

FMI

Room to Grow

Understanding asset management maturity frameworks



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Facilities management teams suffer the pressure of maintaining assets and fighting for budget to replace assets, often with little or no supporting information. As this pressure continues to increase, asset management is finding itself in the spotlight.

Asset management maturity frameworks demonstrate the degree of maturity in an organisation’s asset management practises.

Leveraging these frameworks can be valuable tool in measuring how an organisation is improving compliance with regulatory requirements, reducing risk, and improving profitability.



What is asset management?



Asset management is about maximising the return of any particular asset. This could be in the form of capital gains, reduced operating expenditure or extending the life of that asset.

Asset management plans will look different between organisations, regulatory requirements, and the goals of the plan.

Why facilities managers should care about asset management

Budgetary and compliance-related pressures are not new concepts to facilities managers. Ever-increasing expectations compete with ever-shrinking resource pools, compounding the age old problem of having to do more, with less.

Whether you know it or not, you're likely engaging in asset management already.

To what degree, however, is a completely different question

As societal and cultural expectations shift to heavily rely on increasingly complex asset systems, asset management is evolving to keep up the pace. Paying attention to asset management is critical to an organisations long-term success.

Compliance

Asset management in itself, is not enough to ensure compliance with regulatory requirements. However, by observing your relative position on the asset management maturity framework, you can gain greater visibility over adherence to these requirements.

The asset management maturity framework makes adhering to standards that are legislated by governing bodies much easier.

Improved visibility allows you to identify areas where there may be gaps, and conversely can help to prove adherence to compliance requirements when necessary.

The visibility provided by efficient asset management informs decisions that affect how well you meet those compliance requirements. Additionally, that same visibility can become an enabler, and help to identify ways to act more efficiently.

Profitability

Reducing operational expenditure of assets, and maximising their value, has a clear effect on the bottom line of any business. Efficient management of major assets can have a huge impact on operational and capital expenditure.



Sustainability

One emerging area of focus in asset management is sustainability. Cultural shifts, and commitments to global climate goals, have pushed sustainability into the spotlight.

Effective asset management allows businesses to gain a holistic view of their assets, the relationships between them, and their environmental footprint. This in turn, creates the opportunity to identify areas where improvement is possible, where carbon credits can be gained and lost, and manage asset scores.

Asset disposal, repair and recycling all play a part in the overall environmental impact of a business. Better still, asset management protocols can allow businesses to prove environmental impact, a requirement set to be mandated in the coming years.

Risk Management

Effective asset management can help to mitigate some of the major risks faced by businesses.

Assets allow businesses to continue operating, and the less precise the management of those assets, the more risk is present. For example, if a piece of critical equipment is to suddenly stop working, the business grinds to a halt. Effective asset management reduces the risk of this occurring, therefore reducing overall risk.

There are of course, more obvious risks addressed by asset management. Improving adherence to regulatory requirements, improving health and safety, and brand preservation among them.

Many assets are closely linked to the health and safety of facility users. The more efficiently these are managed, the lower the human risk the business carries.

Additionally, efficient asset management can help to reduce the risk of unexpected downtime, which must be accounted for in a risk assessment.



Opportunity Identification

Better visibility allows businesses to see instances of over or under investment, and identify opportunities to reduce or recoup expenditure.

For example, when it comes to the disposal of certain assets, the asset management plan should stipulate the most efficient way to do this. This might be sending them to a recycling facility, or selling for spare parts, recouping some of the cost.

The asset management plan might also present opportunities to reduce environmental impact, improving the buildings overall rating.

An effective asset management plan may also uncover opportunities for additional revenue streams. For example, universities opening less buildings during holidays, and leasing out spaces they don't need to utilise during that period.

An efficient asset management plan improves the allocation of funding and resourcing. Whether that is getting rid of redundant equipment, sharing equipment across groups rather than buying new, buying similar products to reduce the risk of spares, or not replacing something solely based on current performance.

An efficient plan will help the business identify the opportunity cost associated with the use of space or funds. This allows informed decisions to be made from data within a database, using risk assessment to divert funds.

By efficiently managing assets, and having a clear picture of how those assets are working for the organisation, you can start to identify opportunities for growth.



