of the organization has crucial roles to play in delivering the overall goals by making sound decisions in a timely manner based on relevant information and critical analysis of facts.

There is also a third dimension of coordination which is life cycle management – *temporal* coordination. To be highly effective, leaders require information from many sources to be rolled up into a single dashboard so that informed decisions can be made in real time and for the entire life cycle of an asset – from planning to disposal.





# Leaders Exist at All Levels

Leadership is needed everywhere. A mature organization, as stated earlier, is one where the line between asset management and organizational management disappears. That is different from saying that every employee can be a leader. Still, leadership is necessary at all organizational levels, and the following discussions look at examples of three different levels. A leader demonstrates excellence, inspires and helps colleagues, and makes decisions that create value by advocating for resources that drive efficient and effective activities aligned and well-coordinated with organizational goals.

## TOP MANAGEMENT

Top management leaders do not have to come from a technical background or have experience “touching assets” to have a positive impact on asset management at their organization. Top management leaders have organizational budgetary authority – or greatly influence those with this authority.

A clear line-of-sight from top management to the activities on the ground and from asset performance back up is a result of effective leadership focused on organizational

objectives and mission success. This requires engagement by the C-level and is consistent with the fundamentals of ISO 55000 regarding commitment from management and consultation with employees and stakeholders regarding asset management. Creating a clear line-of-sight requires information management systems and processes to build clear dashboards of critical data that improve decision-making. In this way, top management is a catalyst for establishing an advanced asset management culture across all an organization’s departments.

Before launching a successful asset management initiative, top management should understand the technology tools available, process optimization, and how the coordination of activities, combined with the power of ISO 55000/1/2, results in transformative improvements. However, top management will have a better chance of success if they understand that asset management is not simply software. Appropriate software is just one component of a successful asset management system that includes mission focus, culture change, collaboration, adherence to performance measurements, a process of continual improvement and other factors listed

in ISO 55000/1/2. When done correctly, every aspect of an organization can be positively impacted; therefore, comprehensive and inclusive planning for extensive business and cultural improvements is necessary for coordinating organizational activity.

It is consistently noted by people who have successfully started their asset management journey that establishing an asset management culture at the organization is necessary to realize ongoing benefits. Top management inevitably changes, but an effective culture can be a constant. An organization can reap benefits from a structured approach to business and technical operations despite leadership changes if an asset management culture is firmly established.

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## MANAGEMENT

Managers often initiate an asset management program to be approved by top management and are, therefore, leaders themselves. Managers need to identify the right leader to sponsor, approve, and execute an asset management program so that it can become embedded into organizational culture.

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Managers can prepare themselves, their leaders, and their operational staff for an asset management initiative with sufficient education and training that aligns all levels of the organization. Proper education and training will equip all stakeholders with unified asset management objectives, goals, and terminology while providing information about each group's specific areas of focus. (See more about education and training in What Leaders Can Do.)

## ASSET MANAGEMENT ADVOCATES

Asset management advocates can be any stakeholder interested in driving efficient

and effective results and outcomes at the organization. Therefore, asset management advocates provide an essential form of leadership. Asset management advocates may be the people turning wrenches or external stakeholders having influence, but they are all interested in improving the organization. Accountability is two-way.

Asset management advocates may not have the authority to initiate a program across the entire organization, but they often play an important role as influencers. There will be challenges at the beginning of an asset management initiative and throughout the implementation process, but empowering asset management advocates allows often unheard voices to contribute sometimes overlooked ideas and can encourage innovation in the asset management program.

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Asset management advocates have a leadership role by keeping colleagues focused on the big picture - organizational objectives, strategic plans, and the shared mission success that can come from a structured asset management approach.







# Context of the Organization

ISO 55001 begins its comprehensive list of systematic asset management “shall” statements by stating that a Strategic Asset Management Plan shall be aligned with organizational objectives in a section titled “Context of the Organization.” This critical first step can help the organization eliminate departmental bias and individual interests by creating a mission-focused culture. Staying mission-focused also acts as a bridge between technically oriented asset outcomes and business-oriented organizational objectives. A mission focus melds conversations and thought processes between multiple levels within the same organization.