It's about the journey

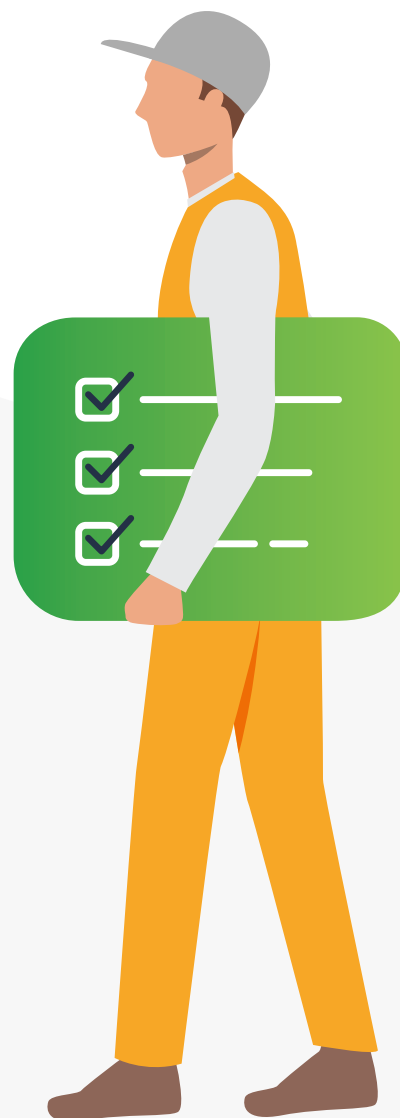
It is important to note, that asset management isn't a point in time project for completion, but rather an ongoing journey of continual improvement.

Getting started on the journey towards advancing your asset management can seem intimidating, but it can be done. At FMI, we've been working with our clients for decades, supporting them in their asset management journey

Who is focusing on asset management?

While asset management might sound intimidating, it doesn't discriminate based on organisations industry or size. At FMI Works, a number of our clients have been able to progress up the ranks on the asset management framework.

Brightwater Care Group and Manukau Institute of Technology are two examples of our customers who have achieved significant progression in terms of their asset management.



Introducing asset management maturity frameworks



An asset management maturity framework is essentially a grading matrix, which can be used to determine how well an organisation manages its assets.

The foundation of the framework

ISO is the independent, non-governmental international organisation, tasked with developing Internationally agreed-upon standards, for pretty much everything. They describe these standards as the “formula that describes the best way of doing something”.

ISO has standards for everything from quality assurance, environmental management to health and safety, just to name a few. These standards are derived from a meeting of experts in a particular topic to address common challenges.

The knowledge of these experts is distilled down, to create standards for how businesses operate.

In 2014, ISO **published the ISO55000 family**, focussing on asset management.

In this eBook, we'll be primarily considering **ISO55001**, which specifies the requirements for an asset management system.

It's not about the certification

While ISO certification is not a necessity for many organisations, it's important to understand the principals in the standards have been used in the creation of regulatory frameworks. The Victorian state government **AMAF framework**, which was inspired by ISO55001, for example, details mandatory asset management requirements for governmental agencies.

It's important to start with the end in mind, know why you are assessing your maturity, and know how mature it is necessary to be. Assessments can offer a gap analysis, which allows the organisation to determine what needs to happen to get where they need to be.

Organisations pursuing excellence can use asset management maturity frameworks to determine where they sit, and from there, where they want to go.

While not all organisations are compelled to adopt the governmental frameworks, the concepts within the frameworks can provide benefits across all businesses.



Our asset management maturity framework

In this eBook, we'll be deep diving into what each of the levels in the Asset Management Maturity Framework look like, addressing business risks and opportunities at each stage.

The Asset Management Maturity Framework we will use in this eBook is based on the principles of the most common regulatory frameworks, brought to life by our in-house experts.