## WHAT LEADERS CAN DO

Leaders can take many different first steps when establishing an asset management program. Depending on their organization’s current state, they typically determine different starting points from among the options below. For leaders, the first step may be critical, but the most important step is always the next one.

### Gain ISO 55000/1/2 Understanding

The ISO 55000/1/2 asset management structure follows a similar format to many ISO standards;

and, therefore, can be readily understood by organizations that have benefited from other ISO implementations. It can also be used with other ISO standards, other standards, or industry best practices.

- ISO 55000 provides an overview, principles, terminology, and typical benefits of asset management.
- ISO 55001 provides a comprehensive list of “shall” statements an organization can follow to gain increased value from assets.
- ISO 55002 provides examples for understanding how to address the “shall” statements in ISO 55001.

Many associations and companies provide excellent information on ISO 55000/1/2.

The Institute of Asset Management has information at this [link](#).<sup>1</sup>

The Asset Leadership Network has information at this [link](#).<sup>2</sup>

Your organization is almost certainly doing much of what is required in the ISO 55001 “shall”

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statements. ISO 55001 includes “shall” statements about risk management, information management, operations, and more. Your organization is likely following an existing approach to business activities based on current public standards or through your own internal approach. You don’t have to do anything differently if you don’t want, but typically organizations will need to integrate their existing activities better to comply with these “shall” statements. Doing so unlocks several benefits that your organization can embrace by employing best asset management practices, principles, and concepts to begin realizing value from assets whose potential has been previously untapped. And you may learn about new activities to pursue by studying the ISO 55001 “shall” statements.

Individuals in leadership positions benefit from learning techniques to implement the principles and concepts in ISO 55000/1/2. Then they align with these concepts and improve their current business activities.

1. <https://theiam.org/knowledge-library/iso-55000/>  
2. <https://www.assetleadership.net/asset-leadership-papers/>



A gap analysis can help leaders establish what an organization does, what it does well, what it doesn't do, and what it can do better related to ISO 55000/1/2. The conclusions reached through a gap analysis can help leaders establish benchmarks for what to do next. Several industry gap analyses exist. Following these steps results in outcomes that form a 'roadmap' to execute.

For example, the Institute of Asset Management has a maturity self-assessment tool called SAM+. There are also asset management readiness assessments available through some governmental agencies. Understanding the current state of an organization's asset management proficiency and milestones for improvement along the corporate journey is an excellent tool for aiding efficient and effective leadership.

### **Require Training and Certification of Key Staff**

Many associations and companies provide excellent training programs to develop asset management leadership qualities. It is also recommended that all relevant stakeholders gain a sufficient level of common training in addition to gaining training that is specific to their areas of focus. Having top management leaders who ensure they and their staff are well-equipped to do their jobs and mentally prepared is critical to an organization's resiliency.

The Institute of Asset Management has training information at these [links](#)<sup>3</sup>.

The Asset Leadership Network has members with training information at this [link](#)<sup>4</sup>.

### **Establish an Asset Management Culture at Your Organization**

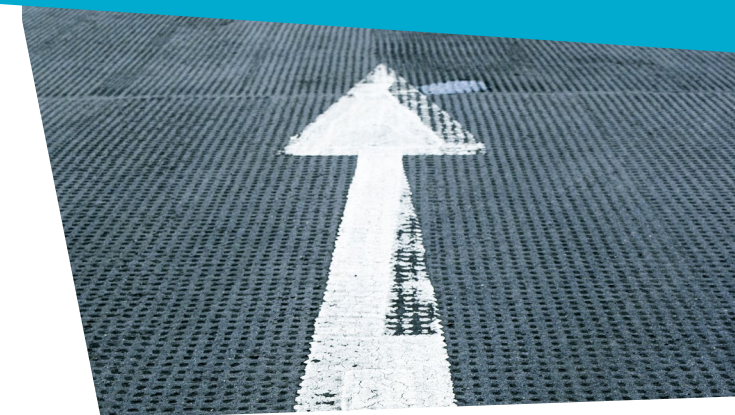
The ISO 55001 asset management structure can be interpreted as calling for the involvement of all relevant stakeholders in creating a strategic asset management plan and asset management policy that aligns with organizational objectives. This means establishing an asset management culture that remains in place no matter who is in top management.

Leaders can instill or reinforce inclusivity and diversity in an organization using an asset management approach that involves all relevant stakeholders. Inquiring, listening, and respecting colleagues before acting are leadership skills that can positively influence all business areas. Additionally, top management leaders can use an asset management culture to address staffing capacity needs, barriers impeding success, coordination of activities, innovation, continuous improvement, institutional knowledge transfer, growing interpersonal skill sets, and other issues.

Whatever culture an organization wants to establish is best established by top management. Top managers who encourage others to develop their asset management skills and take steps to become leaders themselves establish a culture that can be sustained.

A properly established organizational culture also has a higher chance of being resilient. Creating an asset management governance committee is one way of ensuring a culture of asset management remains permanent.

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3. <https://theiam.org/professional-development/qualifications/>

4. <https://www.assetleadership.net/training/>

# The Decisive Decade for Asset Management Leadership

The 2020s will be seen by historians as the time humanity either marshaled its abilities to address the world of issues we face together or didn't. Dramatic changes in funding mechanisms, technology, sustainability goals, globalization, changes in climate, and more require bold and courageous leadership.

If many organizations in the world improve the use of their assets, the accumulated changes can have a global impact.

To achieve this, a standardized approach that allows quick sharing of best practices can be highly beneficial. ISO 55000/1/2 provides an ideal framework for achieving organizational mission success that can be replicated. Traditional funding mechanisms and business processes can be rethought in terms of ISO 55000/1/2. With this approach, it is possible that this decade will be seen as the time humanity came together to address what people have not done before.

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It seems strange to think that one thing – a structured approach to asset management – can help every organization in the world dramatically improve its use of its assets. But it *is* possible. Organizations already invest significant resources in asset management, typically in structured processes. One role of leadership is redirecting these resources into more coordinated processes to build relationships, identify best practices, refocus on value, and work together to shape regulatory and legislative policies for efficient and effective asset management.

Leaders can succeed by understanding the benefits of a structured approach to asset management, considering the transformational impact on their business processes, and implementing a strategic asset management plan that helps achieve mission success. This approach has consistently brought organizations more value, productivity, profit, customer satisfaction, stakeholder returns, or improvement to whatever form of measurement equates to success for their diverse set of stakeholders.

At this pivotal time, leadership can strengthen organizational resilience by having the courage to

value diversity, equity, and inclusivity integrated into an organization's culture, planning, decision-making, activities, and asset management system. Assuring staff are well-equipped to do their jobs, mentally prepared, and well-led is also critical. The ability of leaders to embrace all aspects of asset management will harness the untapped organizational potential that can achieve transformative outcomes in attaining long-term strategic objectives.

If ever there was a time for better asset management leadership – the time is now.





## References and Addition Sources of Information

ISO 55000:2014 Asset management – overview, principles and terminology, International Organization for Standardization

ISO 55001:2014 Asset management – management systems – requirements, International Organization for Standardization

ISO 55002:2014 Asset management – management systems – guidelines for the application of ISO 55001, International Organization for Standardization

1 <https://theiam.org/knowledge-library/iso-55000/>

The Institute of Asset Management

2 <https://www.assetleadership.net/asset-leadership-papers/>

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3 <https://theiam.org/professional-development/qualifications/>

The Institute of Asset Management

4 <https://www.assetleadership.net/training/>

Asset Leadership Network

SAM+ Self Assessment Methodology  
<https://theiam.org/self-assessment-methodologyplus-sam-plus/>

The Institute of Asset Management

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Look for future papers on specific, pragmatic steps to assist in establishing leadership of asset management in your organization.