Maturity level	Overview	Capability
01 Innocence 	No systems or processes in place, no asset management policies or procedures.	<ul style="list-style-type: none">• None, don't know what they have, where it is, or what condition it is in.• You have no visibility whatsoever.
02 Awareness 	Systems and processes are being developed. However effectiveness of applications are not consistent.	<ul style="list-style-type: none">• Kind of know what they have, have some processes.• There's some processes documented• Information generally still mostly held in people's heads.• Have more direction, kind of know where they want to go.
03 Developing 	Systems and processes exist, and are often applied effectively.	<ul style="list-style-type: none">• They know what they have, and have documented processes.• This is the level to aspire to, this is when you're meeting required standards.
04 Competence 	Systems and processes firmly in place and consistently achieving the same results. Processes are continually being evolved.	<ul style="list-style-type: none">• Starting to look at the full lifecycle of assets, with some predictive capability.• Starting to drive the business, at the board level.• Processes are continuously improved, with an active feedback loop.
05 Leading 	Systems and processes are in place, and consistently being improved, setting a new standard of excellence.	<ul style="list-style-type: none">• Exploring opportunities to leverage emerging technologies, early adopters.• Return on assets is maximised, accurate, long-term return and points of intervention are identified and accounted for.

Level one

Innocence



At level one on the maturity framework, organisations are taking the saying “ignorance is bliss” literally. At this level of maturity, there is little to no process development. Processes aren’t documented and can’t be applied with any level of consistency.

If an asset register does exist, it doesn’t exist in a centralised repository. Asset histories are often stored in physical files, and asset data is limited, and inaccessible. This leaves data unable to be audited or reconciled, therefore unable to be confidentially used to make decisions.

Organisations have limited visibility and only an anecdotal view over what assets they have, let alone the state of those assets.

Maintenance strategy at this level is limited to reactive only. Without a clear picture of assets, it’s difficult to engage in preventive maintenance, and impossible to engage in predictive maintenance.

Organisations at this level struggle to meet compliance requirements, exposing them to significant risk.

In addition to the risk of being unable to meet formal requirements, these organisations carry risks associated with a lack of proper asset management. Relying on reactive maintenance means risking unexpected business disruptions from breakdowns of critical assets.

The lack of visibility means it is also very difficult for these organisations to project expenditure on assets, presenting potential challenges with liquidity and cash flow.

Without visibility at this level risks cannot be properly identified or managed. A lack of documentation of incidents and hazards, and inefficient communications processes unfortunately leave organisations over-exposed to risk.

Additionally, a lack of visibility over assets is an inefficient model. Assets may exist that are not in use, and there can be dramatic over-expenditure on assets that are in use.

The other side of the coin, is over-exposure to financial risks, impacting annual reporting, tax implications and under-valuation of asset base. This under-valuation is most acutely felt in the wake of natural disasters; with organisations trying to recover, and discovering they are drastically under-insured.

How organisations get there

While level one may seem to be describing an extreme state, unfortunately it is the reality for many organisations.

There are a few reasons organisations can find themselves at this level on the maturity framework.

Firstly, a lack of resources. Developing processes, and putting technology in place to support these, requires both a financial and time investment.

If workloads are increasing, and processes aren't in place or are very inefficient, organisations can find themselves in a position of "chasing their tail". Exacerbated by a lack of resources, organisations can find themselves in a position of being too caught up with responding to emerging issues to put in place preventive processes.



Organisations with small teams, underpinned by long tenure, can also find themselves stuck. When the same team has been doing the same thing for an extended period of time, documentation of processes can fall by the wayside because they “just know” what to do.

When these longstanding staff members eventually move on, all process knowledge is lost, leaving the organisation to start again at square one.

Generally speaking, it is in the interest of organisations to move past the first level of maturity as quickly as possible. Even organisations with a high degree of risk tolerance are over-exposed to risk at this level.

How to move forward

Long term, the innocence level of the asset management maturity framework is not sustainable. The longer organisations stay at this level, the greater their exposure to risk.

Moving forward requires significant cultural change, and for some organisations, a cash injection. The involved parties have to want to start to develop and document processes, and need to be supported by leaders within the organisation.



Working example

To illustrate what level one on the asset management maturity framework looks like, let's consider a private K-12 school.



01

The school, with around 800 students, and has a low staff turnaround. Work orders are sent to the facilities manager via email, and actioned according to their to-do list. Eventually, the caretaker decides to retire. Their replacement is hired, with a one-month onboarding period. During onboarding, the incoming facilities manager is "trained by shadowing the outgoing facilities manager, as they work through incoming work requests. The incoming facilities manager takes some notes, but there are no processes documented.



02

Upon the departure of the outgoing facility manager, the new facilities manager starts to receive some work order requests via email. Some differ dramatically to the ones demonstrated during their onboarding. With no processes documented, they have to "wing it", resulting in work orders taking longer than expected to complete. Additionally, it's discovered that some work orders were going to the now-defunct email address of the outgoing facilities manager.



03

Some of these work orders were related to potential hazards, posing a risk to the students at the school. One such work order results in a student sustaining an injury, which must be reported according to OH&S regulation. The board of the school is involved in the report and auditing process. During this process, they find there's no place where all the school's assets are recorded, and no visibility over asset condition. The board is looking for information on what assets they have, and what kind of condition they are in, to determine future investment in facilities management. They are also looking to understand the level of risk carried by the school. Without any visibility, they're unable to get a clear picture of the facilities risk.

04

With no asset registry, and an unclear picture of risk, the school continues to underinvest in FM. The hefty fine sustained when the school failed to meet compliance requirements is deducted from the already insufficient facilities budget. This continued underinvestment in facilities management leaves the facilities manager scrambling to keep up with work orders. Consequentially, no processes are documented or improved. The sustained inefficiency in maintaining the facilities means their condition slips away over time. The school is left with a poor reputation, lowering enrolments and thus revenue consistently over time.

Level two

Awareness



<p>Visibility</p> <p>★ ★ ☆ ☆ ☆</p> <p>Limited</p>	<p>Maintenance strategy</p> <p>★ ☆ ☆ ☆ ☆</p> <p>Reactive</p>	<p>Technologies</p> <p>★ ★ ☆ ☆ ☆</p> <p>Paper/spreadsheets</p>	<p>Data confidence</p> <p>★ ★ ☆ ☆ ☆</p> <p>Fair</p>
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At the awareness level on the asset management maturity framework, organisations have some processes in place. Organisations at this level are aware that a lack of process is exposing them to risk, however, may not have a clear picture of the level of risk.

Application of systems and processes may not be consistent, effective or efficient, but they do exist. This is a key differentiation between the innocence and awareness levels. At awareness, the organisation has something to start with.

At this level of maturity, organisations will still have a somewhat limited appreciation of what assets they have. There may be some data available, however information is likely to be siloed, incomplete or out of date.

Processes are documented, however may be open to interpretation based on pre-existing knowledge. Generally, organisations on this level have opted for relatively juvenile technologies.

At the awareness level, facilities teams have a limited understanding of how their work fits into organisational goals.

While awareness is certainly a more desirable state than innocence, the risk of non-compliance is still present.

Additionally, these organisations lack the capacity and technology to develop a preventive maintenance strategy, therefore are exposed to risks in terms of their asset management. While it is possible to execute on a planned maintenance strategy without technology, it is difficult and inefficient.

A system based approach, conversely, protects from knowledge loss, and offers additional visibility in terms of risk.

Low levels of visibility in terms of expenditure on assets and their utilisation leads to budgetary inefficiencies at this level.

Organisations can stay at this second level for a longer period of time than they can at the initial level, however the residual risks place them in a tenuous position.

Compliance with regulatory frameworks is improved as organisations move from the first level to this second level, however it is difficult to fully comply on level two.

How organisations get there

Similar to the first stage, organisations can find themselves on this level of the framework due to a lack of resources. Facilities management teams can find themselves stuck on this level when process improvement is not prioritised by the business.

When processes exist, but aren't reviewed regularly, they can become outdated, and reference obsolete technologies or assets.

On this second level of the asset management maturity framework, organisations are not under imminent threat. This can result in a lax approach to process improvement, and underinvestment in technologies that could allow the organisation to progress to the next level.

How to move forward

To begin to progress from the awareness phase, organisations must make the focus on process part of their strategic plan. Depending on what is already in place, this may involve formal reviews of processes, or investment in technologies to stabilise the effectiveness of existing processes.



Working example

For our awareness level example, let's consider an office building, with a facilities manager and facilities assistant.



01

In a folder on their local network, a number of key processes have been typed up and saved.

One week, the facilities manager is away, and the facilities assistant receives a work order to their shared mailbox. Unsure of how to proceed, they go into the processes folder, and spend an hour opening various files, trying to find one that relates to the work order.



02

Eventually, they find the right process, and start working their way through the steps. In following the process, the facilities assistant notices that some of the steps reference an older version of the asset in need of attention.

Noticing this, the facilities assistant has to go back to the facilities folder, and search for updated information on the current asset. Once they have found the relevant information, the work order can be actioned.



03

By this stage, several hours have passed, and the facility user who has requested the work order is frustrated with the lack of progress. Eventually, the issue is resolved, the work order closed and the asset updated. During the time it has taken to resolve this work order, several others have come in and are now awaiting action.



04

The facilities assistant does not revisit the process documentation, which is now far from their mind. The process simply lives on in its folder, until a similar work order comes through.

Over time, this inefficient process creates a growing backlog of work to be completed, which is outside the capacity of the team. The team continue to fight the backlog, until a critical incident occurs which sets off a domino effect from which the business is unable to recover.



Level three

Developing



At level three on the asset management maturity framework, we start to see organisations making significant improvements to their facilities management operations. At this level, adherence to regulatory standards is vastly improved from levels one and two.

Processes are in place and undergo continual improvement. They are consistently applied and are often effective. These processes have been developed to support strategic goals, and there is an understanding of FM's role in broader organisational success.

Documentation of processes is embedded into the processes themselves, ensuring they retain relevancy. This documentation is accessible by all team members, allowing team members to follow standard processes without extensive prior knowledge. This significantly reduces the risk of knowledge loss, and allows work to continue even when key team members are absent.

Organisations operating at this level have an asset register in place, are aware of what assets they have, and the state of those assets. The process to updating that register may still be manual, but for many organisations this will be done via dedicated facilities management software.

When organisations advance to the developing stage of the asset management maturity framework, their ability to manage planned maintenance is considerably higher. At this level, organisations can start to question their preventive maintenance strategy, looking for issues, or opportunities for improvement and efficiency.

This third stage in the asset management maturity framework is the goal for many organisations. Operating at this level allows organisations to sustain their operations over the long term.

How organisations get there

Organisations at level three on the asset management maturity framework have achieved this level through prioritising the development of effective processes. There is an understanding of what asset management is, and the role that it plays in the success of the organisation.

These organisations know that there is always room for improvement, but are conscientious of setting a solid foundation.

At this level, organisations have prioritised risk reduction, and are actively working towards adhering to compliance requirements.

How to move forward

Organisations can operate at this level of the asset management maturity framework in perpetuity. For some organisations, this is the level that they aspire to, and achieves the right balance of effective asset management and level of investment.

To move up to levels four and five require significant additional investment in the technologies that support advanced asset management.



Working example

For our working example of the developing stage on the asset management maturity framework, let's consider an Australian public hospital.



01

This hospital has an in-house facilities team, and outsources some of the work to contractors. With hundreds of users potentially logging work requests, it is important to them that these are processed through a dedicated FM platform.

Within that platform are various processes and procedures, linked to work orders, so they can be quickly found.



03

Team members are notified automatically when this work is upcoming, and are prompted to refresh the process before work commences. As the work is completed, asset statuses are updated, so the system reflects the most accurate information available.

Once work is completed, the team review the process, coming together to identify any potential opportunities, or weaknesses embedded in the process. This facilitates continuous improvement of processes.



02

One critical asset for the hospital is their HVAC system. Operating theatres must be kept at the right temperature to protect the safety of the patient.

As per their process, the facilities team schedule routine maintenance for the system, at a time that minimises disruptions to the hospital. With multiple operating rooms, this maintenance is performed in a sequence that ensures there is never a complete shutdown of all rooms.



04

At regular intervals, the hospital performs a risk assessment. The health and safety of hospital staff, visitors and patients is made a priority, and by referencing the system, the hospital is able to allocate sufficient budget to planned maintenance activities.

By ensuring the hospital adheres to regulatory requirements, they are able to bid for additional funding from their state government. Proving effective asset management strategies, the hospital wins additional funding over other competitors.

With this additional funding, they are able to invest in improvements to their facilities, and create a strong reputation.

Level four
Competence



<p>Visibility</p> <p>★★★★☆ Excellent</p>	<p>Maintenance strategy</p> <p>★★★★☆ Reactive, planned, preventive</p>	<p>Technologies</p> <p>★★★★☆ Facilities management software with asset management capabilities</p>	<p>Data confidence</p> <p>★★★★★ Excellent</p>
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At the competence stage on the asset management maturity frameworks, organisations are consistently and effectively applying processes.

Organisations at this level undergo continuous improvement, and exceed the minimum standards for regulatory compliance.

At the competence level, organisations have a good degree of visibility over their assets, and the status of those assets. The level of visibility achieved at this stage allows organisations to engage in a comprehensive preventive maintenance programme.

Organisations who progress to this level create a better return on their investment in assets. With drastically improved visibility, organisations at the competence level are able to make more informed decisions with respect to asset investment.

Asset lifecycles are extended, thanks to optimised decision making. Visibility provided through dedicated software means the benefits are able to be quantified, and reported up to the board level.

By investing more strategically in assets, the businesses delivery of services is continually improved, directly contributing to the bottom line.

At the competency level, businesses can optimise their asset lifecycle strategy, with the ability to forecast the requirements into the future. Allowing predictions for future asset performance.

Insights into risk exposure afford a greater level of control when it comes to risk management.

Processes are comprehensively documented, systematically improved, and consistently applied with a high degree of effectiveness. The competence level of the framework starts to consider efficiency of processes beyond what has previously been possible.

Generally, at this level there is a high degree of capability to leverage emerging technologies create new opportunities for improved performance.

How organisations get here

Organisations achieving the competence level have made significant investment into process improvement. They might be working towards certification, or have a strong desire to ensure complete adherence to compliance requirements.

This could be in pursuit of attaining funding from a central source, a shift in the industry, or due to new technologies.

As technology continues to develop and become more affordable, so too does advancing on the asset management maturity framework. Technology, while only one part of asset management, presents the opportunity to create more efficient processes.

Moving forward

Organisations at level four on the asset management maturity framework have already attained a high degree of proficiency in their operations.

To achieve the highest level, significant investment must be made into improving processes. This usually goes hand in hand with investments in knowledgeable people and new technologies.

Very few organisations make the step from level four to level five, unless specific risks or financial structures demand it.



Working example

An aged care provider is up against competitors for a share of government funding. The provider has recognised that ISO certification will provide them a competitive advantage in securing the lions share of that shared pool.



01

Processes are stored securely in a cloud-based application, accessible by all staff, but editable only by the facilities team. These processes detail steps to take to resolve known and potential scenarios, ensuring the business is prepared to react quickly in a number of different scenarios.

Within every process is a review of the process itself, each time it is acted upon. The process details this review process and the necessary approval workflows to ratify proposed changes.



02

Leveraging cloud software, any member of the facilities team can view in-progress work orders, across any of the facilities. An up to date asset register means they are able to see what assets they have, and the conditions of those, on demand, with confidence, knowing the data is likely to be accurate.



03

Using advanced software, the aged care provider can see up to 30 years' worth of asset lifecycle information and can identify points of intervention. Using this data, they build out an advanced asset renewal and preventive maintenance programme, minimising service disruption. This then offers the provider the opportunity to engage earlier with suppliers, giving better certainty to the marketplace, and creating the opportunity for competitive pricing.



04

Their ability to provide this predictive plan this far into the future satisfies regulators that assets are in safe hands. In turn, ensuring the aged care provider secures the funds over competitors.

Level five
Leading



<p>Visibility</p> <p>★★★★★</p> <p>Excellent, future predictive</p>	<p>Maintenance strategy</p> <p>★★★★★</p> <p>Reactive, planned, preventive, predictive</p>	<p>Technologies</p> <p>★★★★★</p> <p>Advanced facilities and asset management software</p>	<p>Data confidence</p> <p>★★★★★</p> <p>Absolute</p>
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At the optimising level on the asset management maturity framework, organisations are exceeding the highest expectations of ISO auditors.

In practice, very few organisations reach this level of asset management. To achieve this level requires a large investment from the business, indicative that asset management is one of their highest priorities.

Processes at this level are highly refined and undergo constant improvement. They are likely using advanced technologies and integrations to embed concepts of asset management throughout the entire business.

This fifth level is for most businesses, aspirational rather than practical. As technologies continue to evolve, and we develop better ways of doing things, it may become more accessible.



How to get started

If you're ready to move forward and start **understanding asset management maturity frameworks**, we can work with you to develop and refine your plan.

Visit our website to speak with one of our facilities management experts today.



fmiworks.com

